



VARUN BEVERAGES LIMITED

Corporate identification number: L74899DL1995PLC069839

Registered office: F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020

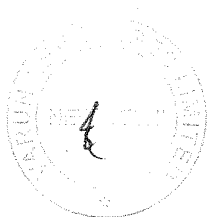
Corporate office: RJ Corp House, Plot No-31, Institutional Area, Sector-44, Gurugram-122002 (Haryana)

Tel: +91-124-4643100, Fax: +91-124-4643303, E-mail: complianceofficer@rjcorp.in, Website: www.varunpepsi.com

Statement of consolidated financial results for the quarter and year ended on 31 December 2019

₹ in million, except per share data

Particulars	Three months ended on 31 December 2019 (See Note 2)	Three months ended on 30 September 2019 (Unaudited)	Three months ended on 31 December 2018 (See Note 2)	Year ended on 31 December 2019 (Audited)	Year ended on 31 December 2018 (Audited)
1. Income					
(a) Revenue from operations	12,395.35	17,768.57	8,041.37	72,484.58	52,281.27
(b) Other income	359.84	18.03	127.40	425.28	218.24
Total income	12,755.19	17,786.60	8,168.77	72,909.86	52,499.51
2. Expenses					
(a) Cost of materials consumed	5,708.24	6,676.70	2,645.34	29,395.56	21,122.78
(b) Excise duty	192.90	371.23	185.20	1,188.80	1,228.72
(c) Purchases of stock-in-trade	420.22	584.66	360.09	4,237.33	1,942.18
(d) Changes in inventories of finished goods, stock-in-trade and work-in-progress	(689.07)	210.16	(335.79)	(1,438.61)	(623.97)
(e) Employee benefits expense	2,236.39	2,296.48	1,446.51	8,108.15	5,829.51
(f) Finance costs	790.60	867.37	537.23	3,096.42	2,125.63
(g) Depreciation and amortisation expense	1,368.46	1,273.43	940.64	4,886.28	3,850.70
(h) Other expenses	3,369.29	4,372.72	3,262.08	16,516.82	12,716.18
Total expenses	13,397.03	16,652.75	9,041.30	65,990.75	48,191.73
3. (Loss)/profit before tax and share of profit in associates(1-2)	(641.84)	1,133.85	(872.53)	6,919.11	4,307.78
4. Share of profit in associate	0.22	22.36	6.60	43.61	30.20
5. Profit before tax (3+4)	(641.62)	1,156.21	(865.93)	6,962.72	4,337.98
6. Tax expense:					
(a) Current tax	(95.36)	1.21	(408.90)	1,048.28	1,094.09
(b) Adjustment of tax relating to earlier periods	27.67	-	14.35	29.90	14.35
(c) Deferred tax	(34.42)	343.77	236.84	1,162.49	230.91
Total tax expense	(102.11)	344.98	(157.71)	2,240.67	1,339.35
7. Net (loss)/profit for the period (5-6)	(539.51)	811.23	(708.22)	4,722.05	2,998.63
8. Other comprehensive income					
A Items that will not be reclassified to profit or loss	(5.27)	(57.72)	(26.17)	243.02	(16.53)
B Income tax relating to items that will not be reclassified to profit or loss	1.95	20.26	10.74	33.19	7.78
C Items that will be reclassified to profit or loss	883.23	(819.13)	(305.86)	416.26	(234.44)
D Income tax relating to items that will be reclassified to profit or loss	(205.75)	190.82	71.26	(96.97)	54.62
Total other comprehensive income	674.16	(665.77)	(250.03)	595.50	(188.57)
9. Total comprehensive income for the period (including non-controlling interest) (7+8)	134.65	145.46	(958.25)	5,317.55	2,810.06
10. Net (loss)/profit attributable to:					
A Owners	(593.12)	807.32	(715.09)	4,689.75	2,928.41
B Non-controlling interest	53.61	3.91	6.87	32.30	70.22
11. Other comprehensive income attributable to:					
A Owners	674.18	(665.77)	(250.03)	595.52	(188.57)
B Non-controlling interest	(0.02)	-	-	(0.02)	-
12. Total comprehensive income attributable to:					
A Owners	81.06	141.55	(965.12)	5,285.27	2,739.84
B Non-controlling interest	53.59	3.91	6.87	32.28	70.22
13. Paid-up equity share capital (face value of ₹ 10 each)	2,886.89	2,886.89	1,826.42	2,886.89	1,826.42
14. Reserves excluding revaluation reserves				30,397.33	18,158.62
15. Earnings per share (of ₹ 10/- each) (not annualised for quarters) (Refer note 8):					
(a) Basic	(2.05)	2.91	(2.61)	16.83	10.69
(b) Diluted	(2.05)	2.91	(2.61)	16.83	10.69
See accompanying notes					



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Corporate office: RJ Corp House, Plot No-31, Institutional Area, Sector-44, Gurugram-122002 (Haryana)

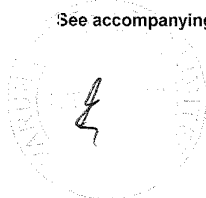
Tel: +91-124-4643100, Fax: +91-124-4643303, E-mail: complianceofficer@rjcorp.in, Website: www.varunpepsi.com

Statement of consolidated assets and liabilities

₹ in million

	As at 31 December 2019 (Audited)	As at 31 December 2018 (Audited)
Assets		
Non-current assets		
(a) Property, plant and equipment	58,925.02	38,601.77
(b) Capital work-in-progress	638.24	3,523.57
(c) Goodwill	242.30	19.40
(d) Other intangible assets	5,623.11	5,248.57
(e) Investment in associates	-	112.43
(f) Financial assets		
(i) Investments	0.01	0.01
(ii) Loans	445.48	200.92
(iii) Others	8.90	8.34
(g) Deferred tax assets (Net)	128.48	334.00
(h) Other non-current assets	1,153.96	857.60
Total non-current assets (A)	67,165.50	48,906.61
Current assets		
(a) Inventories	8,815.13	5,783.97
(b) Financial assets		
(i) Trade receivables	1,725.55	1,280.25
(ii) Cash and cash equivalents	1,379.68	429.36
(iii) Bank balances other than (ii) above	331.09	505.44
(iv) Loans	69.37	15.53
(v) Others	2,189.83	1,404.78
(c) Current tax assets (Net)	10.23	4.10
(d) Other current assets	2,197.96	1,984.04
Total current assets (B)	16,718.84	11,407.47
Total assets (A+B)	83,884.34	60,314.08
Equity and liabilities		
Equity		
(a) Equity share capital	2,886.89	1,826.42
(b) Other equity	30,397.33	18,158.62
Equity attributable to owners of the Company	33,284.22	19,985.04
(c) Non-controlling interest	306.79	77.68
Total equity (C)	33,591.01	20,062.72
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	23,553.76	19,800.69
(b) Provisions	1,703.35	1,052.55
(c) Deferred tax liabilities (Net)	2,825.07	1,921.66
(d) Other non-current liabilities	8.23	67.75
Total non-current liabilities (D)	28,090.41	22,842.65
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	4,671.54	3,776.55
(ii) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	26.14	2.47
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	4,750.47	3,165.50
(iii) Other financial liabilities	10,258.13	8,512.43
(b) Other current liabilities	2,044.85	1,466.55
(c) Provisions	299.79	160.19
(d) Current tax liabilities (Net)	152.00	325.02
Total current liabilities (E)	22,202.92	17,408.71
Total liabilities (F=D+E)	50,293.33	40,251.36
Total equity and liabilities (C+F)	83,884.34	60,314.08

See accompanying notes



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Varun Beverages Limited
Consolidated Cash Flow Statement

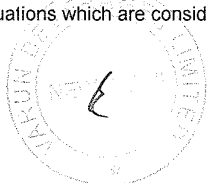
(Indirect Method)

(₹ in million)

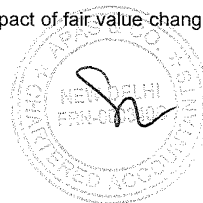
Particulars	Year ended 31 December 2019 (Audited)	Year ended 31 December 2018 (Audited)
A. Operating activities		
Profit before tax and share of profit in associate	6,919.11	4,307.78
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation on property, plant and equipment	4,826.45	3,807.56
Amortisation of intangible assets	59.83	43.14
Interest expense at amortised cost	3,007.53	2,043.57
Interest income at amortised cost	(59.56)	(57.67)
Dividend income from current investment	(0.20)	-
Gain on acquisition of control over existing associate	(158.11)	-
Profit on sale of current investments	(1.38)	-
Excess provisions written back	(151.83)	(58.21)
Loss/(gain) on disposal of property, plant and equipment (Net)	(16.05)	189.65
Bad debts and advances written off	4.23	66.86
Allowance for expected credit loss	188.09	257.40
Unrealised exchange fluctuation	486.22	631.08
Operating profit before working capital changes	15,104.33	11,231.16
Working capital adjustments		
Increase in inventories	(1,845.53)	(1,514.67)
Increase in trade receivables	(322.11)	(129.95)
Increase in current and non-current financial assets and other current and non-current assets	(1,024.96)	(1,135.34)
Increase in current financial liabilities and other current and non-current liabilities and provisions	2,341.41	2,279.46
Total cash from operations	14,253.14	10,730.66
Income tax paid	(1,201.15)	(732.88)
Net cash flows from operating activities (A)	13,051.99	9,997.78
B. Investing activities		
Purchase of property, plant and equipment and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(7,536.27)	(8,586.45)
Proceeds from disposal of property, plant and equipment and intangible assets	205.50	498.81
Acquisition under business combination	(16,251.55)	(491.80)
Purchase of stake in associate (Net of cash acquired)	(83.37)	-
Government grant received	251.05	-
Interest received	46.22	55.50
Dividend income from current investment	0.20	-
Purchase of current investments	(730.00)	-
Proceeds from sale of current investments	731.38	0.03
Decrease/(Increase) in other bank balances	174.35	(210.30)
Net cash used in investing activities (B)	(23,192.49)	(8,734.21)
C. Financing activities		
Proceeds from borrowings	18,695.79	13,758.54
Repayments of borrowings	(13,097.79)	(6,435.10)
Repayment of deferred payment liabilities	(433.87)	(3,020.71)
Proceeds from short term borrowings (Net)	888.62	242.90
Redemption of non-convertible debentures	-	(3,000.00)
Proceeds from issue of share capital (including share premium thereon)	9,001.80	7.15
Interest paid	(3,010.98)	(1,886.00)
Share issue expenses paid	(164.36)	-
Dividend paid	(690.12)	(455.98)
Dividend distribution tax paid	(91.73)	(54.71)
Net cash flows from/(used in) financing activities (C)	11,097.36	(843.91)
Net change in cash and cash equivalents (D=A+B+C)	956.86	419.66
Cash and cash equivalents at the beginning of year (E)	429.36	649.46
Unrealised exchange differences on translation of cash and cash equivalent in subsidiaries (F)	(6.54)	(639.76)
Cash and cash equivalents at the end of year (G= D+E+F)	1,379.68	429.36

Note:

(a) Non-cash changes in liabilities arising from financing activities pertain to impact of fair value changes and foreign exchange fluctuations which are considered to be insignificant.



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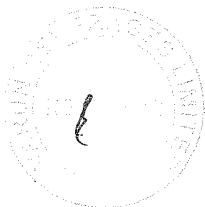
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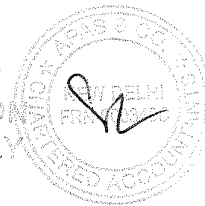
Statement of standalone financial results for the quarter and year ended on 31 December 2019

₹ in million, except per share data

Particulars	Three months ended on 31 December 2019 (See Note 2)	Three months ended on 30 September 2019 (Unaudited)	Three months ended on 31 December 2018 (See Note 2)	Year ended on 31 December 2019 (Audited)	Year ended on 31 December 2018 (Audited)
1. Income					
(a) Revenue from operations	8,356.05	13,387.31	4,168.67	56,156.64	38,622.76
(b) Other income	591.09	115.16	426.11	980.07	916.39
Total income	8,947.14	13,502.47	4,594.78	57,136.71	39,539.15
2. Expenses					
(a) Cost of materials consumed	3,952.76	5,397.37	1,728.42	23,480.22	16,603.01
(b) Purchase of stock-in-trade	281.36	520.26	320.77	3,963.29	1,829.00
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(716.45)	(15.19)	(404.75)	(1,324.13)	(687.86)
(d) Employee benefits expense	1,785.50	1,829.39	963.34	6,308.13	4,114.72
(e) Finance costs	674.34	822.66	509.99	2,802.48	1,943.98
(f) Depreciation and amortisation expense	1,093.22	1,038.77	696.82	3,872.02	2,955.50
(g) Other expenses	2,664.45	2,921.59	1,469.47	11,691.79	8,151.22
Total expenses	9,735.18	12,514.85	5,284.06	50,793.80	34,909.57
3. (Loss)/profit before tax (1-2)	(788.04)	987.62	(689.28)	6,342.91	4,629.58
4. Tax expense					
(a) Current tax	(124.42)	(18.41)	(588.09)	948.70	797.90
(b) Adjustment of tax relating to earlier periods	9.86	-	14.35	9.86	14.35
(c) Deferred tax	(131.04)	353.71	422.70	898.88	493.74
Total tax expense	(245.60)	335.30	(151.04)	1,857.44	1,305.99
5. Net (loss)/profit after tax (3 - 4)	(542.44)	652.32	(538.24)	4,485.47	3,323.59
6. Other comprehensive income					
A. Items that will not be reclassified to profit or loss	(5.19)	(57.98)	(30.73)	249.84	(22.54)
B. Income tax relating to items that will not be reclassified to profit or loss	1.81	20.26	10.74	33.05	7.78
Total other comprehensive income	(3.38)	(37.72)	(19.99)	282.89	(14.76)
7. Total comprehensive income for the period (5+6)	(545.82)	614.60	(558.23)	4,768.36	3,308.83
8. Paid-up equity share capital (face value of ₹ 10 each)	2,886.89	2,886.89	1,826.42	2,886.89	1,826.42
9. Reserves excluding revaluation reserves				35,784.28	24,062.97
10. Earnings per share (of ₹ 10/- each) (not annualised for quarters) (Refer note 8):					
(a) Basic	(1.88)	2.35	(1.96)	16.10	12.13
(b) Diluted	(1.88)	2.35	(1.96)	16.10	12.13
See accompanying notes					



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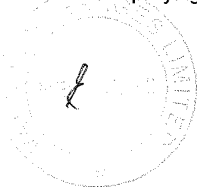
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Statement of standalone assets and liabilities

	₹ in million	
	As at 31 December 2019 (Audited)	As at 31 December 2018 (Audited)
Assets		
Non-current assets		
(a) Property, plant and equipment	48,399.67	27,983.04
(b) Capital work-in-progress	585.75	3,392.26
(c) Goodwill	19.40	19.40
(d) Other intangible assets	5,598.47	5,215.80
(e) Investment in subsidiaries and associates	9,077.83	7,744.99
(f) Financial assets		
(i) Investments	0.01	0.01
(ii) Loans	6,042.77	6,959.06
(iii) Others	8.90	8.34
(g) Other non-current assets	916.91	523.47
Total non-current assets (A)	70,649.71	51,846.37
Current assets		
(a) Inventories	6,729.83	4,183.25
(b) Financial assets		
(i) Trade receivables	1,305.31	1,344.74
(ii) Cash and cash equivalents	323.51	17.75
(iii) Bank balances other than (ii) above	0.65	0.65
(iv) Loans	351.71	104.68
(v) Others	2,820.09	1,783.80
(c) Other current assets	1,554.83	1,581.41
Total current assets (B)	13,085.93	9,016.28
Total assets (A+B)	83,735.64	60,862.65
Equity and liabilities		
Equity		
(a) Equity share capital	2,886.89	1,826.42
(b) Other equity	35,784.28	24,062.97
Total equity (C)	38,671.17	25,889.39
Liabilities		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	22,917.07	18,359.13
(b) Provisions	1,606.73	976.50
(c) Deferred tax liabilities (Net)	2,761.29	2,026.27
(d) Other non-current liabilities	8.23	44.33
Total non-current liabilities (D)	27,293.32	21,406.23
Current liabilities		
(a) Financial liabilities		
(i) Borrowings	4,110.44	3,188.75
(ii) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	17.79	2.47
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	3,160.99	1,780.71
(iii) Other financial liabilities	8,485.19	6,943.00
(b) Other current liabilities	1,593.72	1,224.09
(c) Provisions	288.79	152.28
(d) Current tax liabilities (Net)	114.23	275.73
Total current liabilities (E)	17,771.15	13,567.03
Total liabilities (F=D+E)	45,064.47	34,973.26
Total equity and liabilities (C+F)	83,735.64	60,862.65

See accompanying notes



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Varun Beverages Limited
Standalone Cash Flow Statement

(Indirect Method)

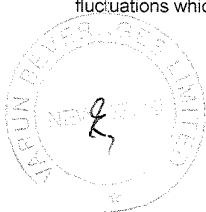
(₹ in million)

Particulars	Year ended 31 December 2019 (Audited)	Year ended 31 December 2018 (Audited)
A. Operating activities		
Profit before tax	6,342.91	4,629.58
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation on property, plant and equipment	3,820.72	2,922.50
Amortisation of intangible assets	51.30	33.00
Interest expense at amortised cost	2,715.81	1,864.04
Interest income at amortised cost	(276.93)	(297.66)
Dividend income from non-current investment in subsidiary	(248.80)	(192.19)
Dividend income from current investments	(0.20)	-
(Gain)/loss on disposal of property, plant and equipment (Net)	(45.06)	34.91
Bad debts and advances written off	1.97	64.73
Excess provisions written back	(150.18)	(6.54)
Profit on sale of current investments	(1.38)	-
Guarantee commission received	(41.80)	(29.55)
Unrealised foreign exchange fluctuation	(48.60)	(107.94)
Allowance for expected credit loss	-	33.52
Operating profit before working capital changes	12,119.76	8,948.40
Working capital adjustments:		
Increase in inventories	(1,469.90)	(1,026.55)
Decrease/(Increase) in trade receivables	77.61	(496.09)
Increase in current and non-current financial assets and other current and non-current assets	(930.45)	(1,367.20)
Increase in current financial liabilities and other current and non-current liabilities and provisions	1,951.31	1,951.16
Total cash from operations	11,748.33	8,009.72
Income tax paid	(1,101.39)	(589.26)
Net cash flows from operating activities (A)	10,646.94	7,420.46
B. Investing activities		
Purchase of property, plant and equipment and intangible assets (including adjustment on account of capital work-in-progress, capital advances and capital creditors)	(6,516.70)	(5,663.59)
Proceeds from disposal of property, plant and equipment and intangible assets	216.43	672.00
Loan given to subsidiaries	(211.23)	(1,557.91)
Redemption of preference shares (classified as loan given to subsidiary)	89.15	94.05
Acquisition under business combination	(16,251.55)	(491.80)
Purchase of investments in subsidiaries	(150.38)	(627.35)
Government grant related to assets received	251.05	-
Proceeds from sale of current investments	731.38	0.03
Purchase of current investments	(730.00)	-
Guarantee commission received	19.83	12.19
Interest received	35.14	336.92
Dividend income from current investment	0.20	-
Dividend income from non-current investment in subsidiary	223.27	180.92
Net cash used in investing activities (B)	(22,293.41)	(7,044.54)
C. Financing activities		
Proceeds from borrowings	18,373.71	12,131.83
Repayment of borrowings	(12,264.34)	(5,870.24)
Repayment of deferred payment liabilities	(433.87)	(3,020.71)
Proceeds from short-term borrowings (Net)	921.69	1,262.87
Proceeds from issue of share capital (including share premium thereon)	9,001.80	7.15
Redemption of non-convertible debentures	-	(3,000.00)
Interest paid	(2,705.71)	(1,671.02)
Share issue expenses paid	(164.36)	-
Dividends paid	(684.96)	(455.98)
Dividend distribution tax paid	(91.73)	(54.71)
Net cash flows from/(used in) financing activities (C)	11,952.23	(670.81)
Net change in cash and cash equivalents (D=A+B+C)	305.76	(294.89)
Cash and cash equivalents at the beginning of year (E)	17.75	312.64
Cash and cash equivalents at the end of year (D+E)	323.51	17.75

Notes:

(a) During the period, loan amounting to ₹ 1,182.46 (31 December 2018: ₹ 649.73) outstanding from a subsidiary has been converted into equity.

(b) Non-cash changes in liabilities arising from financing activities pertains to impact of fair value changes and foreign exchange fluctuations which are considered to be insignificant.



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PURPOSE ONLY





VARUN BEVERAGES LIMITED

Corporate identification number: L74899DL1995PLC069839

Registered office: F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020

Corporate office: RJ Corp House, Plot No-31, Institutional Area, Sector-44, Gurugram-122002 (Haryana)

Tel: +91-124-4643100, Fax: +91-124-4643303, E-mail: complianceofficer@rjcorp.in, Website: www.varunpepsi.com

(₹ in million, except per share data)

Notes:

1. These standalone and consolidated financial results for the quarter and year ended on 31 December 2019 have been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors of Varun Beverages Limited ("VBL" or "the Company") at their respective meetings held on 07 February 2020. The Statutory Auditors have audited the annual financial results.
2. These financial results have been prepared in accordance with the recognition and measurement principles of applicable Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as specified in section 133 of the Companies Act, 2013 [read with SEBI Circular CIR/CFD/FAC/62/2016 dated 05 July 2016 and other recognised accounting practices and policies]. The figures for the quarter ended 31 December 2019 and 31 December 2018 are the balancing figures between the audited figures in respect of full financial year and the published year to date figures upto the third quarter of the relevant financial year, which were subject to limited review.
3. VBL follows calendar year as its financial year as approved by the Company Law Board, New Delhi.
4. The business activities of the Company, its subsidiaries and erstwhile associates (together referred to as the "Group") predominantly fall within a single primary business segment viz. manufacturing and sale of beverages. There is no separate reportable business segment. The Group operates in two principal geographical areas, i.e., in India, its home country, and in other countries. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Group is seasonal.
5. On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAB in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions. The Company carries unutilized minimum alternative tax credit and has other tax benefits/holidays available. The management plans to conclude its evaluation of this option in conjunction with its tax year end of 31 March 2020.
6. During the quarter ended 31 December 2019, the Company, on 04 November 2019, has acquired board control in its associate, Angelica Technologies Private Limited. Consequently, both Angelica Technologies Private Limited and Lunarmech Technologies Private Limited (subsidiary of Angelica Technologies Private Limited) became the subsidiaries of the Company w.e.f. 04 November 2019.
7. During the quarter ended 31 December 2019, the Company has concluded the acquisition of manufacturing facilities situated at Dharwad, Karnataka and Tirunelveli, Tamil Nadu for a total consideration of ₹ 747.27 and ₹ 200 respectively.
8. 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) existing equity shares. Accordingly, earnings per share for all the periods presented has been calculated based on number of shares outstanding in respective periods, as increased for issuance of bonus shares.
9. Previous year figures stated above have been regrouped and/or reclassified wherever necessary.

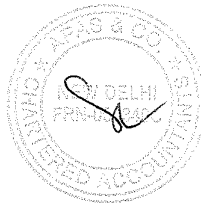
For and on behalf of Board of Directors of
Varun Beverages Limited


Raj P. Gandhi
Whole Time Director

SIGNED FOR
IDENTIFICATION
PURPOSE ONLY

Place : Gurugram

Dated : 07 February 2020



Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Varun Beverages Limited

Opinion

1. We have audited the accompanying consolidated annual financial results ('the Statement') of Varun Beverages Limited ('the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its erstwhile associates (refer Annexure 1 for the list of subsidiaries and erstwhile associates included in the Statement) for the year ended 31 December 2019, attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of one of the joint auditors, APAS & Co. and other auditors on separate audited financial results of the subsidiaries and erstwhile associates, as referred to in paragraph 12 below, the Statement:
 - (i) includes the annual financial results of the entities referred to in Annexure 1;
 - (ii) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, read with SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'); and
 - (iii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the consolidated net profit after tax and other comprehensive income and other financial information of the Group and its erstwhile associates for the year ended 31 December 2019.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') 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 Statement section of our report*. We are independent of the Group and its erstwhile associates, 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 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 by us and that obtained by one of the joint auditors, APAS & Co. and the other auditors in terms of their reports referred to in paragraph 12 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Management's and Those Charged with Governance Responsibilities for the Statement

4. The Statement, which is the responsibility of the Holding Company's management and has been approved by the Holding Company's Board of Directors, has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the consolidated net profit after tax and other comprehensive income, and other financial information of the Group and its erstwhile associates, in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations, including SEBI Circular. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of the Statement. Further, in terms of the provisions of the Act, the respective Board of Directors of the companies included in the Group and its erstwhile associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Group and its erstwhile associates 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 results, that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial



Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (Cont'd)

results have been used for the purpose of preparation of the Statement by the Directors of the Holding Company, as aforesaid.

5. In preparing the Statement, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
6. The respective Board of Directors of the companies included in the Group and of its erstwhile associates, are responsible for overseeing the financial reporting process of the companies included in the Group and of its erstwhile associates.

Auditor's Responsibilities for the Audit of the Statement

7. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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, specified under section 143(10) of the Act, 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 this Statement.
8. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Statement, 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 Group and its erstwhile associates (covered under the Act) have adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial results/financial statements of the entities within the Group and its erstwhile associates, to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Statement, of which we are the independent auditors. For the other entities included in the Statement, 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.
9. We communicate with those charged with governance of the Holding Company and such other entities included in the Statement, of which either or both of the joint auditors are the independent auditors, 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.
10. 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.



Independent Auditor's Report on Consolidated Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (Cont'd)

11. We also performed procedures in accordance with SEBI Circular CIR/CFD/CMD1/44/2019 dated 29 March 2019, issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Other Matter

12. We did not audit the annual financial statements/financial results of nine subsidiaries included in the Statement, whose financial information reflects total assets of ₹ 17,020.88 million as at 31 December 2019, total revenues of ₹ 17,551.47 million, total net profit after tax of ₹ 462.62 million, total comprehensive income of ₹ 455.93 million, and cash flows (net) of ₹ 577.55 million for the year ended on that date, as considered in the Statement. Out of the above, annual financial statements/financial results of two subsidiaries included in the Statement whose financial information reflect total assets of ₹ 577.29 million as at 31 December 2019, total revenues of ₹ 106.70 million, total net profit after tax of ₹ 14.70 million, total comprehensive income of ₹ 14.31 million, and cash flows (net) of ₹ 60.45 million for the period 04 November 2019 to 31 December 2019, as considered in the Statement have been audited by one of the joint auditors, APAS & Co. The Statement also includes the Group's share of net profit after tax of ₹ 43.61 million and total comprehensive income of ₹ 43.61 million for the period 01 January 2019 to 03 November 2019, in respect of two erstwhile associates, whose annual financial statements/financial results have been audited by APAS & Co. The annual financial statements/financial results of these subsidiaries and erstwhile associates have been audited by APAS & Co. and other auditors whose audit reports have been furnished to us by the management, and our opinion in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and erstwhile associates is based solely on the audit reports of APAS & Co. and such other auditors, and the procedures performed by us as stated in paragraph 11 above.

Our opinion is not modified in respect of this matter.

13. The Statement includes the consolidated financial results for the quarter ended 31 December 2019, being the balancing figures between the audited consolidated figures in respect of the full financial year and the published unaudited year-to-date consolidated figures up to the third quarter of the current financial year, which were subject to limited review by us.

For Walker Chandiook & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013


Anupam Kumar
Partner

Membership No.: 501531

UDIN: 20501531AAAA B61642

Place: Gurugram

Date: 07 February 2020

L-41 Connaught Place,
New Delhi 110 001



For APAS & Co.

Chartered Accountants

Firm Registration No: 000340C


Sumit Kathuria
Partner

Membership No.: 520078

UDIN: 20520078AAAA B61642

Place: Gurugram

Date: 07 February 2020

606, 6th Floor, PP City Centre, Road No. 44,
Pitampura, New Delhi 110 034



Annexure 1

List of entities included in the Statement

Holding Company

1. Varun Beverages Limited

Subsidiaries

1. Varun Beverages (Nepal) Private Limited
2. Varun Beverages Lanka (Private) Limited
3. Varun Beverages Morocco SA
4. Ole Spring Bottlers (Private) Limited
5. Varun Beverages (Zambia) Limited
6. Varun Beverages (Zimbabwe) (Private) Limited
7. Varun Beverages (Botswana) (Proprietary) Limited
8. Angelica Technologies Private Limited (w.e.f 04 November 2019)
9. Lunarmech Technologies Private Limited (w.e.f 04 November 2019)

Associates

1. Angelica Technologies Private Limited (till 03 November 2019)
2. Lunarmech Technologies Private Limited (till 03 November 2019)



Independent Auditor's Report on Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

To the Board of Directors of Varun Beverages Limited

Opinion

1. We have audited the accompanying standalone annual financial results ('the Statement') of Varun Beverages Limited ('the Company') for the year ended 31 December 2019, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.
2. In our opinion and to the best of our information and according to the explanations given to us, the Statement:
 - (i) is presented in accordance with the requirements of Regulation 33 of the Listing Regulations, read with SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 (hereinafter referred to as 'the SEBI Circular'); and
 - (ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the standalone net profit after tax and other comprehensive income and other financial information of the Company for the year ended 31 December 2019.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') 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 Statement* 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 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 by us is sufficient and appropriate to provide a basis for our opinion.

Management's and Those Charged with Governance Responsibilities for the Statement

4. This Statement has been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income and other financial information of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations including SEBI Circular. 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 Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Independent Auditor's Report on Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (Cont'd)

5. In preparing the Statement, 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.
6. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Statement

7. Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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, specified under section 143(10) of the Act, 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 this Statement.
8. As part of an audit in accordance with the Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Statement, 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 in place an adequate internal financial controls system over financial reporting 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 management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement 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 Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
9. 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.
10. 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.



Independent Auditor's Report on Standalone Annual Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) (Cont'd)

Other Matter

11. The Statement includes the financial results for the quarter ended 31 December 2019, being the balancing figures between the audited figures in respect of the full financial year and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subject to limited review by us.

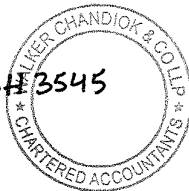
For Walker Chandio & Co LLP
Chartered Accountants
Firm Registration No.: 001076N/N500013


Anupam Kumar
Partner

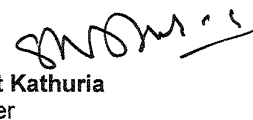
Membership No.: 501531
UDIN: 20501531AAAA BH3545

Place: Gurugram
Date: 07 February 2020

L-41 Connaught Place,
New Delhi 110 001



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


Sumit Kathuria
Partner

Membership No.: 520078
UDIN: 20520078AAAA BH3326

Place: Gurugram
Date: 07 February 2020

606, 6th Floor, PP City Centre, Road No. 44,
Pitampura, New Delhi 110 034





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.varunpepsi.com
CIN No. : L74899DL1995PLC069839

February 7, 2020

To,

ESE Limited Phiroze Jeejeebhoy Towers , Dalal Street, Mumbai – 400 001 Email: corp.relations@bseindia.com Security Code: 540180	National Stock Exchange of India Ltd. Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Email: cmllist@nse.co.in Symbol: VBL
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Subject : Declaration under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016, we hereby confirm that the Audit Report on the Audited Financial Results, both on Standalone and Consolidated basis, for the Financial Year ended December 31, 2019 issued by M/s. Walker Chandiok & Co. LLP, Chartered Accountants and M/s. APAS & Co., Chartered Accountants, Joint Statutory Auditors of the Company is WITH UNMODIFIED OPINION.

You are requested to take the above on record.

Yours faithfully,
For Varun Beverages Limited


Ravi Batra
Chief Risk Officer & Group Company Secretary

