



**AUDITED FINANCIAL STATEMENTS OF SUBSIDIARIES OF VARUN  
BEVERAGES LIMITED AS AT DECEMBER 31, 2021**

- VARUN BEVERAGES (NEPAL) PRIVATE LIMITED
- VARUN BEVERAGES LANKA (PRIVATE) LIMITED
- OLE SPRING BOTTLERS PRIVATE LIMITED (STEP-DOWN SUBSIDIARY)
- VARUN BEVERAGES MOROCCO S.A.
- VARUN BEVERAGES (ZAMBIA) LIMITED
- VARUN BEVERAGES (ZIMBABWE) (PRIVATE) LIMITED
- LUNARMECH TECHNOLOGIES PRIVATE LIMITED

Varun Beverages (Nepal) Pvt. Ltd.  
Balance sheet as at 31<sup>st</sup> December, 2021

		Indian GAAP	Indian GAAP	IND AS - Adj	IND AS - Adj	Post Ind AS	Post Ind AS
	Note	NPR	NPR	NPR	NPR	NPR	NPR
		31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>Assets</b>							
<b>1) Non - Current Assets</b>							
(a) Property, Plant and Equipment	1A	3,373,747,916	3,465,806,417	542,347,216	567,135,328	3,916,095,133	4,032,941,745
(b) Capital Work In Progress	1B	1,509,897	151,626,925	-	-	1,509,897	151,626,925
(c) Deferred Tax Assets	2	-	28,417,505	-	(5,712,389)	-	22,705,116
(d) Other Non - Current Assets	3	138,844,541	141,587,896	-	-	138,844,541	141,587,896
<b>Total Non - Current Assets</b>		<b>3,514,102,355</b>	<b>3,787,438,742</b>	<b>542,347,216</b>	<b>561,422,938</b>	<b>4,056,449,571</b>	<b>4,348,861,680</b>
<b>2) Current Assets</b>							
(a) Inventories	4	650,773,706	440,523,463	-	-	650,773,706	440,523,463
(b) Financial Assets							
(i) Trade Receivables	5	194,644,164	160,093,524	(25,901,930)	(21,675,151)	168,742,234	138,418,373
(ii) Cash and Cash Equivalents	6	36,045,302	465,253,122	-	-	36,045,302	465,253,122
(iii) Bank Balances Other Than (ii) above	7	1,849,510,366	882,907,329	-	-	1,849,510,366	882,907,329
(iv) Others	8	49,657,164	24,042,161	-	-	49,657,164	24,042,161
(c) Current Tax Assets (Net)	9	17,737,325	11,873,253	-	-	17,737,325	11,873,253
(d) Other Current Assets	10	95,427,733	131,598,246	-	-	95,427,733	131,598,246
<b>Total Current Assets</b>		<b>2,893,795,761</b>	<b>2,116,291,097</b>	<b>(25,901,930)</b>	<b>(21,675,151)</b>	<b>2,867,893,831</b>	<b>2,094,615,946</b>
<b>Total Assets</b>		<b>6,407,898,116</b>	<b>5,903,729,839</b>	<b>516,445,286</b>	<b>539,747,787</b>	<b>6,924,343,402</b>	<b>6,443,477,626</b>
<b>Equity &amp; Liabilities</b>							
<b>Equity</b>							
(a) Equity Share Capital	11	1,080,000,000	1,080,000,000	-	-	1,080,000,000	1,080,000,000
(b) Other Equity	12	1,184,016,695	2,073,160,223	412,437,872	438,781,140	1,596,454,566	2,511,941,363
<b>Total Equity</b>		<b>2,264,016,695</b>	<b>3,153,160,223</b>	<b>412,437,872</b>	<b>438,781,140</b>	<b>2,676,454,566</b>	<b>3,591,941,363</b>
<b>Liabilities</b>							
<b>1) Non - Current Liabilities</b>							
(a) Financial Liabilities							
(i) Borrowings		-	-	0	0	0	0
(ii) Other Financial Liabilities		-	-	89,886,578	86,123,697	89,886,578	86,123,697
(b) Provisions	13	60,484,092	94,569,889	-	-	60,484,092	94,569,889
(c) Deferred Tax Liabilities	2	124,167,723	-	8,107,877	-	132,275,600	-
(d) Other Non - Current Liabilities	14	-	-	-	-	-	-
<b>Total Non - Current Liabilities</b>		<b>184,651,815</b>	<b>94,569,889</b>	<b>97,994,455</b>	<b>86,123,697</b>	<b>282,646,270</b>	<b>180,693,586</b>
<b>2) Current Liabilities</b>							
(a) Financial Liabilities							
(i) Borrowings	15	111,176,750	4,713,024	-	-	111,176,750	4,713,024
(ii) Trade Payables	16	1,083,154,261	1,314,317,242	-	-	1,083,154,261	1,314,317,242
(iii) Other financial Liabilities	17	891,394,543	674,504,760	5,570,009	14,400,000	896,964,552	688,904,760
(b) Other Current Liabilities	18	1,868,776,976	658,341,237	-	-	1,868,776,976	658,341,237
(c) Provisions	13	4,727,077	4,123,463	442,950	442,950	5,170,027	4,566,413
(d) Current Tax Liability (Net)	19	-	-	-	-	-	-
<b>Total Current Liabilities</b>		<b>3,959,229,606</b>	<b>2,655,999,727</b>	<b>6,012,959</b>	<b>14,842,950</b>	<b>3,965,242,565</b>	<b>2,670,842,677</b>
<b>Total Liabilities</b>		<b>4,143,881,421</b>	<b>2,750,569,616</b>	<b>104,007,414</b>	<b>100,966,647</b>	<b>4,247,888,835</b>	<b>2,851,536,263</b>
<b>Total Equity &amp; Liabilities</b>		<b>6,407,898,116</b>	<b>5,903,729,839</b>	<b>516,445,286</b>	<b>539,747,787</b>	<b>6,924,343,402</b>	<b>6,443,477,626</b>

In Terms of Our Report of Even Date Annexed  
SUBHASH & CO.  
CHARTERED ACCOUNTANTS

CA. S. K. Jhunjhunwala  
Partner  
Place: Kathmandu  
Dated: 2022-01-21



Director



Director

Varun Beverages (Nepal) Pvt. Ltd.

Profit & Loss For The Period Ended 31<sup>st</sup> December, 2021

	Note	Indian GAAP	Indian GAAP	IND AS - Adj	IND AS - Adj	Post Ind AS	Post Ind AS
		NPR	NPR	NPR	NPR	NPR	NPR
		31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>Income</b>							
I Revenue From Operations	20	7,871,494,595	6,266,785,567	-	-	7,871,494,595	6,266,785,567
II Other Income	21	196,854,763	429,405,496	-	-	196,854,763	429,405,496
Branch Transfer							
III <b>Total Income (I + II)</b>		<b>8,068,349,358</b>	<b>6,696,191,063</b>	<b>-</b>	<b>-</b>	<b>8,068,349,358</b>	<b>6,696,191,063</b>
<b>Expenses</b>							
(a) Cost of Materials Consumed	22	2,700,101,864	2,037,210,419	-	-	2,700,101,864	2,037,210,419
(b) Excise Duty		1,412,927,661	971,794,888	-	-	1,412,927,661	971,794,888
(c) Purchase of Stock in Trade	23	134,190	69,498	-	-	134,190	69,498
(d) Changes in inventories of finished goods, stock-in-trade & WIP	24	(20,298,707)	(23,348,198)	-	-	(20,298,707)	(23,348,198)
(e) Employee Benefits Expense	25	461,353,340	425,902,994	-	-	461,353,340	425,902,994
(f) Finance Costs	26	236,779,935	182,970,401	9,332,890	9,790,383	246,112,824	192,760,784
(g) Depreciation & Amortisation Expenses	27	384,110,507	315,360,315	24,788,112	20,089,445	408,898,619	335,449,759
(h) Other Expenses	28	2,478,267,534	1,949,148,333	(10,173,221)	(10,929,435)	2,468,094,313	1,938,218,898
IV <b>Total Expenses (IV)</b>		<b>7,653,376,322</b>	<b>5,859,108,649</b>	<b>23,947,781</b>	<b>18,950,393</b>	<b>7,677,324,103</b>	<b>5,878,059,042</b>
V Profit/(loss) Before Prior Period Items (III-IV)		414,973,036	837,082,414	(23,947,781)	(18,950,393)	391,025,256	818,132,021
VI Prior Period Items	29	-	-	-	-	-	-
VII <b>Profit/(loss) Before Tax (V-VI)</b>		<b>414,973,036</b>	<b>837,082,414</b>	<b>(23,947,781)</b>	<b>(18,950,393)</b>	<b>391,025,256</b>	<b>818,132,021</b>
Earnings Before Interest, Tax, Depn & Amortization (EBITDA)		839,008,715	906,007,633	10,173,221	10,929,435	849,181,936	916,937,068
VIII Tax Expense:							
(1) Current Tax		107,022,228	126,014,810	-	-	107,022,228	126,014,810
(2) Adjustment of Tax Related to Earlier Periods		558,509,108	171,373,327	-	-	558,509,108	171,373,327
(3) Deferred Tax		152,585,228	44,602,098	2,395,488	1,595,381	154,980,716	46,197,479
Total Tax Expenses		818,116,564	341,990,235	2,395,488	1,595,381	820,512,052	343,585,616
IX <b>Profit (Loss) For the Year (VII-VIII)</b>		<b>(403,143,528)</b>	<b>495,092,179</b>	<b>(26,343,268)</b>	<b>(20,545,774)</b>	<b>(429,486,796)</b>	<b>474,546,405</b>
X <b>OTHER COMPREHENSIVE INCOME</b>	30						
A <u>Items That Will Not be Reclassified to Profit or Loss</u>							
(i) Remeasurement of the Defined Benefit Plans		-	-	-	-	-	-
Income tax relating to items that will not be reclassified to P & L		-	-	-	-	-	-
B <u>Items that will be reclassified to Profit or Loss</u>							
Other Comprehensive Income for the Year, Net of Tax		-	-	-	-	-	-
XI <b>Total Comprehensive Income For The Year, Net of Tax (IX+X)</b>		<b>(403,143,528)</b>	<b>495,092,179</b>	<b>(26,343,268)</b>	<b>(20,545,774)</b>	<b>(429,486,796)</b>	<b>474,546,405</b>

In Terms of Our Report of Even Date Annexed

SUBHASH & CO.

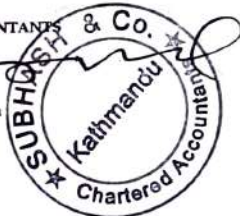
CHARTERED ACCOUNTANTS

CA. S. K. Jhunjhunwala

Partner

Place: Kathmandu

Dated: 2022-01-21



Director

*[Signature]*

Director

*[Signature]*





**Varun Beverages (Nepal) Pvt. Ltd.**  
**Summary of Significant Accounting Policies and Other Explanatory Information For The Year Ended 31<sup>st</sup> December, 2021**

**VBL Nepal in NPR**

**1A Property, Plant & Equipment**

	Gross Block												Total
	Land Freehold	Land Leasehold	Buildings	Plant and Equipment	Furniture And Fixtures	Vehicles	Office Equipment	Computers	Containers	PM Vending Machines & Refrig (Visi Cooler)			
Gross Block													
Balance as at 1st January, 2020	222,349,518	-	1,047,938,822	2,179,846,262	16,234,797	175,213,548	12,186,552	5,369,099	654,679,666	520,853,150	4,834,671,415		
Lease Transition Impact as at 1st January, 2020	-	105,133,314	-	-	-	-	-	-	-	-	105,133,314		
Additions	-	-	40,649,270	19,857,098	133,875	2,736,975	1,130,644	241,743	103,192,491	74,032,546	241,974,643		
Disposals & Reversals	-	-	-	-	-	(4,626,182)	-	-	-	-	(4,626,182)		
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	-		
Other adjustments	-	-	-	-	-	-	-	-	-	-	-		
Balance as at 31st December, 2020	222,349,518	105,133,314	1,088,588,093	2,199,703,360	16,368,672	173,324,342	13,317,196	5,610,842	757,872,158	594,885,696	5,177,153,191		
Lease Transition Impact													
Additions	-	-	6,981,886	18,696,935	109,437	5,815,476	557,700	522,372	89,940,025	169,601,405	292,225,236		
Disposals & Reversals	-	-	-	-	-	(3,464,586)	-	-	-	-	(3,464,586)		
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	-		
Other adjustments	-	-	-	-	-	-	-	-	-	-	-		
Balance as at 31st December, 2021	222,349,518	105,133,314	1,095,569,979	2,218,400,295	16,478,110	175,675,232	13,874,896	6,133,214	847,812,182	764,487,101	5,465,913,841		
Accumulated Depreciation													
Balance as at 1st January, 2020	-	-	140,382,452	576,055,469	8,378,959	136,320,914	3,400,819	(3,837,322)	18,000,541	(65,545,273)	813,156,560		
Depreciation charge	-	-	34,705,141	92,845,991	1,165,195	4,345,775	2,666,787	1,134,459	112,841,031	65,655,935	315,360,315		
Ind AS Adj - Depn - Jan 2019 To Dec 2019	-	8,410,665	1,085,917	12,055,424	358,993	252,762	(57,422)	(46,412)	(2,018,885)	48,403	20,089,445		
Reversal on disposal of assets	-	-	-	-	-	(4,394,873)	-	-	-	-	(4,394,873)		
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	-		
Balance as at 31st December, 2020	-	8,410,665	176,173,511	680,956,884	9,903,147	136,524,578	6,010,184	(2,749,275)	128,822,687	159,065	1,144,211,446		
Depreciation Charge for the Period Ended	-	-	35,338,182	97,498,702	1,107,364	3,061,756	2,541,153	1,165,474	148,091,302	95,306,574	384,110,507		
Ind AS Adj - Depn - Jan To Dec 2021	-	8,410,665	1,082,950	14,974,540	286,611	95,365	(22,453)	(35,618)	(49,357)	45,408	24,788,112		
Reversal on Disposal of Assets	-	-	-	-	-	(3,291,357)	-	-	-	-	(3,291,357)		
Balance as at 31st December, 2021	-	16,821,330	212,594,644	793,430,126	11,297,121	136,390,342	8,528,884	(1,619,418)	276,864,632	95,511,048	1,549,818,708		
Net Block													
Balance as at 31st December, 2020	222,349,518	96,772,649	912,414,581	1,518,746,476	6,465,526	36,799,764	7,307,012	8,360,117	629,049,471	594,726,631	4,032,941,745		
Balance as at 31st December, 2021	222,349,518	88,311,984	882,975,335	1,424,970,169	5,180,989	39,284,889	5,346,012	7,752,632	570,947,551	668,976,053	3,916,095,132		

**1B Capital Work In Progress**

Particulars	Amount
Balance as at 1st January, 2020	70,544,266
Additions During the Year	314,725,250
Capitalisation During the Year	(233,642,592)
<b>Balance as at 31st December, 2020</b>	<b>151,626,925</b>
Additions During the Period	272,727,799
Capitalisation During the Period	(422,844,827)
<b>Balance as at 31st December, 2021</b>	<b>1,509,897</b>





Varun Beverages (Nepal) Pvt. Ltd.  
Statement of Changes In Equity

12 Equity Share Capital

Equity Shares of Rs.1000 Each Issued, Subscribed & Fully Paid Up

Particulars	No. of Shares	Amount
Balance as at 1st January, 2020	1,080,000	1,080,000,000
Changes in Share Capital During the Year 2020	-	-
Balance as at 31st December, 2020	1,080,000	1,080,000,000
Changes in Share Capital During the Period	-	-
Balance as at 31st December, 2021	1,080,000	1,080,000,000

13 Other Equity

Particulars	Share Premium	Retained Earnings	Capital Reserve	Total
Balance as at 1st January, 2020	53,600,356	2,219,722,761	88,071,842	2,361,394,958
Profit for the Year Ended		474,546,405		474,546,405
Dividend Paid		(324,000,000)		(324,000,000)
Transferred During the Year				-
Balance as at 31st December, 2020	53,600,356	2,370,269,166	88,071,842	2,511,941,363
Profit for the Period Ended		(429,486,796)		(429,486,796)
Dividend Paid		(486,000,000)		(486,000,000)
Transferred During the Year				-
Balance as at 31st December, 2021	53,600,356	1,454,782,369	88,071,842	1,596,454,567

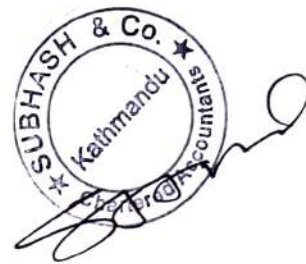


*Signature*



**Varun Beverages (Nepal) Pvt. Ltd.**  
**Summary of Significant Accounting Policies & Other Explanatory**  
**Information on The Standalone Financial Statements For The Year**  
**Ended 31<sup>st</sup> December, 2021**

	Note	Indian GAAP NPR 31 December 2021	Indian GAAP NPR 31 December 2020	IND AS - Adj NPR 31 December 2021	IND AS - Adj NPR 31 December 2020	Post Ind AS NPR 31 December 2021	Post Ind AS NPR 31 December 2020
<b>1A) Property, plant and equipment</b>	R.N. 1A	3,373,747,916	3,465,806,417	542,347,216	567,135,328	3,916,095,133	4,032,941,745
<b>1B) Capital work in progress</b>	R.N. 1B	1,509,897	151,626,925	-	-	1,509,897	151,626,925
<b>2. Deferred Tax Assets/(Liability) (Net)</b>							
Unabsorbed Depn & Carry Forward Losses - Deferred Tax		(136,141,347)	(120,026,016)	(12,931,930)	(9,691,086)	(149,073,277)	(129,717,102)
Provision For Doubtful Debts - Deferred Tax		285,768	130,090,167	4,824,053	3,978,697	5,109,821	134,068,864
Provision For Retirement Benefits - Deferred Tax		11,687,856	18,353,354	-	-	11,687,856	18,353,354
		(124,167,723)	28,417,505	(8,107,877)	(5,712,389)	(132,275,600)	22,705,116
<b>3. Other Non - Current Assets</b>							
Capital advances		134,283,903	137,548,113	-	-	134,283,903	137,548,113
Less: Provision for Doubtful Advances		-	-	-	-	-	-
		134,283,903	137,548,113	-	-	134,283,903	137,548,113
Advances other than capital advances							
(a) Security Deposits		4,560,638	4,039,783	-	-	4,560,638	4,039,783
(b) Advances to Related Parties		-	-	-	-	-	-
(c) Other Advances		-	-	-	-	-	-
		138,844,541	141,587,896	-	-	138,844,541	141,587,896
<b>4. Inventories</b>							
(a) Raw material		381,823,069	205,207,573	-	-	381,823,069	205,207,573
(b) Raw Material in transit		-	2,470,829	-	-	-	2,470,829
(c) Work-in-progress		5,496,865	845,892	-	-	5,496,865	845,892
(d) Intermediate goods		-	-	-	-	-	-
(e) Finished goods		110,159,642	94,511,908	-	-	110,159,642	94,511,908
(f) Stores and spares		153,294,129	137,487,261	-	-	153,294,129	137,487,261
		650,773,706	440,523,463	-	-	650,773,706	440,523,463
<b>5. Trade receivables</b>							
Trade Receivable, Considered Good - Unsecured		5,608,867	6,074,209	-	-	5,608,867	6,074,209
Trade Receivable, Considered Good - Secured		189,035,298	154,019,315	(25,901,930)	(21,675,151)	163,133,367	132,344,164
Trade Receivable - Credit Impaired		1,428,840	6,096,636	25,901,930	21,675,151	27,330,771	27,771,787
		196,073,005	166,190,160	-	-	196,073,005	166,190,160
(-) Allowances For Expected Credit Losses		(1,428,840)	(6,096,636)	(25,901,930)	(21,675,151)	(27,330,771)	(27,771,787)
		194,644,164	160,093,524	(25,901,930)	(21,675,151)	168,742,234	138,418,373
<b>6. Cash and cash equivalents</b>							
Balance with banks:							
- On current accounts		34,636,776	14,046,750	-	-	34,636,776	14,046,750
- Deposits with original maturity of less than 3 months		-	450,000,000	-	-	-	450,000,000
Cheques/drafts on hand		1,408,526	1,206,372	-	-	1,408,526	1,206,372
Cash on hand		36,045,302	465,253,122	-	-	36,045,302	465,253,122
<b>7. Other Bank Balances</b>							
Deposits with original maturity > 3 months but < 12 months *		1,849,510,366	882,907,329	-	-	1,849,510,366	882,907,329
		1,849,510,366	882,907,329	-	-	1,849,510,366	882,907,329
*Pledged as security with Banks & Statutory Authorities							
<b>8. Other Current Financial Assets</b>							
Interest accrued on:							
Term deposits		30,624,314	15,129,626	-	-	30,624,314	15,129,626
Others		5,022,634	4,547,118	-	-	5,022,634	4,547,118
Claims Receivable		14,010,216	4,365,417	-	-	14,010,216	4,365,417
		49,657,164	24,042,161	-	-	49,657,164	24,042,161
<b>9. Current Tax Assets</b>							
Advance Tax (Net of Provisions)		17,737,325	11,873,253	-	-	17,737,325	11,873,253

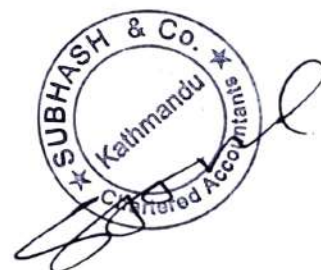


**Varun Beverages (Nepal) Pvt. Ltd.**  
**Summary of Significant Accounting Policies & Other Explanatory**  
**Information on The Standalone Financial Statements For The Year**  
**Ended 31<sup>st</sup> December, 2021**

Note	Indian GAAP NPR 31 December 2021	Indian GAAP NPR 31 December 2020	IND AS - Adj NPR 31 December 2021	IND AS - Adj NPR 31 December 2020	Post Ind AS NPR 31 December 2021	Post Ind AS NPR 31 December 2020
<b>10. Other Current Assets</b>						
(Unsecured Considered Good, Unless Otherwise Stated)						
<b>Other Advances:</b>						
Employees****	5,667,776	6,257,727	-	-	5,667,776	6,257,727
Contractors & Suppliers***	65,643,967	90,038,396	-	-	65,643,967	90,038,396
Prepaid Expenses	4,497,915	13,397,500	-	-	4,497,915	13,397,500
Balance With Statutory/Government Authorities	-	9,007,800	-	-	-	9,007,800
Others	19,618,076	12,896,823	-	-	19,618,076	12,896,823
	<b>95,427,733</b>	<b>131,598,246</b>	<b>-</b>	<b>-</b>	<b>95,427,733</b>	<b>131,598,246</b>
<b>11. Equity Share Capital</b>						
<b>Authorised Share Capital</b>						
3,380,451 Equity Shares of '1000/- Each	3,380,451,000	3,380,451,000			3,380,451,000	3,380,451,000
<b>Issued, Subscribed &amp; Fully Paid - Up</b>						
100,000 Ordinary Shares of '1000/- Each	1,080,000,000	1,080,000,000	-	-	1,080,000,000	1,080,000,000
8,000 Bonus Shares of '1000/- Each	1,080,000,000	1,080,000,000	-	-	1,080,000,000	1,080,000,000
<b>12. Other Equity</b>						
<b>Revaluation Reserve</b>						
Balance At Beginning of Reporting Period/Year	-	-	-	-	-	-
Add: Transferred during the year*	-	-	-	-	-	-
Balance at the End of the Year	-	-	-	-	-	-
<b>Securities Premium Reserve</b>						
Balance at the Beginning of the Year	53,600,356	53,600,356	-	-	53,600,356	53,600,356
Less: Amount Utilised for Share Issue Expenses	53,600,356	53,600,356	-	-	53,600,356	53,600,356
Balance at the End of the Year	-	-	-	-	-	-
<b>Capital Reserve</b>						
Surplus in the Statement of Profit and Loss	2,019,559,867	1,848,467,688	350,709,299	371,255,073	2,370,269,165	2,219,722,761
Balance At Beginning of the Year						
Less: Transfer to Debenture Redemption Reserve	(461,700,000)	(307,800,000)			(461,700,000)	(307,800,000)
Less: Dividend Paid	(24,300,000)	(16,200,000)			(24,300,000)	(16,200,000)
Less: Taxes on Dividend Paid	(403,143,528)	495,092,179	(26,343,268)	(20,545,774)	(429,486,796)	474,546,405
Add: Profit For the Year	1,130,416,339	2,019,559,867	324,366,030	350,709,299	1,454,782,369	2,370,269,166
Balance at the End of the Year						
<b>Foreign Currency Monetary Item Translation Diff. Account</b>						
Balance at the beginning of the year	-	-	-	-	-	-
Add: Additions made during the year	1,184,016,695	2,073,160,223	412,437,872	438,781,140	1,596,454,566	2,511,941,363
Less: Amortised during the year	-	-	-	-	-	-
Balance at the end of the year						
<b>Non - Current Financial Liabilities</b>						
Loan From Others	-	-	0	0	0	0
Lease Liabilities	-	-	89,886,578	86,123,697	89,886,578	86,123,697
	-	-	89,886,578	86,123,697	89,886,578	86,123,697
<b>13. Provisions</b>						
<b>Non - Current</b>						
Gratuity	39,096,293	74,474,646	-	-	39,096,293	74,474,646
Compensated Absences	21,387,799	20,095,243	-	-	21,387,799	20,095,243
	<b>60,484,092</b>	<b>94,569,889</b>	<b>-</b>	<b>-</b>	<b>60,484,092</b>	<b>94,569,889</b>
<b>Current</b>						
Gratuity	4,727,077	4,123,463	442,950	442,950	5,170,027	4,566,413
Compensated Absences	4,727,077	4,123,463	442,950	442,950	5,170,027	4,566,413



*Handwritten signature*

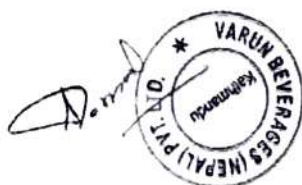




**Varun Beverages (Nepal) Pvt. Ltd.**

Summary of Significant Accounting Policies & Other Explanatory Information on The Standalone Financial Statements For The Year Ended 31<sup>st</sup> December, 2021

	Note	Indian GAAP NPR	Indian GAAP NPR	IND AS - Adj NPR	IND AS - Adj NPR	Post Ind AS NPR	Post Ind AS NPR
		31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>14. Other Non - Current Liabilities</b>							
Provision for Contingent Liability (Net of tax paid under protest)		-	-	-	-	-	-
<b>15. Current borrowings</b>							
Loans repayable on demand from:							
A Body Corporate (unsecured)*							
Banks - Working Capital Facilities (Secured)							
Banks - Working Capital Facilities (Unsecured)		111,176,750	4,713,024	-	-	111,176,750	4,713,024
		111,176,750	4,713,024	-	-	111,176,750	4,713,024
<b>16. Trade Payables</b>							
Trade Payables							
Total Outstanding Dues to Micro Enterprises & Small Enterprises							
Total outstanding dues of creditors other than micro enterprises & small enterprises		1,083,154,261	1,314,317,242	-	-	1,083,154,261	1,314,317,242
		1,083,154,261	1,314,317,242	-	-	1,083,154,261	1,314,317,242
<b>17. Other Financial Liabilities</b>							
Current Maturities of Long Term Debts		-	-	-	-	-	-
Current Maturities of Lease Liabilities		-	-	-	-	-	-
Interest Accrued But Not Due on Borrowings		3,620,520	1,076,455	5,570,009	14,400,000	5,570,009	14,400,000
Payable for Capital Expenditure		2,070,309	9,063,770	-	-	2,070,309	9,063,770
Employee Related Payables		54,578,959	27,493,534	-	-	54,578,959	27,493,534
Unpaid Dividend		461,700,000	307,800,000	-	-	461,700,000	307,800,000
BG Commission Payable to Parent Company		-	-	-	-	-	-
Security Deposits		369,424,754	329,071,001	-	-	369,424,754	329,071,001
		891,394,543	674,504,760	5,570,009	14,400,000	896,964,552	688,904,760
<b>18. Other Current Liabilities</b>							
Advances From Customers		12,118,969	13,434,251	-	-	12,118,969	13,434,251
Statutory Dues Payable		1,856,658,006	644,906,986	-	-	1,856,658,006	644,906,986
		1,868,776,975	658,341,237	-	-	1,868,776,975	658,341,237
<b>19. Current Tax Liabilities (Net)</b>							
Provision For Income Tax (Net of Taxes Paid)		-	-	-	-	-	-
<b>20. Revenue From Operations</b>							
Revenue From Operations (Gross)							
Sale of Products		7,849,309,564	6,256,642,442	-	-	7,849,309,564	6,256,642,442
Other Operating Revenue		22,185,031	10,143,126	-	-	22,185,031	10,143,126
		7,871,494,595	6,266,785,567	-	-	7,871,494,595	6,266,785,567
<b>21. Other Income</b>							
Interest On:							
- Bank Deposits		86,860,961	63,702,904	-	-	86,860,961	63,702,904
- Others		12,762,000	13,179,630	-	-	12,762,000	13,179,630
Net Gain on Foreign Currency Transactions & Translations		2,039,387	55,978	-	-	2,039,387	55,978
Excess Provisions Written Back		72,255,378	94,397	-	-	72,255,378	94,397
Gain on Sale of Fixed Assets (Net)		1,208,271	742,983	-	-	1,208,271	742,983
Miscellaneous		21,728,767	351,629,604	-	-	21,728,767	351,629,604
		196,854,763	429,405,496	-	-	196,854,763	429,405,496
<b>22. Cost of Materials Consumed</b>							
Raw Material & Packing Material Consumed							
Inventories at beginning of the year		207,678,402	284,148,956	-	-	207,678,402	284,148,956
Purchases during the year (net)		2,870,576,994	1,966,843,026	-	-	2,870,576,994	1,966,843,026
Sold during the year		3,078,255,396	2,250,991,982	-	-	3,078,255,396	2,250,991,982
(5,644,607)		(5,644,607)	6,103,161	-	-	(5,644,607)	6,103,161
Inventories at end of the year		383,998,139	207,678,402	-	-	383,998,139	207,678,402
		2,700,101,864	2,037,210,419	-	-	2,700,101,864	2,037,210,419

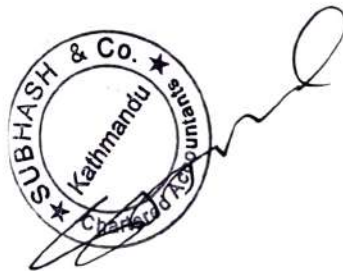


Varun Beverages (Nepal) Pvt. Ltd.  
Summary of Significant Accounting Policies & Other Explanatory  
Information on The Standalone Financial Statements For The Year  
Ended 31<sup>st</sup> December, 2021

Note	Indian GAAP	Indian GAAP	IND AS - Adj	IND AS - Adj	Post Ind AS	Post Ind AS
	NPR	NPR	NPR	NPR	NPR	NPR
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
<b>23. Purchases of Traded Goods</b>						
Beverages						
Others	134,190	69,498	-	-	134,190	69,498
	<u>134,190</u>	<u>69,498</u>	<u>-</u>	<u>-</u>	<u>134,190</u>	<u>69,498</u>
<b>24. Changes in Inventories of Finished Goods</b>						
As At the Beginning of The Year						
Finished Goods	94,511,908	72,009,601			94,511,908	72,009,601
Intermediate Goods	-	-			-	-
Work In Progress	845,892	-			845,892	-
	<u>95,357,800</u>	<u>72,009,601</u>	<u>-</u>	<u>-</u>	<u>95,357,800</u>	<u>72,009,601</u>
As At the Closing of The Year						
Finished Goods	110,159,642	94,511,908			110,159,642	94,511,908
Intermediate Goods	-	-			-	-
Work In Progress	5,496,865	845,892			5,496,865	845,892
	<u>115,656,507</u>	<u>95,357,800</u>	<u>-</u>	<u>-</u>	<u>115,656,507</u>	<u>95,357,800</u>
	<u>(20,298,707)</u>	<u>(23,348,198)</u>	<u>-</u>	<u>-</u>	<u>(20,298,707)</u>	<u>(23,348,198)</u>
	<u>1,412,927,661</u>	<u>971,794,888</u>	<u>-</u>	<u>-</u>	<u>1,412,927,661</u>	<u>971,794,888</u>
	<u>1,412,927,661</u>	<u>971,794,888</u>	<u>-</u>	<u>-</u>	<u>1,412,927,661</u>	<u>971,794,888</u>
<b>25. Employee Benefits Expense</b>						
Salaries & Wages	416,791,730	385,909,385	-	-	416,791,730	385,909,385
Contribution to Provident & Other Funds	21,055,260	12,056,418	-	-	21,055,260	12,056,418
Staff Welfare Expenses	23,506,350	27,937,191	-	-	23,506,350	27,937,191
	<u>461,353,340</u>	<u>425,902,994</u>	<u>-</u>	<u>-</u>	<u>461,353,340</u>	<u>425,902,994</u>
<b>26. Finance Costs</b>						
Interest On:						
Term Loans	-	-	-	-	-	-
Working Capital Facilities	22,905,186	6,320,422	-	-	22,905,186	6,320,422
Financial Liabilities	-	-	9,332,890	9,790,383	9,332,890	9,790,383
Others	181,453,175	149,763,469	-	-	181,453,175	149,763,469
Other Borrowing Costs:						
Processing Fees	2,160,958	1,489,010	-	-	2,160,958	1,489,010
Bank Guarantee Fees to Others	30,260,615	25,397,500	-	-	30,260,615	25,397,500
Bank Guarantee Fees to Parent Company	-	-	-	-	-	-
	<u>236,779,935</u>	<u>182,970,401</u>	<u>9,332,890</u>	<u>9,790,383</u>	<u>246,112,824</u>	<u>192,760,784</u>
<b>27. Depreciation &amp; Amortisation Expense</b>						
Depreciation on Tangible Assets	384,110,507	315,360,315	24,788,112	20,089,445	408,898,619	335,449,759
Amortisation of Intangible Assets						
	<u>384,110,507</u>	<u>315,360,315</u>	<u>24,788,112</u>	<u>20,089,445</u>	<u>408,898,619</u>	<u>335,449,759</u>



*Signature*



Varun Beverages (Nepal) Pvt. Ltd.  
Summary of Significant Accounting Policies & Other Explanatory  
Information on The Standalone Financial Statements For The Year  
Ended 31<sup>st</sup> December, 2021

	Note	Indian GAAP	Indian GAAP	IND AS - Adj	IND AS - Adj	Post Ind AS	Post Ind AS
		NPR	NPR	NPR	NPR	NPR	NPR
		31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
28. Other Expenses							
Power and fuel		189,686,324	153,167,350	-	-	189,686,324	153,167,350
Repair to Plant & Equipment		104,274,337	93,049,793	-	-	104,274,337	93,049,793
Repair to Buildings		20,526,599	26,880,020	-	-	20,526,599	26,880,020
Repair to Others		21,905,192	15,055,327	-	-	21,905,192	15,055,327
Consumption of Stores & Spares		52,132,885	41,536,839	-	-	52,132,885	41,536,839
Rent		25,451,437	25,439,923	(14,400,000)	(14,400,000)	11,051,437	11,039,923
Rates and Taxes		465,664,198	875,290	-	-	465,664,198	875,290
Insurance		13,328,947	20,428,132	-	-	13,328,947	20,428,132
Printing and stationery		1,654,736	2,573,937	-	-	1,654,736	2,573,937
Communication		3,593,995	3,543,677	-	-	3,593,995	3,543,677
Travelling and Conveyance		23,188,339	17,908,241	-	-	23,188,339	17,908,241
Payment to the Auditors As							
Audit & Reviews		2,175,000	1,700,000	-	-	2,175,000	1,700,000
Taxation Matters							
Other Matters							
Reimbursement of Expenses							
Vehicle Running & Maintenance		10,699,972	11,103,298	-	-	10,699,972	11,103,298
Lease and hire charges		-	-	-	-	-	-
Security and service charges		17,389,151	20,973,123	-	-	17,389,151	20,973,123
Professional charges and consultancy		14,588,886	12,554,759	-	-	14,588,886	12,554,759
Bank charges		2,757,856	2,250,327	-	-	2,757,856	2,250,327
Advertisement and sales promotion		114,944,575	286,880,555	-	-	114,944,575	286,880,555
Meeting and conference		624,589	51,735	-	-	624,589	51,735
Freight, octroi and insurance paid (net)		396,200,141	363,671,221	-	-	396,200,141	363,671,221
Delivery vehicle running and maintenance		49,220,829	46,075,285	-	-	49,220,829	46,075,285
Distribution expenses		69,732,869	60,420,966	-	-	69,732,869	60,420,966
Loading and unloading charges		23,725,609	17,878,002	-	-	23,725,609	17,878,002
Donations		671,000	306,100	-	-	671,000	306,100
Property, Plant & Equipment Written Off		-	-	-	-	-	-
Loss on disposal of Property, Plant & Equipment (Net)		-	-	-	-	-	-
Bad Debts & Advances Written Off		-	-	4,226,779	3,470,565	4,226,779	3,470,565
Allowance for Doubtful Debts		-	-	-	-	-	-
Net loss on foreign currency transactions and translations		240,012,763	247,004,512	-	-	240,012,763	247,004,512
General office and other miscellaneous expenses		614,117,305	477,819,921	-	-	614,117,305	477,819,921
Management Fee		2,478,267,534	1,949,148,333	(10,173,221)	(10,929,435)	2,468,094,313	1,938,218,898
29. Prior Period Items							
Depreciation of Leasehold Land for Earlier Years		-	-	-	-	-	-
30. Other Comprehensive Income							
Remeasurement of the defined benefit plans							
IT relating to items that will not be reclassified to P & L		-	-	-	-	-	-



*Handwritten signature*





**VARUN BEVERAGES LANKA (PVT) LTD**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**TOGETHER WITH AUDITOR'S REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2021**

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

### **Report on the Audit of the Financial Statements**

#### **Qualified Opinion**

We have audited the financial statements of Varun Beverages Lanka (Pvt) Ltd ("the Company") and the consolidated financial statements of the Company and its subsidiary ("Group") which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described to in the basis for qualified opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects of the financial position of the Company and the Group, as at 31 December 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs).

#### **Basis for Qualified Opinion**

Since 2013 to 2017 Borrowing costs and exchange losses amounting to Rs. 658.8 million incurred to acquire Property, Plant and Equipment (Building and Plant and Machinery) have been capitalized under cost of such items in these financial statements. This is not in compliance with the requirements of Sections 17,30 and 25 of the SLFRS for SMEs. Due to the misstatement, the profit of the Company and Group for the year ended 31st December 2021 is understated by Rs.24.2 million (2020- Rs.24.2 million) and accumulated loss of the Company and Group as of 31st December 2020 and 31st December 2021 have been understated by Rs.511.8 and Rs.487.6 million respectively. Further the net book value of property plant and equipment as of 31st December 2020 and 31st December 2021 of the Company and the Group have been overstated by Rs.511.8 and Rs.487.6 million respectively. The misstatements represent the net impact of borrowing costs and exchange losses capitalized and the depreciation charged on the capitalized costs.

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

#### **Other Information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

## Report on Other Legal and Regulatory Requirements

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

*S. J. M. S. Associates*  
**SJMS ASSOCIATES**

Chartered Accountants  
Colombo

31 January 2022





**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Company Year Ended 31.12.2021 Rs.	Group Year Ended 31.12.2021 Rs.	Company Year Ended 31.12.2020 Rs.	Group Year Ended 31.12.2020 Rs.
Revenue	4	3,505,514,053	5,176,155,520	2,691,094,526	4,032,505,846
Cost of sales	5	<u>(2,233,622,217)</u>	<u>(2,960,812,919)</u>	<u>(1,749,124,028)</u>	<u>(2,342,564,090)</u>
Gross profit		1,271,891,836	2,215,342,601	941,970,498	1,689,941,756
Other income	6	<u>240,068,713</u>	<u>263,421,148</u>	<u>101,797,214</u>	<u>126,471,760</u>
<b>Less: Expenditure</b>		1,511,960,549	2,478,763,749	1,043,767,712	1,816,413,516
Administrative expenses	1	<u>(172,892,373)</u>	<u>(204,651,901)</u>	<u>(145,886,830)</u>	<u>(195,142,114)</u>
Selling and distribution expenses	2	<u>(1,048,266,886)</u>	<u>(1,675,633,785)</u>	<u>(938,931,506)</u>	<u>(1,357,032,424)</u>
Profit / (loss) from operations		290,801,291	598,478,063	(41,050,624)	264,238,978
Finance and other costs	8	<u>(55,452,480)</u>	<u>(97,930,288)</u>	<u>(73,908,144)</u>	<u>(186,876,643)</u>
Profit / (loss) before tax	7	235,348,810	500,547,775	(114,958,767)	77,362,335
Income tax expense/ (reversal)	9	<u>(35,442,710)</u>	<u>(176,332,591)</u>	<u>80,792,019</u>	<u>26,955,787</u>
<b>Profit / (loss) for the year</b>		<u>199,906,101</u>	<u>324,215,184</u>	<u>(34,166,748)</u>	<u>104,318,122</u>
<b>Other comprehensive income/ (expense)</b>					
Actuarial gain / (loss) on employee benefit obligations		19,162,385	29,202,813	4,104,826	4,941,332
Deferred tax on actuarial gain/loss		<u>(2,874,358)</u>	<u>(3,199,668)</u>	<u>(615,724)</u>	<u>(849,945)</u>
<b>Total comprehensive income/ (expense) for the year</b>		<u>216,194,128</u>	<u>350,218,330</u>	<u>(30,677,646)</u>	<u>108,409,509</u>
<b>Attributable to :</b>					
Owners of the parent		216,194,128	350,218,330	(30,677,646)	108,409,509
Non-controlling interest		<u>216,194,128</u>	<u>350,218,330</u>	<u>(30,677,646)</u>	<u>108,409,509</u>

The accounting policies and notes from 01 to 23 form an integral part of these financial statements.



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	Company 31.12.2021 Rs.	Group 31.12.2021 Rs.	Company 31.12.2020 Rs.	Group 31.12.2020 Rs.
<b>Assets</b>					
<b>Non Current Assets</b>					
Property, plant and equipment	10	2,511,331,896	4,318,629,112	2,515,331,425	4,469,698,456
Capital work-in-progress	11	-	-	803,733	803,733
Deferred tax asset	9.2	41,859,228	41,859,228	80,176,295	80,176,295
		<u>2,553,191,124</u>	<u>4,360,488,340</u>	<u>2,596,311,453</u>	<u>4,550,678,485</u>
Investment in subsidiary - Ole Springs Bottlers (Pvt) Ltd		940,828,790	-	940,828,790	-
<b>Current Assets</b>					
Inventories	11	638,099,201	860,408,020	511,145,451	797,977,361
Trade and other receivables	12	183,351,115	585,297,737	204,085,834	535,138,929
Amounts due from related parties	21	1,448,252,582	5,307,891	1,840,903,332	60,886,079
Fixed deposits with banks	14	57,914,774	261,496,948	2,544,411	211,573,028
Cash and cash equivalents	13	891,121,846	944,973,043	107,078,875	121,803,513
		<u>3,218,739,518</u>	<u>2,657,483,640</u>	<u>2,665,757,903</u>	<u>1,727,378,910</u>
<b>Total Assets</b>		<u>6,712,759,432</u>	<u>7,017,971,980</u>	<u>6,202,898,146</u>	<u>6,278,057,395</u>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Stated capital	15	6,438,536,700	6,438,536,700	6,438,536,700	6,438,536,700
Accumulated losses		(710,214,757)	(964,472,254)	(926,408,886)	(1,398,999,088)
<b>Total Equity</b>		<u>5,728,321,943</u>	<u>5,474,064,446</u>	<u>5,512,127,814</u>	<u>5,039,537,612</u>
<b>Non Current Liabilities</b>					
Bottle deposit payable	16	36,736,220	165,963,992	38,409,967	175,762,996
Retirement benefit obligations	17	58,475,690	84,672,785	69,134,974	107,181,921
Deferred tax liability	9.2	-	127,380,247	-	70,473,563
		<u>95,211,911</u>	<u>378,017,025</u>	<u>107,544,941</u>	<u>353,418,479</u>
<b>Current Liabilities</b>					
Borrowings	18	-	1,543,907,534	-	-
Trade and other payables	19	839,255,354	1,102,977,817	100,540,883	103,657,733
Amounts due to related parties	21	49,970,224	62,912,692	365,531,366	612,725,669
Bank overdrafts	20	-	-	9,375,382	16,439,364
		<u>889,225,579</u>	<u>1,165,890,510</u>	<u>107,777,760</u>	<u>152,278,537</u>
<b>Total Current Liabilities</b>		<u>889,225,579</u>	<u>1,165,890,510</u>	<u>583,225,391</u>	<u>885,101,303</u>
<b>Total Equity and Liabilities</b>		<u>6,712,759,432</u>	<u>7,017,971,980</u>	<u>6,202,898,146</u>	<u>6,278,057,395</u>

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

Finance Officer

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

Director

27 January 2022



Director

27 January 2022

The accounting policies and notes from 01 to 23 form an integral part of these financial statements.

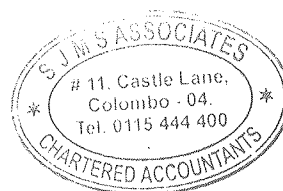
**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

Company	Stated Capital Rs.	Accumulated Losses Rs.	Total Rs.
<b>Balance as at 01.01.2019</b>			
Profit / (loss) for the year	6,438,536,700	(895,731,240)	5,542,805,460
Other comprehensive income / (loss) for the year	-	(34,166,748)	(34,166,748)
<b>Balance as at 31.12.2020</b>	<u>6,438,536,700</u>	<u>3,489,102</u>	<u>3,489,102</u>
		<u>(926,408,886)</u>	<u>5,512,127,814</u>
Preference shares redeemed	-	-	-
Profit / (loss) for the year	-	-	-
Other comprehensive income / (loss) for the year	-	199,906,101	199,906,101
<b>Balance as at 31.12.2021</b>	<u>6,438,536,700</u>	<u>16,288,027</u>	<u>16,288,027</u>
		<u>(710,214,757)</u>	<u>5,728,321,943</u>

Group	Stated Capital Rs.	Accumulated Losses Rs.	Total Rs.
<b>Balance as at 01.01.2020</b>			
Profit / (loss) for the year	6,438,536,700	(1,507,408,597)	4,931,128,103
Other comprehensive income / (loss) for the year	-	104,318,122	104,318,122
<b>Balance as at 31.12.2020</b>	<u>6,438,536,700</u>	<u>4,091,387</u>	<u>4,091,387</u>
		<u>(1,398,999,088)</u>	<u>5,039,537,612</u>
Preference shares redeemed	-	-	-
Deferred tax adjustment of revalued gain on land	-	-	-
Profit / (loss) for the year	-	84,308,504	84,308,504
Other comprehensive income / (loss) for the year	-	324,215,184	324,215,184
<b>Balance as at 31.12.2021</b>	<u>6,438,536,700</u>	<u>26,003,146</u>	<u>26,003,146</u>
		<u>(964,472,254)</u>	<u>5,474,064,446</u>

The accounting policies and notes from 01 to 23 form an integral part of these financial statements.





**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note No.	Company Year Ended 31.12.2021 Rs.	Group Year Ended 31.12.2021 Rs.	Company Year Ended 31.12.2020 Rs.	Group Year Ended 31.12.2020 Rs.
<b>Cash Flows from Operating Activities</b>					
Profit before tax		235,348,810	500,547,775	(114,958,767)	77,362,335
<b>Adjustment for:</b>					
Depreciation	10.1 & 10.2	199,943,380	360,386,662	198,225,436	379,732,833
Gain / (loss) on disposal of property, plant and equipment		-	-	-	-
Provision for bad and doubtful debt		191,258	871,269	3,951,726	57,612,559
Asset Scrap loss	8	8,516,699	29,285,355	11,556,412	36,549,979
Expiries and breakages	8	6,908,953	11,102,974	3,004,431	10,029,154
ESC write off	8	-	-	14,192,566	75,414,313
Interest cots on gratuity	17	5,185,123	7,753,292	6,430,863	10,553,843
Provision for gratuity	17	6,795,901	7,921,554	8,407,458	10,617,005
Operating profit before working capital changes		462,890,124	917,868,880	130,810,126	657,872,021
<b>Working Capital Changes</b>					
(Increase) in inventories		(133,862,702)	(73,533,634)	(138,442,494)	(265,659,740)
Increase in amounts due to related parties		40,594,842	46,473,329	1,122,984	8,186,965
Decrease in amounts due from related parties		395,236,555	55,578,188	33,375,259	(22,772,781)
Decrease /(increase) in accounts receivable		20,543,439	(51,030,080)	132,172,052	65,288,694
Increase in accounts payable		472,050,241	480,453,144	115,175,954	218,956,937
Cash generated from/ (used in) operations		1,257,452,499	1,375,809,827	274,213,881	661,872,096
Gratuity paid	17	(6,063,728)	(8,981,168)	(2,095,826)	(8,331,161)
Cash flows from operating / (used in) activities		1,251,388,771	1,366,828,660	272,118,055	653,540,935
<b>Cash Flows from Investing Activities</b>					
Acquisition of property, plant and equipment	10.1 & 10.2	(214,364,809)	(248,506,931)	(111,466,037)	(156,158,889)
Expenditure on capital work in progress	11	-	-	(803,733)	(1,376,462)
Proceeds on sale of property, plant and equipment		10,708,016	10,707,992	1,751,492	1,751,468
Addition to fixed deposits with banks		(55,370,363)	(49,923,920)	57,764	(88,895,571)
Net cash used in investing activities		(259,027,156)	(287,722,859)	(110,460,514)	(244,679,455)
<b>Cash Flows from Financing Activities</b>					
Repayment of borrowings		(100,540,883)	(103,657,733)	(105,163,607)	(283,250,799)
Net cash flow from investing activities		(100,540,883)	(103,657,733)	(105,163,607)	(283,250,799)
Net increase/ decrease in cash and cash equivalents		891,820,732	975,448,067	56,493,934	125,610,680
Cash and cash equivalents at the beginning of the year		(698,886)	(30,475,024)	(57,192,819)	(156,085,704)
Cash and cash equivalents at the end of the year	(Note	891,121,846	944,973,043	(698,885)	(30,475,024)
<b>Analysis of cash and cash equivalents at the end of the year</b>					
Cash in hand and cash at bank		891,121,846	944,973,043	107,078,875	121,803,513
Bank overdraft		-	-	(107,777,760)	(152,278,537)
		891,121,846	944,973,043	(698,885)	(30,475,024)

The accounting policies and notes from 01 to 23 form an integral part of these financial statements.

**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. General**

**1.1 Reporting Entity**

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

**1.2 Principal Activities and Nature of Operations**

**The Company – Varun Beverages Lanka (Private) Limited**

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

**Subsidiary – Ole Springs Bottlers (Pvt) Ltd**

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

**1.3 Parent and Ultimate Parent Enterprises**

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

**1.4 Date of Authorization for Issue**

The financial statements were approved for issue by the Board of Directors on 27 January 2021.

**2. Summary of Significant Accounting Policies**

**2.1 Basis of Preparation**

**2.1.1 Basis of Consolidation**

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

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

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

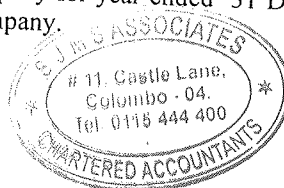
**2.1.2 Going Concern**

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

**2.1.3 Consolidation**

**2.1.3.1 Consolidation Financial Statements**

The consolidated financial statements of the company for year ended 31 December 2021 includes Ole Springs Bottlers (Pvt) Ltd which is a subsidiary of the company.



### **2.1.3.2 Subsidiaries**

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

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

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

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

### **2.1.3.3 Investment in Subsidiary**

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

## **2.2 Functional and Presentation Currency**

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

### **2.2.1 Transactions and Balances**

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

## **2.3 Revenue**

### **2.3.1 Sale of Goods**

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

### **2.3.2 Other Income**

#### **2.3.2.1 Foreign Services Income**

Foreign service income and subsidies are recognized in the financial statements at their fair value. When the foreign service income or subsidy relates to an expense it is recognized as income over the period necessary to match it with the costs, which it is intended to compensate for on a systematic basis.

#### **2.3.2.2 Rent Income**

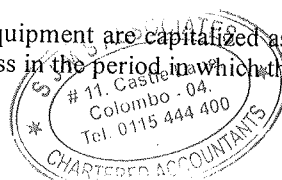
Rent income is recognized on an accrual basis.

## **2.4 Expenditure Recognition**

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

### **2.4.1 Borrowing Costs**

Borrowing cost incurred on acquisition of property plant and equipment are capitalized as a part of the cost of the asset. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



## **2.5 Leases**

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating lease.

Rights to assets held under finance lease are recognized as assets of the company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the commencement of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment and depreciated and assessed for impairment losses in the same way as owned assets. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

## **2.6 Income Tax Expense**

### **2.6.1 Company**

For a period of six (06) years reckoned from the year of assessment already determined by the Board of Investment of Sri Lanka (BOI) ("tax exemption period") the provisions of the Inland Revenue Act No. 24 of 2017 relating to the imposition, payment and recovery of income tax in respect of the profits and income of the Company shall not apply to the profit and income of the Company.

For the above purpose the year of assessment shall be reckoned from the year in which the enterprise commences to make profits or any year of assessment not later than two (02) years reckoned from the date of commencement of commercial operations, whichever year is earlier, as specified in a certificate issued by the Board of Investment of Sri Lanka (BOI).

After the aforesaid tax exemption period referred to above, the profits and income of the Enterprise shall be charged at the rate of fifteen per centum (15%).

### **Deferred Tax**

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

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss. Deferred tax 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 that have been enacted or substantively enacted at the reporting date.

### **2.6.2 Subsidiary**

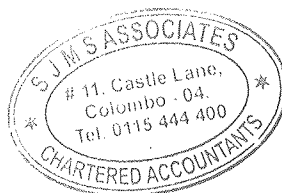
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable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

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss. Deferred tax 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 that have been enacted or substantively enacted at the reporting date.

## **2.7 Stated Capital**

### **2.7.1 Ordinary Shares**

Ordinary shares are classified as equity.



## **2.8 Tangible Assets**

### **2.8.1 Property, Plant and Equipment**

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

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

<b>Assets</b>	<b>Rate (%)</b>
Computers	25.00
Furniture and fittings	10.00
Motor vehicles	14.29
Trade equipment	12.50
Office equipment	25.00
Buildings	3.34
Plant and machinery	4.75
Bottles and crates	12.50

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

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

### **2.8.2 Capital Work-in-Progress**

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

## **2.9 Intangible Assets**

### **2.9.1 Computer Software**

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

### **2.10 Impairment of Non-Financial Assets**

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

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





## **2.11 Inventories**

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

**Raw materials** - On actual cost on a weighted average basis

**Finished goods** - Valued at standard cost basis

**Other inventories** - On actual cost on a weighted average basis

## **2.12 Cash and Cash Equivalent**

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

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

## **3.1 Financial Instruments**

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

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

## **3.2 Defined Benefit Plan – Gratuity**

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

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

## **3.3 Defined Contribution Plan - EPF & ETF**

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

### **Employees' Provident Fund**

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

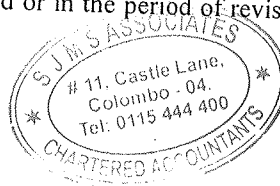
### **Employees' Trust Fund**

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

## **3.4 Judgments and Key Sources of Estimation Uncertainty**

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

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



**3.4 Judgments and Key Sources of Estimation Uncertainty (Contd.)**

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

**a) Defined benefit plans**

The carrying value of defined benefit plans is determined using a formula which considers the actuarial assumption. This involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, etc. Due to the complexity of the valuation, the underlying assumptions and their long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The assumptions used in the valuation and sensitivities there on are disclosed in note 17.

**3.5 Events after the reporting period date**

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

**3.6 Capital commitments and contingencies**

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

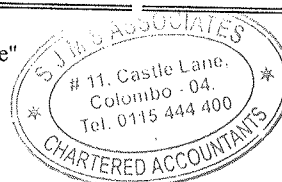


	Company Year Ended 31.12.2021 Rs.	Group Year Ended 31.12.2021 Rs.	Company Year Ended 31.12.2020 Rs.	Group Year Ended 31.12.2020 Rs.
<b>4. Revenue</b>				
Local sales	3,912,423,266	5,899,650,155	3,108,875,094	4,684,563,886
Export sales	105,962,426	109,674,206	101,141,451	103,868,127
Trade discount	(84,311,385)	(260,324,343)	(61,425,362)	(148,785,680)
	<u>3,934,074,307</u>	<u>5,749,000,019</u>	<u>3,148,591,182</u>	<u>4,639,646,333</u>
Excise duty	(428,560,254)	(572,844,499)	(457,496,656)	(607,140,488)
	<u>3,505,514,053</u>	<u>5,176,155,520</u>	<u>2,691,094,526</u>	<u>4,032,505,846</u>
<b>5. Cost of Finished Goods Manufactured</b>				
Finished goods at the at the beginning of the year	75,148,394	119,679,645	60,049,567	81,983,229
Finished goods purchase	-	5,239,038	-	37,051,600
Factory cost transferred (Note 5.1)	2,255,876,836	2,964,541,242	1,764,222,855	2,343,208,905
Finished goods at the end of the year	(97,403,013)	(128,647,006)	(75,148,394)	(119,679,645)
	<u>2,233,622,217</u>	<u>2,960,812,919</u>	<u>1,749,124,028</u>	<u>2,342,564,090</u>
<b>5.1 Factory Cost Transferred</b>				
Raw materials at the beginning of the year	276,278,593	462,747,269	202,947,264	296,606,869
Raw material purchase	1,753,618,607	2,110,778,469	1,324,074,251	1,714,847,780
Raw material at the end of the year	(369,445,899)	(508,094,998)	(276,278,593)	(462,747,269)
Raw material consumed	<u>1,660,451,301</u>	<u>2,065,430,740</u>	<u>1,250,742,922</u>	<u>1,548,707,380</u>
Production overheads (Note 5.2)	595,425,535	899,110,502	513,479,933	794,501,525
	<u>2,255,876,836</u>	<u>2,964,541,242</u>	<u>1,764,222,855</u>	<u>2,343,208,905</u>
<b>5.2 Production Overheads</b>				
Salaries	105,983,951	132,374,767	96,878,159	121,171,893
Wages	11,543,976	42,243,101	11,531,436	25,802,147
Overtime	41,594,026	52,563,145	31,868,151	44,333,642
Bonus	15,569,724	19,040,019	11,026,393	13,490,546
Allowance	5,907,949	6,185,981	6,314,259	6,472,510
Employees' Provident Fund	13,383,638	16,560,164	11,975,948	14,829,897
Employees' Trust Fund	3,345,909	4,140,041	2,994,744	3,708,231
Staff welfare	2,333,104	2,343,184	1,710,961	1,792,925
Medical	1,936,616	2,151,810	2,115,777	2,368,528
Terminal gratuity	2,575,874	3,261,948	3,266,654	4,228,062
Fuel	48,218,546	49,595,463	42,067,721	42,780,592
Chemicals	26,890,020	41,241,108	22,468,439	37,888,590
Lab consumables	-	1,771,886	-	797,340
Lab testing charges	4,308,255	4,308,255	2,072,524	2,072,524
Tea and flooding	13,995,062	13,995,062	6,842,707	6,842,707
Staff uniforms	-	1,941,868	-	2,885,042
Electricity	92,868,525	130,589,296	83,286,844	109,791,175
Postage and courier charges	959,609	959,609	1,465,327	1,465,327
Telephone	119,673	1,095,997	252,266	1,436,148
General insurance	3,415,087	5,533,225	2,083,654	3,721,862
Printing and stationery	961,380	961,380	770,229	770,229
Security charges	5,802,222	12,554,603	5,236,388	12,400,644
Motor vehicle fuel	-	267,900	-	67,988
Depreciation				
- Factory building	-	3,585,351	-	3,592,731
- Plant and machinery	106,951,328	130,049,374	106,380,310	129,414,912
- Office equipment	-	40,892	-	51,451
- Furniture and fittings	-	83,143	-	73,706
- Motor vehicles and forklift	-	940,870	-	942,807
- Computers	-	73,714	-	180,228
- Bottles and crates	-	87,997,885	-	108,647,731
Building repair and maintenance	22,134,269	28,663,252	10,344,444	16,261,291
Equipment maintenance	63,396,791	100,566,208	49,635,841	73,276,879
Travelling and transport	1,230,001	1,230,001	890,759	890,759
Loading charges	-	200,000	-	50,483
	<u>595,425,535</u>	<u>899,110,502</u>	<u>513,479,933</u>	<u>794,501,525</u>



	Company Year Ended 31.12.2021 Rs.	Group Year Ended 31.12.2021 Rs.	Company Year Ended 31.12.2020 Rs.	Group Year Ended 31.12.2020 Rs.
<b>6. Other Income</b>				
Foreign services income	226,932,210	226,932,210	98,495,493	98,495,493
Scrap sales	6,148,258	18,751,465	2,607,112	14,880,797
Miscellaneous income	13,889	13,889	88,500	88,500
Interest income	6,974,357	17,723,583	606,109	13,006,969
	<u>240,068,713</u>	<u>263,421,148</u>	<u>101,797,214</u>	<u>126,471,760</u>
<b>7. Loss Before Tax is Stated after Charging all Expenses Including the Following:</b>				
Personnel cost	411,536,089	539,056,474	363,248,580	491,119,369
Defined contribution plan costs - EPF & ETF	49,854,991	56,704,301	44,396,544	53,145,726
Provision for gratuity	6,795,901	7,921,554	8,407,458	10,617,005
Bonus	35,490,614	40,963,572	24,908,047	28,803,321
Depreciation	199,943,380	360,386,662	198,225,436	379,732,833
Insurance	7,188,964	9,307,102	5,568,533	7,206,741
Auditor's fees	1,750,950	2,831,514	1,611,301	2,683,330
<b>8. Finance Cost &amp; Other Cost</b>				
Bank overdraft interest	3,492,590	4,238,746	6,233,638	10,677,588
Asset scrap loss	8,516,699	29,285,355	11,556,412	36,549,979
Short term loan interest	-	3,118,367	12,181,041	22,702,190
Expiries and breakages	6,908,953	11,102,974	12,235,200	10,029,154
Bank charges	1,682,025	1,917,352	1,120,652	3,179,696
ESC write off	-	-	14,192,566	75,414,313
Exchange loss	29,667,091	40,514,203	9,957,771	17,769,881
Interest on gratuity	5,185,123	7,753,292	6,430,863	10,553,843
	<u>55,452,480</u>	<u>97,930,288</u>	<u>73,908,144</u>	<u>186,876,643</u>
<b>9. Taxation</b>				
<b>Income tax expenses</b>				
Deferred tax expense / (benefit) (Note 9.2)	38,317,067	179,532,258	(80,176,295)	(26,105,842)
Deferred tax charge against other comprehensive income	(2,874,358)	(3,199,668)	(615,724)	(849,945)
Income tax expenses	-	-	-	-
Income tax payment for previous year	-	-	-	-
	<u>35,442,710</u>	<u>176,332,591</u>	<u>(80,792,019)</u>	<u>(26,955,787)</u>
<b>9.1 Reconciliation of the total tax charge</b>				
A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:				
Accounting profit / (loss) as per financial statement	235,348,810	500,547,775	(114,958,767)	77,362,335
Allowable credits	(205,218,840)	(289,308,271)	(154,664,688)	(214,714,520)
Non- deductible expenses	229,448,243	414,396,581	214,015,745	528,497,125
Investment income	6,974,357	20,819,583	606,109	13,006,969
Tax loss claimed	(266,552,571)	(646,455,668)	(606,109)	(459,759,618)
Tax loss removed for tax holiday	-	-	55,607,710	55,607,710
Tax profit/ (loss) for the year of assessment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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



## 9.2 Deferred tax balances

Company	Property, plant & equipment Rs.	Retirement benefit obligation Rs.	Bad Debt Provision Rs.	Unused tax losses Rs.	Total Rs.
Balance as at 1 January 2020	(313,224,667)	10,370,246	2,734,928	380,295,788	80,176,295
Recognised in changes in equity	-	-	-	-	-
Recognised in profit or loss	-	-	-	-	-
Balance as at 31 December 2020	<u>(313,224,667)</u>	<u>10,370,246</u>	<u>2,734,928</u>	<u>380,295,788</u>	<u>80,176,295</u>
Balance as at 1 January 2021	(313,224,667)	10,370,246	2,734,928	380,295,788	80,176,295
Recognised in profit or loss	3,396,066	(1,598,893)	(131,355)	(39,982,886)	(38,317,067)
Balance as at 31 December 2021	<u>(309,828,601)</u>	<u>8,771,354</u>	<u>2,603,573</u>	<u>340,312,903</u>	<u>41,859,228</u>

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

### Deferred tax balances

Subsidiary	Property, plant & equipment Rs.	Retirement benefit obligation Rs.	Bad Debt Provision Rs.	Unused tax losses Rs.	Total Rs.
Balance as at 1 January 2020	(484,551,180)	10,860,153	-	457,287,918	(16,403,109)
Recognised in changes in equity	36,274,455	(207,008)	38,299,024	(128,436,925)	(54,070,453)
Recognised in profit or loss	<u>(448,276,725)</u>	<u>10,653,146</u>	<u>38,299,024</u>	<u>328,850,993</u>	<u>(70,473,563)</u>
Balance as at 31 December 2020	<u>(448,276,725)</u>	<u>10,653,146</u>	<u>38,299,024</u>	<u>328,850,993</u>	<u>(70,473,563)</u>
Balance as at 1 January 2021	(448,276,725)	10,653,146	38,299,024	328,850,993	(70,473,563)
Recognized in changes in equity	84,308,504				84,308,504
Recognised in profit or loss	93,706,627	(5,937,668)	(13,812,414)	(215,171,734)	(141,215,189)
Balance as at 31 December 2021	<u>(270,261,594)</u>	<u>4,715,478</u>	<u>24,486,611</u>	<u>113,679,259</u>	<u>(127,380,247)</u>

Deferred tax of the subsidiary has been calculated at the rate of 18% (31.12.2020 - 28%) which is the future tax rate applicable to the entity and substantially enacted as of the period end. Impact to deferred tax due to change in tax rate is Rs.70,766,803.





	Company 31.12.2021 Rs.	Group 31.12.2021 Rs.	Company 31.12.2020 Rs.	Group 31.12.2020 Rs.
<b>10. Property, Plant and Equipment</b>				
Freehold property, plant and equipment (Note 10.1 and 10.2)	2,511,331,896	4,318,629,112	2,515,331,425	4,469,698,456
	<u>2,511,331,896</u>	<u>4,318,629,112</u>	<u>2,515,331,425</u>	<u>4,469,698,456</u>
<b>10.1 Freehold Property, Plant and Equipment</b>				

Company	Balance at the beginning of the year Rs.	Additions Rs.	Transfer Rs.	Disposals/ write off Rs.	Balance at the end of the year Rs.
<b>Cost</b>					
Building	901,624,956	5,123,046	803,733	-	907,551,735
Computers	16,063,796	4,871,798	-	-	20,935,594
Furniture and fittings	8,297,257	3,206,639	-	-	11,503,896
Machinery and other equipment	2,238,813,537	18,145,706	-	-	2,256,959,244
Motor vehicles	211,407,686	-	-	-	211,407,686
Office equipment	14,780,750	1,495,891	-	-	16,276,640
Bottle and crates	145,541,814	-	-	-	145,541,814
Trade equipment	479,147,693	181,521,729	-	-	612,223,333
<b>Total</b>	<u>4,015,677,489</u>	<u>214,364,809</u>	<u>803,733</u>	<u>(48,446,089)</u>	<u>4,182,399,942</u>
<b>Accumulated Depreciation</b>					
Buildings	199,536,836	29,917,874	-	-	229,454,710
Computers	9,925,883	2,419,891	-	-	12,345,774
Furniture & fittings	2,836,279	903,872	-	-	3,740,151
Machinery and other equipment	687,369,391	106,951,328	-	-	794,320,718
Motor vehicles	182,279,892	7,346,393	-	-	189,626,285
Office equipment	9,919,111	2,733,797	-	-	12,652,909
Bottle and crates	48,715,361	23,875	-	-	48,739,236
Trade equipment	359,763,310	49,646,350	-	-	380,188,262
<b>Total</b>	<u>1,500,346,063</u>	<u>199,943,380</u>	<u>-</u>	<u>(29,221,398)</u>	<u>1,671,068,046</u>
<b>Written Down Value</b>	<u>2,515,331,425</u>			<u>(29,221,398)</u>	<u>2,511,331,896</u>



## 10.2 Freehold Property, Plant and Equipment

Group	Balance at the beginning of the year Rs.	Additions Rs.	Transfer Rs.	Disposals/ write off Rs.	Balance at the end of the year Rs.
<b>Cost</b>					
Land	972,314,280	-	-	-	972,314,280
Building	1,045,652,152	5,123,046	803,733	-	1,051,578,931
Computers	20,735,792	4,911,198	-	-	25,646,990
Furniture and fittings	13,079,232	4,162,090	-	-	17,241,322
Machinery and other equipment	2,722,359,544	20,592,506	-	-	2,742,952,050
Motor vehicles	240,985,236	-	-	-	240,985,236
Office equipment	17,858,440	1,585,791	-	-	19,444,231
Bottle and crates	1,502,061,826	-	-	-	1,502,061,826
Trade equipment	876,188,943	212,132,301	-	(148,844,545)	939,476,698
<b>Total</b>	<b>7,411,235,444</b>	<b>248,506,931</b>	<b>803,733</b>	<b>(148,844,545)</b>	<b>7,511,701,563</b>
<b>Accumulated Depreciation</b>					
Buildings	256,506,535	33,678,323	-	-	290,184,858
Computers	14,255,466	2,615,434	-	-	16,870,900
Furniture and fittings	7,141,878	1,055,040	-	-	8,196,918
Machinery and other equipment	885,217,009	130,049,374	-	-	1,015,266,383
Motor vehicles	207,538,789	8,559,460	-	-	216,098,249
Office equipment	12,045,028	3,142,718	-	-	15,187,747
Bottle and crates	1,003,317,081	88,021,760	-	-	1,091,338,841
Trade equipment	555,515,200	93,264,553	-	-108,851,198.6	539,928,555
<b>Total</b>	<b>2,941,536,987</b>	<b>360,386,662</b>	<b>-</b>	<b>(108,851,199)</b>	<b>3,193,072,450</b>
<b>Written Down Value</b>	<b>4,469,698,456</b>				<b>4,318,629,112</b>

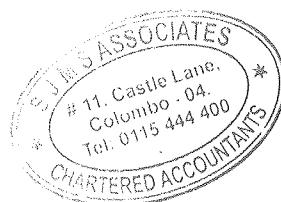
## 11. Capital Work-in-Progress

### 11.1 Company

Description	Balance at the beginning of the year Rs.	Additions Rs.	Transfers Rs.	Balance at the end of the year Rs.
Building	803,733	-	(803,733)	-
	<u>803,733</u>	<u>-</u>	<u>(803,733)</u>	<u>-</u>

### 11.2 Group

Building	803,733	-	(803,733)	-
	<u>803,733</u>	<u>-</u>	<u>(803,733)</u>	<u>-</u>



	Company 31.12.2021 Rs.	Group 31.12.2021 Rs.	Company 31.12.2020 Rs.	Group 31.12.2020 Rs.
<b>11. Inventories</b>				
Finished goods	97,403,013	128,647,006	75,148,394	119,679,645
Raw materials	369,445,899	508,094,998	276,278,593	462,747,269
Chemicals and fuel	21,933,465	34,794,901	17,529,989	27,872,798
Goods in transit	6,854,577	7,743,871	22,821,021	22,821,021
Spare parts	142,462,247	181,127,245	119,367,455	164,856,629
	<u>638,099,201</u>	<u>860,408,020</u>	<u>511,145,451</u>	<u>797,977,361</u>
<b>12. Trade and Other Receivables</b>				
Trade debtors	121,503,677	626,375,913	143,487,549	578,080,729
Less: Impairment provision for trade debtors	(17,357,155)	(153,393,879)	(18,232,852)	(155,015,082)
	<u>104,146,522</u>	<u>472,982,034</u>	<u>125,254,696</u>	<u>423,065,646</u>
Other receivables	25,224,279	29,132,065	18,615,179	26,993,207
Deposits and prepayments	33,785,843	45,508,004	52,119,605	64,517,389
Staff loans and festival advances	2,482,306	3,184,428	3,268,415	3,618,952
VAT receivable	12,312,658	12,312,658	4,715,261	1,523,365
Income tax and economic service charge receivables	5,399,507	22,178,548	112,677	15,420,369
	<u>183,351,115</u>	<u>585,297,737</u>	<u>204,085,834</u>	<u>535,138,929</u>
<b>13. Cash and Cash Equivalents</b>				
Standard Chartered Bank - Fort Branch	41,431,098	43,328,588	-	-
Nations Trust Bank PLC	147,132	304,138	2,015,963	2,263,849
Nations Trust Bank PLC-USD	12,242	12,242	-	-
Hatton National Bank - Kaduwela	8,383,834	32,507,921	592,623	11,858,332
Sampath Bank	312,743	312,743	510,912	510,912
Commercial Bank of Ceylon PLC	17,678,736	34,212,645	-	-
Commercial Bank of Ceylon PLC-USD	29,231	29,231	-	-
People's Bank - Hanwellla	-	10,534,252	-	2,309,979
People's Bank - Corporate Division	1,020,833	1,042,156	3,115,502	3,141,686
Standard Chartered Bank - Fort Branch (USD)	191,341,586	191,341,586	89,979,416	89,979,416
Saving AC - Hatton National Bank	624,533,066	624,533,066	5,052,219	5,052,219
Marginal AC - Commercial Bank of Ceylon PLC	2,769,000	2,769,000	2,169,900	2,346,900
Cash in hand	3,462,347	4,045,477	3,642,340	4,340,220
	<u>891,121,846</u>	<u>944,973,043</u>	<u>107,078,875</u>	<u>121,803,513</u>
<b>14. Fixed Deposits in Banks</b>				
Fixed deposits - Nations Trust Bank PLC	57,914,774	166,266,173	2,544,411	116,274,076
Fixed deposits - Commercial Bank of Ceylon PLC	-	4,011,459	-	4,011,459
Fixed deposit - Hatton National Bank PLC	-	91,219,316	-	91,287,493
	<u>57,914,774</u>	<u>261,496,948</u>	<u>2,544,411</u>	<u>211,573,028</u>
<b>15. Stated Capital</b>				
<b>Issued and fully paid shares</b>				
Value of a share	10	10	10	10
Ordinary shares	No. of shares			
	643,853,670	643,853,670	643,853,670	643,853,670
	<u>6,438,536,700</u>	<u>6,438,536,700</u>	<u>6,438,536,700</u>	<u>6,438,536,700</u>



	Company 31.12.2021 Rs.	Group 31.12.2021 Rs.	Company 31.12.2020 Rs.	Group 31.12.2020 Rs.
<b>16. Bottle Deposit Payable</b>				
Deposits against assets	34,986,220	136,678,111	37,109,967	149,279,417
Dealership deposits	1,750,000	29,285,881	1,300,000	26,483,579
	<u>36,736,220</u>	<u>165,963,992</u>	<u>38,409,967</u>	<u>175,762,996</u>
<b>17. Retirement Benefit Obligations</b>				
Balance at the beginning of the year	69,134,974	107,181,920	60,497,304	99,283,566
Current service cost	6,795,901	7,921,554	8,407,458	10,617,005
Interest charge for the year	5,185,123	7,753,292	6,430,863	10,553,843
	<u>81,115,998</u>	<u>122,856,766</u>	<u>75,335,625</u>	<u>120,454,414</u>
(Gains) / losses arising from changes in actuarial valuation	(19,162,385)	(29,202,813)	(4,104,826)	(4,941,332)
Payments received for those who transferred in during the period	2,585,805	-	-	-
Payments during the year	(6,063,728)	(8,981,168)	(2,095,826)	(8,331,161)
Balance at the end of the year	<u>58,475,690</u>	<u>84,672,785</u>	<u>69,134,974</u>	<u>107,181,921</u>
<b>The following assumptions were used in determining the post employment benefit obligation :</b>				
Expected future salary increment	6%	6%	6%	6%
Discount rate	11.0%	11.0%	7.5%	7.5% & 6.75%
Staff turnover rate	3%	3%	3%	3%
Retirement age	60 Years	60 Years	55 Years	55 Years
<b>18. Short Term Borrowings</b>				
Commercial Bank of Ceylon PLC	-	-	100,540,883	103,657,733
	<u>-</u>	<u>-</u>	<u>100,540,883</u>	<u>103,657,733</u>
<b>19. Trade and Other Payables</b>				
Trade payables	497,158,548	579,728,367	124,540,190	289,589,679
Stamp duty	53,900	94,500	37,100	67,700
Excise duty	109,848,286	154,534,308	64,620,537	85,286,025
Accrued and other payables	72,221,596	189,787,731	32,564,775	94,013,497
VAT Payable	-	18,859,883	-	-
Other creditors	159,973,026	159,973,029	143,768,765	143,768,768
	<u>839,255,354</u>	<u>1,102,977,817</u>	<u>365,531,366</u>	<u>612,725,669</u>



	Company 31.12.2021 Rs.	Group 31.12.2021 Rs.	Company 31.12.2020 Rs.	Group 31.12.2020 Rs.
<b>20. Bank Overdraft</b>				
Standard Chartered Bank-LKR A/C		-	58,037,504	58,984,552
Commercial Bank of Ceylon PLC		-	49,740,257	93,293,985
	-	-	107,777,760	152,278,537

**20.1 Securities Pledged for Short Term Loan & Bank Overdrafts**

a) Standard Chartered Bank

Primary concurrent mortgage over stocks and receivables for Rs. 450Mn located at No 140, Low Level Road, Embulgama, Ranala.

Corporate Guarantee from Ole Springs Bottlers (Pvt) Ltd.

b) Commercial Bank

Primary Concurrent mortgage for Rs 600Mn along with Standard Chartered Bank over Stocks & Book debtors. General terms and conditions relating to overdraft, import Demand Loans & Short Term Loans signed by the Company. Corporate Guarantee from Varun Beverages Lanka (Pvt) Ltd.

**21. Related Party Transactions**

**Identification of Related Parties**

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

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

	Amount due from related Company 31.12.2021 Rs.	Group 31.12.2021 Rs.	Amount due to related parties Company 31.12.2021 Rs.	Group 31.12.2021 Rs.
Ole Springs Bottlers (Pvt) Ltd - Subsidiary	1,442,944,691	-	-	-
Varun Beverages Ltd-Parent Company	-	-	8,465,703	14,296,878
Devyani Foods Industries(Kenya) Ltd	5,307,891	5,307,891	-	-
	-	-	41,504,521	48,615,814
	1,448,252,582	5,307,891	49,970,224	62,912,692

**Fellow Subsidiaries**

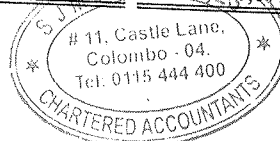
Lunarmech Technologies (Pvt) Ltd

	Amount due from related Company 31.12.2020 Rs.	Group 31.12.2020 Rs.	Amount due to related parties Company 31.12.2020 Rs.	Group 31.12.2020 Rs.
Ole Springs Bottlers (Pvt) Ltd	1,780,017,252	-	-	-
Varun Beverages Ltd-Parent Company	-	-	8,432,509	15,496,491
Devyani Foods Industries(Kenya) Ltd	20,340,040	20,340,040	-	-
	40,546,039	40,546,039	-	-
	1,840,903,332	60,886,079	942,873	942,873
	-	-	9,375,382	16,439,364

**Fellow Subsidiaries**

Varun Beverages (Zambia) Limited

Lunarmech Technologies (Pvt) Ltd

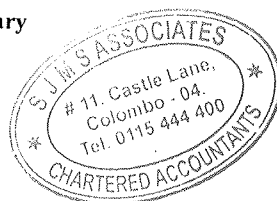




21. Related Party Transactions (Contd...)

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

<u>Company</u>	2021 Rs.	2020 Rs.
<b>Ole Springs Bottlers (Pvt) Ltd-Subsidiary</b>		
Sale of finished goods		
Purchase of raw materials	3,100,383,820	2,406,062,526
Payments/ settlements	25,075,677	18,367,447
Land lease expense	3,228,151,827	2,068,440,000
Discounts & expenses	3,343,680	3,110,400
Other transactions	209,394,175	372,386,644
	28,508,977	93,925
<b>Varun Beverages Ltd, India -Parent Company</b>		
Purchase of spare parts and raw materials		
Sales	4,515,104	22,364,829
Export receipt	26,685,750	4,237,239
Software license fee	26,685,750	4,367,964
Payments/ settlements	10,218,560	11,130,160
	14,680,365	27,789,135
<b>Varun Beverages Zambia Ltd-Fellow Subsidiary</b>		
Export sales		
Payments received for export sales	-	55,472,896
	40,546,039	53,059,844
<b>Varun Beverages Zimbabwe (Pvt) Ltd-Fellow Subsidiary</b>		
Sales		
Payments received for export sales	64,069,229	20,379,984
	64,069,229	20,379,984
<b>Lunarmech Technologies (Pvt) Ltd-Fellow Subsidiary</b>		
Purchase		
Payments	87,503,758	50,007,112
	46,902,917	55,958,579
<b>Devyani Food International (Pvt) Ltd</b>		
Export sales		
Payments received for export sales	15,207,446	20,617,767
	30,400,862	18,771,022
<b>Group</b>		
<b>Varun Beverages Ltd, India -Parent Company</b>		
Purchase of spare parts and raw materials		
Sales	31,002,214	53,645,330
Export receipt	26,685,750	4,237,239
Software license fee	26,685,750	4,367,964
Payments/ settlements	10,218,560	11,130,160
	43,003,123	52,005,655
<b>Varun Beverages Zambia Ltd-Fellow Subsidiary</b>		
Export sales		
Payments received for export sales	-	55,472,896
	40,546,039	53,059,844
<b>Varun Beverages Zimbabwe (Pvt) Ltd-Fellow Subsidiary</b>		
Sales		
Export receipt	64,069,229	20,379,984
	64,069,229	20,379,984
<b>Lunarmech Technologies (Pvt) Ltd-Fellow Subsidiary</b>		
Purchase		
Payments	94,624,673	55,427,028
	46,902,917	61,378,495
<b>Devyani Food International (Pvt) Ltd</b>		
Sales		
Payments received for export sales	15,207,446	20,617,767
	30,400,862	18,771,022



**21. Related Party Transactions (Contd...)**

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

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

	Company Year Ended 31.12.2021 Rs.	Group Year Ended 31.12.2021 Rs.	Company Year Ended 31.12.2020 Rs.	Group Year Ended 31.12.2020 Rs.
Directors emoluments	36,815,124	40,698,798	18,778,552	32,790,760
	<u>36,815,124</u>	<u>40,698,798</u>	<u>18,778,552</u>	<u>32,790,760</u>

**22. Capital Commitments and Contingencies**

The Department of Inland Revenue has issued an assessment on income tax for the year of assessment 2013/14 and 2014/15 for which future carried forward loss will be reduced by Rs. 247,665,087 and Rs. 372,708,484 respectively. An appeal has been filed against the assessment.

The Department of Inland Revenue has issued assessments in respect of Nation Building Tax filed for the quarter ended 30.9.2016, 31.3.2017, 30.6.2017 & 31.3.2018 value for Rs. 904,501, Rs. 976,706, Rs 301,497 & 1,535,071 respectively and against the assessments, appeals have been made to Commissioner General of Inland Revenue.

The Department of Inland Revenue has issued notice of assessments for subsidiary company for the year of assessment 2015/2016 for income tax, VAT & NBT for the Year 2015 and the amounts are Rs. 358,218,446, Rs.1,005,445,128 & Rs. 141,345,604 respectively. The company has made appeals against the assessments to Commissioner General of Inland Revenue.

The Department of Inland Revenue has issued assessments for NBT for the quarter ended 30.06.2016 on its subsidiary Ole Springs Bottlers (Pvt) Ltd for Rs. 1,866,224/-.

The Department of Inland Revenue has issued assessments for VAT for the quarter ended 30.06 2017 on its subsidiary Ole Springs Bottlers (Pvt) Ltd for Rs. 4,215,822/-.

The Department of Inland Revenue has issued an assessments in respect of VAT for the year 2013 (4 Periods) on its subsidiary Ole Springs Bottlers (Pvt) Ltd for Rs.412,010,752 and the company has appealed against the assessment.

The Department of Inland Revenue has issued an assessments in respect of NBT for the year 2013 (4 Periods) on its subsidiary Ole Springs Bottlers (Pvt) Ltd for Rs. 64,941,434/-.

Estimated amount of the contracts remaining to be executed on capital commitments not provided for (net of advance) is Rs. 1,400,605 for the company and subsidiary amount is Rs. 7,978,306/-.

Legal cases have been filed against the company and against the subsidiary Ole Spring Bottlers (Pvt) Ltd up to Rs. 741,000/- and Rs. 30,000/- respectively by employees and on product related matters.

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

**23. Events after the Reporting Period End**

**23.1 Events after the Reporting Period End**

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



**VARUN BEVERAGES LANKA (PVT) LTD**

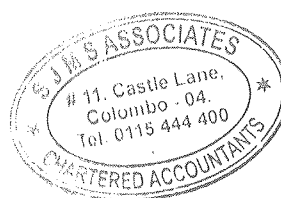
**DETAILED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**DETAIL NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Company Year Ended 31.12.2021 Rs.	Group Year Ended 31.12.2021 Rs.	Company Year Ended 31.12.2020 Rs.	Group Year Ended 31.12.2020 Rs.
<b>1. Administrative Expenses</b>				
Salaries - staff	41,305,145	50,246,819	31,429,697	54,129,393
Wages	2,168,984	3,487,721	1,314,344	2,065,904
Overtime	5,326,286	6,993,620	1,743,864	4,035,331
Staff training expenses	-	-	-	20,000
Bonus	4,179,740	5,016,536	2,711,557	3,515,170
Compensation	-	-	-	771,344
Tea and flooding	1,499,002	6,122,712	1,429,200	4,012,211
Medical expenses	13,068,682	13,578,777	4,236,940	4,740,283
Terminal gratuity	1,003,896	1,248,400	1,059,784	1,958,109
Employees' Provident Fund	5,811,024	7,030,035	4,469,964	7,352,946
Employees' Trust Fund	1,452,755	1,757,508	1,117,488	1,838,233
Lease rental	3,096,000	-	2,880,000	-
Foreign travelling	1,025,309	1,062,106	547,500	787,534
External auditor's remuneration	1,750,950	2,831,514	1,611,301	2,683,330
Internal auditor's remuneration	2,230,324	2,230,324	1,558,259	1,558,259
Telephone	709,220	2,510,287	212,962	1,655,311
Printing and stationery	1,061,573	3,865,887	964,981	3,049,375
Postage and telegrams	-	6,040	-	133,029
Stamp duty	301,466	441,966	48,425	180,725
Repairs and maintenance - vehicles	1,823,393	1,823,393	-	9,480
Depreciation - Building	29,917,874	30,092,972	29,963,038	30,138,496
- Furniture and fittings	903,872	971,898	844,223	904,528
- Office equipment	2,733,797	3,101,826	2,985,355	3,448,414
- Motor vehicle	7,346,393	7,618,589	13,716,560	13,989,316
- Computer & Software	2,419,891	2,541,719	2,158,344	2,456,209
Computer maintenance	11,149,263	12,674,838	12,353,378	13,362,718
Fees and penalties	-	9,500	-	12,650
Motor vehicle insurance	13,080	240,780	18,090	353,090
Staff welfare	3,816,558	3,922,983	2,501,409	2,759,129
Rent and accommodation charges	3,000,136	3,000,136	3,557,771	3,557,771
Courier charges	4,840,328	4,840,328	915,212	915,212
Staff recruitment	402,100	402,100	306,420	306,420
Subscriptions and periodicals	1,217,865	1,774,264	1,644,505	1,971,284
Electricity charges	904,207	984,603	899,083	1,237,656
Staff insurance	3,773,877	3,773,877	3,484,879	3,484,879
Other allowance to staff	7,124,261	8,204,013	6,341,375	7,839,131
Legal & professional charges	4,571,867	7,290,907	3,867,163	7,425,137
Travelling and transport	724,490	2,703,359	541,390	3,696,540
Other taxes	322,605	343,946	76,462	362,379
Sundry balances written off	(180,904)	(180,904)	2,338,930	2,338,930
Water	77,065	86,523	36,979	86,260
	<u>172,892,373</u>	<u>204,651,901</u>	<u>145,886,830</u>	<u>195,142,114</u>



	Company Year Ended 31.12.2021 Rs.	Group Year Ended 31.12.2021 Rs.	Company Year Ended 31.12.2020 Rs.	Group Year Ended 31.12.2020 Rs.
<b>2. Selling and distribution expenses</b>				
Salaries - staff	132,327,249	139,733,949	121,029,569	129,868,987
Wages	13,203,203	49,286,683	10,329,188	36,748,172
Overtime	9,330,850	11,470,327	8,562,160	21,179,151
Bonus	15,741,150	16,907,017	11,170,097	11,797,606
Employees' Provident Fund	20,689,332	21,773,243	19,070,723	20,333,139
Employees' Trust Fund	5,172,332	5,443,309	4,767,677	5,083,281
Medical expenses	492,946	503,375	5,611,732	5,830,354
Conference and meeting expenses	706,884	706,884	286,212	301,937
Terminal gratuity	3,216,131	3,411,207	4,081,020	4,430,834
Telephone	3,505,792	3,505,792	2,323,322	2,323,322
Printing and stationery	1,485,523	1,485,523	998,473	998,473
Sales promotion and discounts	449,149,506	928,853,482	397,064,808	584,277,282
Tea and flooding	15,082,421	16,665,807	14,043,403	17,322,915
Other allowance to staff	42,844,469	44,470,361	42,247,754	43,814,483
Staff Incentive	84,900,184	85,697,891	43,735,240	44,572,740
Rent and accommodation expenses	7,409,905	8,489,905	6,682,625	9,192,625
Staff welfare	1,319,486	1,350,549	3,078,166	3,094,801
Travelling expenses	7,275,802	7,325,820	5,981,208	6,016,017
Transport expenses	55,445,897	84,246,048	84,704,088	110,279,646
Foreign travelling	1,315,402	1,315,402	2,093,488	2,093,488
Vehicle maintenance expenses	30,076,427	34,378,950	24,980,703	29,780,147
Motor vehicle fuel	17,325,513	31,523,416	18,985,699	29,894,622
Export handling charges	22,014,411	22,014,411	18,491,313	18,548,551
Contract outlet expenses	47,524,866	47,524,866	35,334,206	35,498,653
Bad debt/Impairment	191,258	871,269	3,951,726	57,612,559
Depreciation - trade equipment	49,670,225	93,288,428	42,177,607	85,892,303
Trade equipment maintenance	10,849,720	13,389,869	7,149,298	14,976,140
	<u>1,048,266,886</u>	<u>1,675,633,785</u>	<u>938,931,506</u>	<u>1,357,032,424</u>





**OLE SPRINGS BOTTLERS (PVT) LTD**  
**FINANCIAL STATEMENTS TOGETHER**  
**WITH AUDITOR'S REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2021**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OLE SPRINGS BOTTLERS (PVT) LTD**

### **Report on the Audit of the Financial statements**

#### **Opinion**

We have audited the financial statements of Ole Springs Bottlers (Pvt) Ltd ("the Company") which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SME).

#### **Basis for Opinion**

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

#### **Other Information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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

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

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

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

#### Report on Other Legal and Regulatory Requirements

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

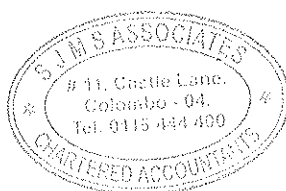
  
**SJMS ASSOCIATES**  
Chartered Accountants  
Colombo  
31 January 2022



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Year ended 31.12.2021 Rs.	Year ended 31.12.2020 Rs.
Revenue		4,564,598,173	3,525,765,444
Cost of sales		<u>(3,647,271,972)</u>	<u>(2,755,791,709)</u>
Gross profit		917,326,201	769,973,736
Other income	4	26,448,434	27,554,545
Administrative expenses		(34,855,528)	(52,135,284)
Selling and distribution expenses		(627,366,908)	(408,870,149)
Profit from operations	5	<u>281,552,200</u>	<u>336,522,848</u>
Finance and other costs	6	(42,477,808)	(122,199,269)
Profit before tax		<u>239,074,392</u>	<u>214,323,580</u>
Income tax	7	(139,407,913)	(53,836,232)
<b>Profit for the year</b>		<u>99,666,479</u>	<u>160,487,348</u>
<b>Other comprehensive income / (expenses)</b>			
Actuarial gain / (loss) on employee benefit obligations		10,040,428	836,506
Deferred tax on actuarial gain/(loss)		<u>(1,807,277)</u>	<u>(234,222)</u>
<b>Total comprehensive income for the year</b>		<u>107,899,630</u>	<u>161,089,632</u>

The accounting policies and notes from 01 to 22 form an integral part of these financial statements.



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	31.12.2021 Rs.	31.12.2020 Rs.
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	8	1,429,297,215	1,576,367,030
Investment property	9	378,000,000	378,000,000
		<u>1,807,297,215</u>	<u>1,954,367,030</u>
<b>Current assets</b>			
Inventories	10	225,195,198	315,842,852
Trade and other receivables	11	390,224,459	321,847,206
Deposits and prepayments	12	11,722,163	12,397,784
Fixed deposits with banks	13	203,582,174	209,028,617
Cash and cash equivalents		53,851,197	14,724,638
		<u>884,575,191</u>	<u>873,841,097</u>
<b>Total assets</b>		<u>2,691,872,407</u>	<u>2,828,208,127</u>
<b>Equity and liabilities</b>			
Stated capital	14	802,872,070	802,872,070
Accumulated losses		(113,414,398)	(305,622,532)
		<u>689,457,672</u>	<u>497,249,538</u>
<b>Non current liabilities</b>			
Deposits payable	15	129,227,773	137,353,029
Retirement benefit obligations	16	26,197,096	38,046,947
Deferred tax liability	7.3	127,380,248	70,473,562
		<u>282,805,117</u>	<u>245,873,538</u>
<b>Current liabilities</b>			
Borrowings	17	-	3,116,850
Trade and other payables	18	263,722,459	250,386,190
Amounts due to related parties	20	1,455,887,159	1,787,081,234
Bank overdrafts	19	-	44,500,777
<b>Total current liabilities</b>		<u>1,719,609,618</u>	<u>2,085,085,051</u>
<b>Total equity and liabilities</b>		<u>2,691,872,407</u>	<u>2,828,208,127</u>

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

.....  
Finance Officer

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

.....  
Director  
27 January 2022



.....  
Director  
27 January 2022

The accounting policies and notes from 01 to 22 form an integral part of these financial statements.

**OLE SPRINGS BOTTLERS (PVT) LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Stated capital Rs.	Accumulated loss Rs.	Total Rs.
<b>Balance as at 01.01.2020</b>	802,872,070	(466,712,165)	336,159,905
Profit for the year	-	160,487,348	160,487,348
Other comprehensive income for the year	-	602,284	602,284
<b>Balance as at 31.12.2020</b>	<u>802,872,070</u>	<u>(305,622,532)</u>	<u>497,249,538</u>
<i><b>Total comprehensive income for the period</b></i>			
Profit for the year	-	99,666,479	99,666,479
Other comprehensive income for the year	-	8,233,151	8,233,151
Deferred tax adjustment of revalued gain on land	-	84,308,504	84,308,504
<b>Balance as at 31.12.2021</b>	<u><u>802,872,070</u></u>	<u><u>(113,414,398)</u></u>	<u><u>689,457,672</u></u>

The accounting policies and notes from 01 to 22 form an integral part of these financial statements.



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Year Ended 31.12.2021 Rs.	Year Ended 31.12.2020 Rs.
<b>Cash flows from operating activities</b>			
Profit before tax		239,074,392	214,323,580
<i>Adjustments for:</i>			
Depreciation	8.1	160,443,281	181,507,396
ESC write off	6	-	61,221,747
Asset scrapped	6	20,768,656	24,993,566
Allowance for impairment of trade receivables		-	52,528,436
Bad debt write off		-	1,132,397
Breakages	6	4,194,022	7,024,723
Provision for gratuity	16	3,693,822	6,332,527
Operating profit before working capital changes		<u>428,174,173</u>	<u>549,064,372</u>
Decrease /(increase) in inventories		86,453,634	(149,219,721)
(increase) in trade and other receivables		(68,377,257)	(64,612,510)
Decrease in deposits and prepayments		675,621	7,045,066
Increase in trade and other payables		5,211,013	94,465,041
(Decrease) in amounts due to related parties		(333,779,880)	(49,084,058)
Cash generated from operations		<u>118,357,303</u>	<u>387,658,190</u>
Gratuity paid	16	(2,917,440)	(6,235,336)
Cash flows from operating activities		<u>115,439,864</u>	<u>381,422,854</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	8.1	(34,142,122)	(45,265,582)
Investment/withdrawal of fixed deposits with banks		5,446,443	(88,953,335)
Net cash flows utilized in investing activities		<u>(28,695,679)</u>	<u>(134,218,917)</u>
<b>Cash flows from financing activities</b>			
Net movement in borrowings		(3,116,850)	(178,087,192)
Net cash flows utilized in financing activities		<u>(3,116,850)</u>	<u>(178,087,192)</u>
Net increase in cash and cash equivalents		83,627,335	69,116,746
Cash and cash equivalents at the beginning of the year		(29,776,138)	(98,892,885)
Cash and cash equivalents at the end of the year		<u>53,851,197</u>	<u>(29,776,139)</u>
Analysis of cash and cash equivalents at the end of the year			
Cash in hand and cash at bank		53,851,197	14,724,638
Bank overdrafts		-	(44,500,777)
		<u>53,851,197</u>	<u>(29,776,139)</u>



The accounting policies and notes from 01 to 22 form an integral part of these financial statements.



**OLE SPRINGS BOTTLERS (PVT) LTD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. General**

**1.1 Reporting entity**

Ole Springs Bottlers (Pvt) Ltd (the "Company") is a limited liability Company incorporated and domiciled in Sri Lanka. The registered office and the principle place of business is located at 140, Low Level Road, Embulgama, Ranala.

**1.2 Principal activities and nature of operations**

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

**1.3 Parent and ultimate parent enterprises**

The Varun Beverages Lanka (Private) Limited is the parent company and the company's ultimate parent undertaking is RJ Corporation Ltd. Intermediate parent and ultimate parent incorporated in Sri Lanka and India respectively.

**1.4 Date of authorization for issue**

The financial statements were approved for issue by the Board of Directors on 27 January 2022.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements have been prepared on a going concern basis and in compliance with the Sri Lanka Accounting Standard for Small and Medium-Sized Entities (SLFRS for SMEs) laid down by The Institute of Chartered Accountants of Sri Lanka.

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

The previous period figures and phrases have been reclassified whenever necessary to conform to current year presentation. The current year figures cannot be directly compared with comparative figures in relation to Statetement of changes in equity due to the difference in reporting periods.

**2.2 Foreign currency and presentation currency**

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

**2.3 Revenue**

**2.3.1 Sale of goods**

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

**2.3.2 Interest income**

Interest income is recognized on an accrual basis.

**2.3.3 Other gains and losses**

Net gains and losses of a revenue nature arising from disposal of plant and equipment and other non-current assets are accounted for in the income statement after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.



#### **2.3.4 Rent income and other revenues**

Rent income and other revenues are recognized on an accrual basis.

#### **2.4 Expenditure recognition**

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

#### **2.5 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognized as assets of the company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the commencement of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets. Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

#### **2.6 Borrowing cost**

All borrowing costs are recognized in profit or loss in the period in which they are incurred

#### **2.7. Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity

##### **Current tax**

The provision for income tax is based on the elements of income and expenditures as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act. No 24 of 2017 and subsequent amendments there to.

##### **Deferred tax**

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

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



## **2.8 Stated capital**

### **2.8.1 Ordinary shares**

Ordinary shares are classified as equity.

## **2.9 Tangible assets**

### **2.9.1 Property, plant and equipment**

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

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

<b>Assets</b>	<b>Rate (%)</b>
Computers	25.00
Furniture and fittings	10.00
Motor vehicles	14.29
Trade equipment	12.50
Office equipment	25.00
Buildings	3.34
Plant and machinery	4.75
Bottles and crates	12.50

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other gains/ (losses) – net' in the statement of comprehensive income.

### **2.9.2 Investment property**

Investment property, which is a property held to earn rentals and/ or for capital appreciation is measured at cost including transaction cost. Subsequent to the initial recognition, investment property is measured at cost less any impairment losses. The investment property consist of a freehold land which is occupied by the parent company.

### **2.9.3 Capital work-in-progress**

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

### **2.9.4 Impairment of non-financial assets**

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



#### **2.9.4 Impairment of non-financial assets – (Contd..)**

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

#### **3.1 Financial instruments**

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

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

#### **3.2.1 Defined benefit plan – Gratuity**

The cost of the defined benefit plan, the gratuity obligation, is determined using the projected unit credit method which involves making assumptions regarding discount rates and future salary increases. Due to the long-term nature of these plans, such estimates are subject to uncertainty. All assumptions are reviewed at each reporting date.

#### **3.2.2 Defined contribution plan - EPF & ETF**

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

#### **Employees' Provident Fund**

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

#### **Employees' Trust Fund**

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

#### **3.3 Inventories**

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

**Raw materials** - On actual cost on a weighted average basis

**Finished goods** - Valued at standard cost basis

**Other inventories** – On actual cost on a weighted average basis



### **3.4 Judgments and Key Sources of Estimation Uncertainty**

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed below.

#### **a) Defined benefit plans**

The carrying value of defined benefit plans is determined using a formula which considers the actuarial assumption. This involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, etc. Due to the complexity of the valuation, the underlying assumptions and their long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The assumptions used in the valuation and sensitivities there on are disclosed in note 16.

### **3.5 Events after the reporting period date**

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

### **3.6 Capital commitments and contingencies**

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



	2021 Rs.	2020 Rs.
<b>4. Other income</b>		
Scrap sales	12,603,208	12,273,685
Rent income	3,096,000	2,880,000
Interest income	10,749,227	12,400,860
	<u>26,448,434</u>	<u>27,554,545</u>
<b>5. Profit before tax is stated after charging all expenses including the following:</b>		
Personnel cost	42,739,190	55,832,848
Defined contribution plan costs - EPF &ETF	6,849,310	8,749,183
Provision for gratuity	1,125,653	2,209,547
Bonus	5,472,958	3,895,275
Depreciation	160,443,281	181,507,396
Auditor's fees - audit related	1,080,564	1,072,029
<b>6. Finance and other costs</b>		
Bank overdraft interest	746,156	4,443,950
Bank charges	235,327	2,059,044
Exchange loss	10,847,112	7,812,110
Unclaimable ESC	-	61,221,747
Assets scrapped	20,768,656	24,993,566
Breakages	4,194,022	7,024,723
Loan interest	3,118,367	10,521,149
Interest charge on gratuity	2,568,169	4,122,980
	<u>42,477,808</u>	<u>122,199,269</u>
<b>7. Taxation</b>		
<b>7.1 Income tax expense / (benefit)</b>		
Deferred tax expense / (benefit)	141,215,190	54,070,453
Deferred tax on actuarial gain/loss	(1,807,277)	(234,222)
	<u>139,407,913</u>	<u>53,836,232</u>
<b>7.2 Reconciliation of the total tax charge</b>		
A reconciliation between tax expense and the accounting profit multiplied by the statutory tax rate is as follows:		
Accounting profit / (loss) as per income tax computation	239,074,392	214,323,580
Allowable credits	(84,089,432)	(82,052,310)
Non - deductible expenses	184,948,337	314,481,379
Taxable profit	<u>339,933,298</u>	<u>446,752,649</u>
Income from investments	13,845,227	
Tax loss claimed	<u>(13,845,227)</u>	<u>(459,153,509)</u>
Tax profit / (loss) for the period of assessment	<u>-</u>	<u>-</u>
Tax expense at 18% -( 2020 28% )	<u>-</u>	<u>-</u>



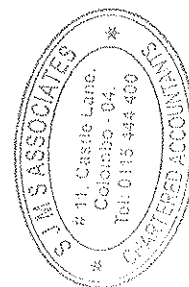
### 7.3 Deferred tax

Balance as at 1 January 2020  
 Recognized in profit or loss  
 Balance as at 31 December 2020

Recognized in profit or loss  
 Recognized in changes in equity  
 Balance as at 31 December 2021

Property, plant & equipment	Impairment of trade debtors	Retirement benefit obligation	Unused tax losses	Total
Rs.	Rs.	Rs.	Rs.	Rs.
(484,551,180)	-	10,860,153	457,287,918	(16,403,109)
36,274,455	38,299,024	(207,008)	(128,436,925)	(54,070,454)
<u>(448,276,725)</u>	<u>38,299,024</u>	<u>10,653,145</u>	<u>328,850,993</u>	<u>(70,473,563)</u>
93,706,627	(13,812,414)	(5,937,668)	(215,171,734)	(141,215,189)
84,308,504	-	-	-	84,308,504
<u>(270,261,594)</u>	<u>24,486,610</u>	<u>4,715,477</u>	<u>113,679,259</u>	<u>(127,380,248)</u>

Deferred tax has been calculated at the rate of 18% (31.12.2020 - 28%) which is the future tax rate applicable to the entity and substantially enacted as of the period end. Impact to deferred tax due to change in tax rate is Rs.70,766,803





	31.12.2021 Rs.	31.12.2020 Rs.
<b>8. Property, plant and equipment</b>		
Freehold property, plant and equipment (Note 8.1)	1,429,297,215	1,576,367,030
	<u>1,429,297,215</u>	<u>1,576,367,030</u>

#### 8.1 Freehold property, plant and equipment

Cost	Balance as at 01.01.2021 Rs.	Additions/ transfers Rs.	Disposals/ write off Rs.	Balance as at 31.12.2021 Rs.
Land	594,314,280	-	-	594,314,280
Buildings	144,027,196	-	-	144,027,196
Plant and machinery	483,546,006	2,446,800	-	485,992,806
Office equipment	3,077,690	89,900	-	3,167,590
Furniture & fittings	4,781,974	955,451	-	5,737,425
Computers	4,671,996	39,400	-	4,711,396
Trade equipment	350,847,061	-	-	350,847,061
Motor vehicles	29,577,550	-	-	29,577,550
Bottles and crates	1,060,039,101	30,610,572	(100,398,456)	990,251,217
Total	<u>2,674,882,855</u>	<u>34,142,122</u>	<u>(100,398,456)</u>	<u>2,608,626,520</u>

Accumulated depreciation	Balance as at 01.01.2021 Rs.	Depreciation charged Rs.	Disposals/ write off Rs.	Balance as at 31.12.2021 Rs.
Buildings	56,969,699	3,760,448	-	60,730,148
Plant and machinery	197,847,619	23,098,046	-	220,945,664
Office equipment	2,125,917	408,921	-	2,534,838
Furniture and fittings	4,305,599	151,169	-	4,456,768
Computers	4,329,583	195,543	-	4,525,126
Trade equipment	149,557,701	43,618,203	-	193,175,904
Motor vehicles	25,258,897	1,213,066	-	26,471,964
Bottles and crates	658,120,810	87,997,885	(79,629,801)	666,488,894
Total	<u>1,098,515,825</u>	<u>160,443,281</u>	<u>(79,629,801)</u>	<u>1,179,329,305</u>

<b>Net book value</b>	<u>1,576,367,030</u>	<u>1,429,297,215</u>
-----------------------	----------------------	----------------------



		2021 Rs.	2020 Rs.
9.	<b>Investment property</b>		
	Land	378,000,000	378,000,000
10.	<b>Inventories</b>		
	Finished goods	34,130,371	73,542,193
	Raw materials	138,649,099	186,468,676
	Chemicals and fuel	10,821,104	10,342,809
	Spare parts	40,705,330	45,489,174
	Goods in transit	889,294	-
		225,195,198	315,842,852
11.	<b>Trade and other receivables</b>		
	Trade debtors	504,872,234	434,593,180
	Less: Impairment of trade debtors	(136,036,724)	(136,782,230)
		368,835,510	297,810,950
	Other receivables	3,907,786	8,378,028
	Tax receivables	16,779,041	15,307,692
	Staff loans and festival advances	702,122	350,536
		390,224,459	321,847,206
12.	<b>Deposits and prepayments</b>		
	Security deposits and prepayments	11,722,163	12,397,784
		11,722,163	12,397,784
13.	<b>Fixed deposits with banks</b>		
	Fixed deposit - Commercial Bank of Ceylon PLC	4,011,459	4,011,459
	Fixed deposit - Nations Trust Bank PLC	108,351,399	113,729,665
	Fixed deposit - Hatton National Bank PLC	91,219,316	91,287,493
		203,582,174	209,028,617
	<i>No. of shares</i>		
14.	<b>Stated capital</b>		
	Fully paid ordinary shares	126	1,260
	Fully paid Class "A" ordinary shares	80,287,081	802,870,810
		802,872,070	802,872,070
15.	<b>Deposit payables</b>		
	Deposits against assets	101,691,892	112,169,450
	Dealership deposits	27,535,881	25,183,579
		129,227,773	137,353,029



	31.12.2021 Rs.	31.12.2020 Rs.
<b>19. Bank overdrafts</b>	-	44,500,777

Securities pledged for overdraft facilities have been disclosed in note 17.1.

**20. Related party transactions**

**20.1 Identification of related parties**

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

During the period, Mr. Ravi Kant Jaipuria, Mr. Amit Joshi, Mr. Achal Kumar, were the directors of the company.

	31.12.2021 Rs.	31.12.2020 Rs.
<b>20.2 Amounts due to related parties</b>		
Varun Beverages Lanka (Pvt) Ltd ( Parent)	1,442,944,691	1,780,017,253
Varun Beverages Ltd India (Intermediate parent)	5,831,175	7,063,981
Lunarmech Technologies (Pvt) Ltd. (Fellow Subsidiary)	7,111,293	-
	<u>1,455,887,159</u>	<u>1,787,081,234</u>

**20.3 The company entered into the following transactions with the related parties on agreed commercial term basis.**

	Period ended 31.12.2021 Rs.	Period ended 31.12.2020 Rs.
<b>Varun Beverages Lanka (Pvt) Ltd ( Parent)</b>		
Purchase of goods	3,100,383,820	2,406,062,526
Sale of raw materials	25,075,677	18,367,447
Settlements / payment	3,228,151,827	2,068,440,000
Discounts and expenses	209,394,175	372,386,644
Other	28,508,977	93,925
Land lease income	3,343,680	3,110,400
<b>Varun Beverages Ltd - India (Intermediate Parent)</b>		
Purchase of finished goods and raw materials	26,487,110	31,280,501
Settlements	28,322,758	24,216,520
<b>Lunarmech Technologies (PVT) Ltd (Fellow Subsidiary)</b>		
Purchase goods	7,120,915	5,419,916
Settlements	-	5,419,916



**20.4 Remuneration to key management personnel**

Key Management Personnel include members of the Board of Directors of the Company and its related companies.

Compensation paid to key management personnel during the period ended 31 December 2021 Rs. 3,883,674 /- (Period ended 31 December 2020 Rs. 14,012,208/-).

**21. Capital commitments and contingencies**

Estimated amount of contract remaining to be executed on capital account not provided for (net of advance) Rs. 7,978,306/-.

Legal cases filed against the Company up to Rs. 30,000/- for product related matters.

The Department of Inland Revenue has issued notice of assessments to the company for the year of assessment 2015/2016 for VAT & NBT for the year 2015 amounting to Rs. 1,005,445,128 & Rs. 141,345,604 respectively. The company has made appeals against these assessments to Commissioner General of Inland Revenue.

The Department of Inland Revenue has issued assessments for NBT for the quarter ended 30.06.2016 for Rs. 1,866,224.

The Department of Inland Revenue has issued assessments for VAT for the year 2013 for Rs. 412,010,752 and the company has appealed against the assessments and is pending at Tax Appeal Commission.

The Department of Inland Revenue has issued assessments for NBT for the year 2013 for Rs. 64,941,434.

The Department of Inland Revenue has issued assessments for VAT for the year 2017 for Rs. 4,215,822 .

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

**22. Events after the reporting period end**

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



**OLE SPRINGS BOTTLERS (PVT) LTD**

**DETAILED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**OLE SPRINGS BOTTLERS (PVT) LTD**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021 Rs.	2020 Rs.
<b>1. Revenue</b>		
Local sales	4,881,183,595	3,820,541,277
Export sales	3,711,781	2,726,677
Trade discounts	(176,012,958)	(147,858,678)
	<u>4,708,882,418</u>	<u>3,675,409,276</u>
 Excise duty	 (144,284,245)	 (149,643,831)
	<u><u>4,564,598,173</u></u>	<u><u>3,525,765,444</u></u>
 <b>2. Cost of sales</b>		
Finished goods at the beginning of the year	73,542,193	28,942,127
Finished goods purchase during the year	2,749,297,867	2,158,839,395
 Factory cost transferred ( <i>Schedule 2.1</i> )	 858,562,283	 641,552,380
	<u>3,681,402,343</u>	<u>2,829,333,901</u>
Finished goods at the end of the year	(34,130,371)	(73,542,193)
	<u><u>3,647,271,972</u></u>	<u><u>2,755,791,709</u></u>
 <b>2.1 Cost of finished goods manufactured</b>		
Raw materials at the beginning the year	186,468,676	93,659,605
Raw materials purchase during the year	507,057,739	453,339,859
Raw materials at the end of the year	(138,649,099)	(186,468,676)
Raw materials consumed during the year	<u>554,877,316</u>	<u>360,530,788</u>
Production overheads ( <i>Schedule 2.2</i> )	303,684,967	281,021,591
	<u><u>858,562,283</u></u>	<u><u>641,552,379</u></u>



	2021 Rs.	2020 Rs.
<b>2.2 Production overheads</b>		
Salaries	26,390,816	24,293,734
Wages	30,699,125	14,270,711
Overtime	10,969,119	12,465,491
Bonus	3,470,295	2,464,153
Allowance	278,032	158,251
Employees' Provident Fund	3,176,526	2,853,949
Employees' Trust Fund	794,131	713,487
Staff welfare	10,080	81,964
Medical	215,194	252,751
Terminal gratuity	686,074	961,408
Fuel	1,376,917	712,871
Chemicals	14,351,088	15,420,151
Lab consumables	1,771,886	797,340
Staff uniforms	1,941,868	2,885,042
Electricity	37,720,772	26,504,332
Telephone	976,323	1,183,882
General insurance	2,118,138	1,638,208
Security charges	6,752,381	7,164,256
Motor vehicle fuel	267,900	67,988
Depreciation - Factory building	3,585,351	3,592,731
- Plant and machinery	23,098,046	23,034,603
- Office equipment	40,892	51,451
- Furniture and fittings	83,143	73,706
- Motor vehicles and forklift	940,870	942,807
- Computers	73,714	180,228
- Bottles and crates	87,997,885	108,647,731
Building repairs and maintenance	6,528,983	5,916,847
Equipment maintenance	37,169,416	23,641,037
Loading charges	200,000	50,483
	<u>303,684,967</u>	<u>281,021,591</u>



	2021 Rs.	2020 Rs.
<b>3. Administrative expenses</b>		
Salaries - staff	8,941,674	22,699,696
Wages	1,318,737	751,560
Overtime	1,667,334	2,291,467
Staff training expenses		20,000
Allowance	1,079,752	1,497,756
Bonus	836,796	803,613
Employees' Provident Fund	1,219,011	2,882,982
Employees' Trust Fund	304,753	720,746
Medical	510,095	503,343
Staff welfare	106,425	257,720
Terminal gratuity	244,503	898,325
Tea and food	4,623,711	2,583,011
Compensation	-	771,344
External auditor's remuneration	1,080,564	1,072,029
Electricity	80,397	338,572
Telephone	1,801,067	1,442,349
Printing and stationery	2,804,315	2,084,394
Postage and telegrams	6,040	133,029
Stamp duty	140,500	132,300
Depreciation - Building	175,098	175,458
- Furniture and fittings	68,026	60,305
- Office equipment	368,029	463,058
- Motor vehicle	272,196	272,756
- Computer	121,828	297,865
Computer maintenance	1,525,575	1,009,340
Fees and penalties	9,500	12,650
Motor vehicle insurance	227,700	335,000
Foreign travelling	36,797	240,034
Consultancy fees	1,831,620	2,831,474
Legal fees	887,420	726,500
Subscriptions and periodicals	556,399	326,779
Water	9,458	49,281
Motor vehicle maintenance and repairs	-	9,480
Motor vehicle fuel	1,048,043	2,131,688
Other tax	21,341	285,917
Travelling and transport	930,826	1,023,461
	<u>34,855,528</u>	<u>52,135,284</u>





	2021 Rs.	2020 Rs.
<b>4. Selling and distribution expenses</b>		
Salaries - staff	7,406,700	8,839,418
Wages	36,083,479	26,418,984
Staff welfare	31,063	16,635
Allowance	1,625,892	1,566,729
Overtime	2,139,477	12,616,991
Bonus	1,165,867	627,509
Staff incentives	797,707	837,500
Employees' Provident Fund	1,083,911	1,262,415
Employees' Trust Fund	270,978	315,604
Terminal gratuity	195,076	349,814
Medical	10,429	218,622
Motor vehicle fuel	14,197,904	10,908,923
Freight expenses	57,539	57,238
Tea and food	1,583,386	3,279,512
Discount and claims	479,703,977	228,827,458
Rent expenses	1,080,000	2,510,000
Conferences and meetings expenses	-	15,725
Bad debt write off	680,012	1,132,397
Debtors impairment	-	52,528,436
Motor vehicle maintenance and repairs	4,302,522	4,799,444
Trade equipment hire charges and maintenance	-	-
Transport charges	28,742,612	164,447
Trade equipment maintenance	2,540,156	7,826,842
Travelling	50,018	34,809
Depreciation - trade equipment	43,618,203	43,714,696
	<u>627,366,908</u>	<u>408,870,149</u>



	31.12.2021 Rs.	31.12.2020 Rs.
<b>5. Cash at bank and cash in hand</b>		
<b>Cash at bank</b>		
Margin money Commercial Bank of Ceylon	-	177,000
Commercial Bank of Ceylon	16,533,909	-
People's Bank - Hanwella	10,534,252	2,309,979
Hatton National Bank - Kaduwela	24,124,087	11,265,709
Standard Chartered Bank - Fort Branch 3	1,897,489	-
Nations Trust Bank PLC	157,006	247,886
People's Bank - International	21,324	26,184
Cash in hand	583,130	697,880
	<u>53,851,197</u>	<u>14,724,638</u>
<b>6. Bank overdrafts</b>		
Standard Chartered Bank - Fort Branch 3	-	947,048
Commercial Bank of Ceylon	-	43,553,728
	<u>-</u>	<u>44,500,777</u>
<b>7. Accrued and other payables</b>		
Electricity	-	2,349,832
Other payables	113,835,242	57,593,546
Auditor's remuneration	434,250	413,438
Telephone payable	110,000	20,000
Transport	3,086,642	871,900
Staff incentive	100,000	200,000
	<u>117,566,134</u>	<u>61,448,716</u>





Report on financial information of **VARUN BEVERAGES MOROCCO SA**

REPORT TO:

The Board of Directors  
Varun Beverages Limited  
Plot No. 31,  
Institutional Area,  
Sector 44 – Gurgaon

AND

Walker Chandiok & Co LLP  
Chartered Accountants  
L-41, Connaught Circus  
New Delhi- 110001

AND

APAS & Co.  
Chartered Accountants  
606, 6th Floor, PP City Centre,  
Road No. 44, Pitampura,  
New Delhi - 110034

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

**To the Board of Directors of Varun Beverages Limited**

1. We have audited the standalone financial results of **VARUN BEVERAGES MOROCCO** ('the Company') for the year ended 31 December 2021, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These standalone financial results are based on the standalone financial statements for the year ended 31 December 2021 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 ('the Act') and published standalone year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, Interim Financial Reporting, specified under Section 133 of the Act, and SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Company's management. Our responsibility is to express an opinion on these standalone financial results based on our audit of the standalone financial statements for the year ended 31 December 2021.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial results are free of material misstatement(s). An audit includes examining, on a test basis, evidence supporting the



amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

3. In our opinion and to the best of our information and according to the explanations given to us, the standalone financial results:
- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular CIR/CFD/FAC/62/2016 dated 5 July 2016 in this regard ; and
  - (ii) give a true and fair view of the standalone net profit/loss (including other comprehensive income) and other financial information in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act for the year ended 31 December 2021

For **Ahmed CHAHBI**  
Chartered Accountants  
Firm Registration No: 40176825

Place: Casablanca  
Date: 14<sup>th</sup> January 2022

**Varun Beverages Morocco SA**  
**Balance sheet as at 31 December 2021**

		Before IND AS		IND AS-ADJUSTMENT		Total	
		MAD	MAD	MAD	MAD	MAD	MAD
Note		As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
<b>Assets</b>							
<b>1) Non-current assets</b>							
(a) Property, plant and equipment	1A	461 227 063	379 055 000	27 193 427	19 413 525	488 420 490	398 468 525
(b) Capital work in progress	1B	-	5 059 388	-	-	-	5 059 388
(c) Intangible assets	2	5 386 664	2 303 203	-	-	5 386 664	2 303 203
(d) Financial assets							
(i) Loans	3	2 716 972	2 139 412	(94 941)	(59 909)	2 622 031	2 079 503
(e) Other non-current assets	4	135 844	7 689 204	-	-	135 844	7 689 204
<b>Total non-current assets</b>		<b>469 466 542</b>	<b>396 246 207</b>	<b>27 098 486</b>	<b>19 353 615</b>	<b>496 565 028</b>	<b>415 599 823</b>
<b>2) Current assets</b>							
(a) Inventories	5	131 876 395	82 058 778	-	-	131 876 395	82 058 778
(b) Financial assets							
(i) Trade receivables	6	64 683 407	55 131 106	(488 689)	(1 117 226)	64 194 719	54 013 880
(ii) Cash and cash equivalents	7	3 640 164	4 156 251	-	-	3 640 164	4 156 251
(ii) Others	8	1 127	1 127	-	-	1 127	1 127
(c) Current Tax Assets (Net)	9	-	737 782	-	-	-	737 782
(d) Other current assets	10	8 838 507	10 506 285	86 733	51 555	8 925 239	10 557 840
<b>Total current assets</b>		<b>209 039 601</b>	<b>152 591 329</b>	<b>(401 956)</b>	<b>(1 065 671)</b>	<b>208 637 645</b>	<b>151 525 658</b>
<b>Total assets</b>		<b>678 506 143</b>	<b>548 837 536</b>	<b>26 696 530</b>	<b>18 287 945</b>	<b>705 202 673</b>	<b>567 125 481</b>
<b>Equity and liabilities</b>							
<b>3) Equity</b>							
(a) Equity share capital	11	869 638 000	869 638 000	-	-	869 638 000	869 638 000
(b) Other equity	12	(574 942 216)	(579 413 108)	(4 165 214)	(2 036 674)	(579 107 430)	(581 449 782)
<b>Total equity</b>		<b>294 695 784</b>	<b>290 224 892</b>	<b>(4 165 214)</b>	<b>(2 036 674)</b>	<b>290 530 570</b>	<b>288 188 218</b>
<b>4) Liabilities</b>							
<b>A) Non-current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings	13	196 498 653	94 611 192	(839 187)	(5 859 677)	195 659 467	88 751 515
(ii) Other financial liabilities	14	-	-	19 865 822	11 368 852	19 865 822	11 368 852
<b>Total non-current liabilities</b>		<b>196 498 653</b>	<b>94 611 192</b>	<b>19 026 635</b>	<b>5 509 175</b>	<b>215 525 289</b>	<b>100 120 366</b>
<b>B) Current liabilities</b>							
(a) Financial liabilities							
(i) Borrowings	15	27 383 054	49 077 589	5 517 981	3 701 168	32 901 035	52 778 757
(ii) Trade payables	16	122 779 412	83 114 891	-	5 859 677	122 779 412	88 974 568
(iii) Other financial liabilities	17	25 203 044	18 116 589	6 317 127	5 254 599	31 520 172	23 371 188
(b) Other current liabilities	18	11 380 676	13 692 383	-	-	11 380 676	13 692 383
(c) Current tax liabilities (Net)	19	565 519	-	-	-	565 519	-
<b>Total current liabilities</b>		<b>187 311 706</b>	<b>164 001 453</b>	<b>11 835 109</b>	<b>14 815 444</b>	<b>199 146 814</b>	<b>178 816 896</b>
<b>Total liabilities</b>		<b>383 810 359</b>	<b>258 612 644</b>	<b>30 861 744</b>	<b>20 324 619</b>	<b>414 672 103</b>	<b>278 937 263</b>
<b>Total equity and liabilities</b>		<b>678 506 143</b>	<b>548 837 536</b>	<b>26 696 530</b>	<b>18 287 945</b>	<b>705 202 673</b>	<b>567 125 481</b>

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



Varun Beverages Morocco SA

Statement of Profit and Loss for the year ended 31 December 2021

(Amount in MAD)

			Before IND AS		IND AS-ADJUSTMENT		Total	
Note			MAD 31 Dec 2021	MAD 31 Dec 2020	MAD 31 Dec 2021	MAD 31 Dec 2020	MAD 31 Dec 2021	MAD 31 Dec 2020
I	Revenue from operations	20	546 040 859	424 928 313	-	-	546 040 859	424 928 313
II	Other Income	21	4 129 803	12 578 974	83 025	5 889 832	4 212 827	18 468 806
III	<b>Total Income (I + II)</b>		<b>550 170 661</b>	<b>437 507 287</b>	<b>83 025</b>	<b>5 889 832</b>	<b>550 253 686</b>	<b>443 397 119</b>
IV	<b>Expenses</b>							
	Cost of materials consumed	22	189 395 927	149 921 959	-	-	189 395 927	149 921 959
	Excise duty		30 528 941	26 253 802	-	-	30 528 941	26 253 802
	Purchase of Stock in Trade	23	9 054 355,72	8 222 682	-	-	9 054 356	8 222 682
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(5 409 115)	1 827 698	-	-	(5 409 115)	1 827 698
	Employee benefits expense	25	109 108 328	90 911 971	-	-	109 108 328	90 911 971
	Finance costs	26	8 181 863	10 911 313	1 214 195	238 974	9 396 058	11 150 287
	Depreciation and amortization expense	27	40 068 544	43 038 557	7 574 780	7 250 015	47 643 324	50 288 572
	Other expenses	28	161 886 319	123 188 971	(6 577 410)	1 375 674	155 308 909	124 564 645
	<b>Total expenses (IV)</b>		<b>542 815 162</b>	<b>454 276 953</b>	<b>2 211 565</b>	<b>8 864 664</b>	<b>545 026 727</b>	<b>463 141 617</b>
V	<b>Profit(Loss) before prior period items</b>		7 355 499	(16 769 666)	(2 128 540)	(2 974 832)	5 226 959	(19 744 498)
VI	Prior period items							
VII	<b>Profit(Loss) before tax (V-VI)</b>		7 355 499	(16 769 666)	(2 128 540)	(2 974 832)	<b>5 226 959</b>	<b>(19 744 498)</b>
	<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>51 476 104</b>	<b>24 601 230</b>	<b>6 577 410</b>	<b>(1 375 674)</b>	<b>58 053 514</b>	<b>23 225 556</b>
VIII	Tax expense:							
	(1) Current tax		2 884 607	2 319 087	-	-	2 884 607	2 319 087
			<b>2 884 607</b>	<b>2 319 087</b>	<b>-</b>	<b>-</b>	<b>2 884 607</b>	<b>2 319 087</b>
IX	<b>Profit(Loss) for the year (VII-VIII)</b>		<b>4 470 892</b>	<b>(19 088 753)</b>	<b>(2 128 540)</b>	<b>(2 974 832)</b>	<b>2 342 352</b>	<b>(22 063 585)</b>
X	<b>Total comprehensive Income(Loss) for the reporting period/year, net of tax</b>		<b>4 470 892</b>	<b>(19 088 753)</b>	<b>(2 128 540)</b>	<b>(2 974 832)</b>	<b>2 342 352</b>	<b>(22 063 585)</b>

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



Varun Beverages Morocco SA

1A Property, plant and equipment

(Amount in MAD)											
Gross block	Land freehold	Land leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Balance as at 1 January 2020	53 561 350	-	62 499 196	335 964 097	2 038 114	53 438 247	1 641 637	1 916 336	72 546 810	113 214 876	696 820 662
Lease transition impact as at 01 January 2020						21 150 953					21 150 953
Additions for the year ended			1 530 925	11 743 300	100 690	227 018	309 985	430 450	4 375 384	7 141 047	25 858 799
Disposal for the year ended						(1 562 495)			(18 041 345)	(14 182 225)	(33 786 065)
<b>Balance as at 31 December 2020</b>	<b>53 561 350</b>	<b>-</b>	<b>64 030 121</b>	<b>347 707 397</b>	<b>2 138 804</b>	<b>73 253 723</b>	<b>1 951 622</b>	<b>2 346 786</b>	<b>58 880 848</b>	<b>106 173 698</b>	<b>710 044 349</b>
Lease transition(Addition)						15 354 683					15 354 683
Additions for the period ended	23 616 019		25 927 410	68 958 220	128 627	562 583	258 130	910 933	918	6 104 008	126 466 847
Disposal for the period ended						(1 030 375)		(13 750)	(22 954 651)	(1 990 615)	(25 989 391)
<b>Balance as at 31 December 2021</b>	<b>77 177 369</b>	<b>-</b>	<b>89 957 530</b>	<b>416 665 617</b>	<b>2 267 430</b>	<b>88 140 615</b>	<b>2 209 753</b>	<b>3 243 969</b>	<b>35 927 115</b>	<b>110 287 090</b>	<b>825 876 488</b>
<b>Accumulated depreciation</b>											
Balance as at 01 January 2020	-	-	18 766 177	124 047 350	1 491 768	46 722 987	518 654	1 261 269	45 044 058	57 829 733	295 681 997
Depreciation due to lease impact				95 250		6 343 882				810 883	7 250 015
Depreciation charge during the period ended			3 157 612	17 196 846	207 114	2 389 131	185 674	310 512	7 594 819	11 004 723	42 046 430
Reversal on disposal of assets						(1 562 495)			(17 838 780)	(14 001 344)	(33 402 619)
<b>Balance as at 31 December 2020</b>	<b>-</b>	<b>-</b>	<b>21 923 789</b>	<b>141 339 445</b>	<b>1 698 882</b>	<b>53 893 506</b>	<b>704 328</b>	<b>1 571 781</b>	<b>34 800 097</b>	<b>55 643 995</b>	<b>311 575 824</b>
Depreciation due to lease impact				95 250		6 668 647				810 883	7 574 780
Depreciation charge during the period ended			<b>3 615 804</b>	<b>18 681 235</b>	87 951	2 146 091	198 928	<b>325 525</b>	4 233 283	9 743 388,06	39 032 205
Reversal on disposal of assets						(990 126)		(5 500)	(18 140 834)	(1 590 351)	(20 726 810)
<b>Balance as at 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>25 539 593</b>	<b>160 115 930</b>	<b>1 786 834</b>	<b>61 718 118</b>	<b>903 256</b>	<b>1 891 806</b>	<b>20 892 546</b>	<b>64 607 916</b>	<b>337 455 998</b>
<b>Net block</b>											
<b>Balance as at 31 December 2020</b>	<b>53 561 350</b>	<b>-</b>	<b>42 106 331</b>	<b>206 367 952</b>	<b>439 921</b>	<b>19 360 217</b>	<b>1 247 294</b>	<b>775 005</b>	<b>24 080 751</b>	<b>50 529 702</b>	<b>398 468 525</b>
<b>Balance as at 31 December 2021</b>	<b>77 177 369</b>	<b>-</b>	<b>64 417 937</b>	<b>256 549 687</b>	<b>480 597</b>	<b>26 422 497</b>	<b>1 306 497</b>	<b>1 352 163</b>	<b>15 034 570</b>	<b>45 679 174</b>	<b>488 420 490</b>

1B Capital work in progress

(Amount in MAD)	
Particulars	Amount
Balance as at 01 January 2020	-
Addition during the year	5 059 388
Capitalisation during the year	-
<b>Balance as at 31 December 2020</b>	<b>5 059 388</b>
Addition during the period	93 869 783
Capitalisation during the period	98 929 170
<b>Balance as at 31 December 2021</b>	<b>-</b>

M. Ahmed CHAHBI  
EXPERT COMPTABLE DPLE  
421. Bd Abdelmoumen, Immeuble B N°16  
CASA BLANCA



## 2 Intangible assets

(Amount in MAD)

Gross block	Market infrastructure	Franchise rights/ trademarks	Software	Total
Balance as at 1 January 2020	10 170 498		35 941	10 206 439
Additions for the year ended	-	-	-	-
Disposal for the year ended	(5 240 218)	-	-	(5 240 218)
<b>Balance as at 31 Dec 2020</b>	<b>4 930 280</b>		<b>35 941</b>	<b>4 966 221</b>
Additions for the period ended	4 119 800			4 119 800
Disposal for the period ended				-
<b>Balance as at 31 December 2021</b>	<b>9 050 080</b>	<b>-</b>	<b>35 941</b>	<b>9 086 021</b>
<b>Accumulated amortisation</b>				
Balance as at 1 January 2020	6 884 284	-	26 823	6 911 108
Amortisation	986 016	-	6 111	992 127
Reversal on disposal of assets	(5 240 218)	-	-	(5 240 218)
<b>Balance as at 31 December 2020</b>	<b>2 630 082</b>	<b>-</b>	<b>32 934</b>	<b>2 663 017</b>
Amortisation	1 034 111		2 228	1 036 339
Reversal on disposal of assets				-
<b>Balance as at 31 December 2021</b>	<b>3 664 194</b>	<b>-</b>	<b>35 163</b>	<b>3 699 356</b>
<b>Net block</b>				
Balance as at 31 December 2020	2 300 197	-	3 007	2 303 203
Balance as at 31 December 2021	5 385 886	-	778	5 386 664

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



Varun Beverages Morocco SA

Statement of changes in equity

(Amount in MAD)

11 Equity Share Capital

Equity shares of MAD 50 each issued, subscribed and fully paid up

(In MAD)

Particulars	Number of shares	Amount
Balance as at 01 January 2020	14 284 240	714 212 000
Changes in share capital during the year	3 108 520	155 426 000
Balance as at 31 December 2020	17 392 760	869 638 000
Changes in share capital during the period	-	-
Balance as at 31 December 2021	17 392 760	869 638 000

12 Other Equity

(In MAD)

Particulars	FCMIDTA	Retained earnings	Total
Balance as at 01 January 2020	0	(559 386 197)	(559 386 197)
Profit for the year ended	-	(22 063 585)	(22 063 585)
Balance as at 31 December 2020	0	(581 449 782)	(581 449 782)
Profit for the period ended		2 342 352	2 342 352
Balance as at 31 December 2021	0	(579 107 430)	(579 107 430)

M. Ahmed CHAHBI  
EXPERT COMPTABLE DPLE  
421. Bd Abdelmoumen / Immeuble B N°16  
CASA BLANCA



		Before IND AS		IND AS-ADJUSTMENT		Total	
		MAD	MAD	MAD	MAD	MAD	MAD
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>1A. Property, plant and equipment</b>	Refer Note 1A	461 227 063	379 055 000	27 193 427	19 413 525	488 420 490	398 468 525
<b>1B. Capital WIP</b>	Refer Note 1B	-	5 059 388	-	-	-	5 059 388
<b>2. Intangible assets</b>	Refer Note 2	5 386 664	2 303 203	-	-	5 386 664	2 303 203
<b>Financial assets</b>							
<b>3. Loans</b>							
(Unsecured considered good, unless otherwise stated)							
Security deposits		2 716 972	2 139 412	(94 941)	(59 909)	2 622 031	2 079 503
		<b>2 716 972</b>	<b>2 139 412</b>	<b>(94 941)</b>	<b>(59 909)</b>	<b>2 622 031</b>	<b>2 079 503</b>
<b>4. Other non-current assets</b>							
Capital advances		135 844	7 689 204	-	-	135 844	7 689 204
Advances other than capital advances							
(a) Security Deposits		-	-	-	-	-	-
(b) Advances to related parties		-	-	-	-	-	-
		<b>135 844</b>	<b>7 689 204</b>	<b>-</b>	<b>-</b>	<b>135 844</b>	<b>7 689 204</b>
<b>5. Inventories</b>							
(a) Raw material		49 559 627	33 675 541	-	-	49 559 627	33 675 541
(b) Raw material in transit		30 712 629	3 788 340	-	-	30 712 629	3 788 340
(c) Work-in-progress		-	-	-	-	-	-
(d) Intermediate goods		-	-	-	-	-	-
(e) Finished goods		31 527 672	26 118 556	-	-	31 527 672	26 118 556
(f) Stores and spares		20 076 467	18 476 341	-	-	20 076 467	18 476 341
		<b>131 876 395</b>	<b>82 058 778</b>	<b>-</b>	<b>-</b>	<b>131 876 395</b>	<b>82 058 778</b>
<b>6. Trade receivables</b>							
Trade receivable, considered good - Unsecured		64 683 407	55 131 106	(488 689)	(1 117 226)	64 194 719	54 013 880
Trade receivable, considered good - Secured		-	-	-	-	-	-
Trade receivable - Credit impaired		7 473 481	7 473 481	6 006 670	4 818 394	13 480 151	12 291 875
		72 156 888	62 604 587	5 517 981	3 701 168	77 674 870	66 305 755
Less : Allowance for expected credit losses		7 473 481	7 473 481	6 006 670	4 818 394	13 480 151	12 291 875
		<b>64 683 407</b>	<b>55 131 106</b>	<b>(488 689)</b>	<b>(1 117 226)</b>	<b>64 194 719</b>	<b>54 013 880</b>
<b>7. Cash and cash equivalents</b>							
Balance with banks :							
- On current accounts		622 765	958 360	-	-	622 765	958 360
- Deposits with original maturity of less than three months		-	-	-	-	-	-
Cash and cash equivalents							
- Cheques/drafts on hand		775 391	1 640 109	-	-	775 391	1 640 109
- Cash on hand		2 242 009	1 557 782	-	-	2 242 009	1 557 782
		<b>3 640 164</b>	<b>4 156 251</b>	<b>-</b>	<b>-</b>	<b>3 640 164</b>	<b>4 156 251</b>

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

	Before IND AS		IND AS-ADJUSTMENT		Total	
	MAD	MAD	MAD	MAD	MAD	MAD
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>8. Other current financial assets</b>						
Claims receivable	1 127	1 127	-	-	1 127	1 127
	<b>1 127</b>	<b>1 127</b>	<b>-</b>	<b>-</b>	<b>1 127</b>	<b>1 127</b>
<b>9. Current tax Assets</b>						
Income tax paid (Net of provision for taxation)	-	737 781,51	-	-	-	737 782
	<b>-</b>	<b>737 782</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>737 782</b>
<b>10. Other current assets</b>						
(Unsecured considered good)						
Other advances:						
Employees	1 173 096	918 773	-	-	1 173 096	918 773
Contractors and suppliers	7 278 920	475 997	-	-	7 278 920	475 997
Prepaid expenses	76 090	43 378	86 733	51 555	162 823	94 933
Other advances	310 401	9 068 136	-	-	310 401	9 068 136
Balance with statutory/government authorities	-	-	-	-	-	-
	<b>8 838 507</b>	<b>10 506 285</b>	<b>86 733</b>	<b>51 555</b>	<b>8 925 239</b>	<b>10 557 840</b>
<b>11. Equity share capital</b>						
<b>Issued, subscribed and fully paid-up</b>						
Equity shares of 50 MAD each	869 638 000	869 638 000	-	-	869 638 000	869 638 000
	<b>869 638 000</b>	<b>869 638 000</b>	<b>-</b>	<b>-</b>	<b>869 638 000</b>	<b>869 638 000</b>
<b>12. Other equity</b>						
<b>Capital reserve</b>						
Balance at the beginning of the reporting period/year	-	-			-	-
Add : Transferred during the year*	-	-			-	-
Balance at the end of the year	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus in the statement of profit and loss</b>						
Balance at the beginning of the year	(579 413 108)	(560 324 354)	(2 036 674)	938 158	(581 449 782)	(559 386 197)
Add: Profit for the year	4 470 892	(19 088 753)	(2 128 540)	(2 974 832)	2 342 352	(22 063 585)
Balance at the end of the year	<b>(574 942 216)</b>	<b>(579 413 108)</b>	<b>(4 165 214)</b>	<b>(2 036 674)</b>	<b>(579 107 430)</b>	<b>(581 449 782)</b>
<b>Foreign currency Translation Reserve</b>						
Balance at the beginning of the year					-	-
Add: Adjustment during the year					-	-
Balance at the end of the year	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Foreign currency monetary item translation difference account</b>						
Balance at the beginning of the year			-	-	-	-
Add: Additions made during the year			-	-	-	-
Less: Amortised during the year			-	-	-	-
Balance at the end of the year	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>(574 942 216)</b>	<b>(579 413 108)</b>	<b>(4 165 214)</b>	<b>(2 036 674)</b>	<b>(579 107 430)</b>	<b>(581 449 782)</b>

M. Ahmed CHAHBI  
EXPERT COMPTABLE DPLE  
421. Bd Abdelmoumen, Immeuble B N°16  
CASA BLANCHE



	Before IND AS		IND AS-ADJUSTMENT		Total	
	MAD	MAD	MAD	MAD	MAD	MAD
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>13. Borrowings</b>						
<b>Term loans (secured)</b>	75 323 258	-	-	-	75 323 258	-
Loan from parent company (unsecured)	121 175 396	94 611 192	(839 187)	(5 859 677)	120 336 209	88 751 515
	196 498 653	94 611 192	(839 187)	(5 859 677)	195 659 467	88 751 515
<b>14. Other Non Current financial liabilities</b>						
Lease liabilities	-	-	19 865 822	11 368 852	19 865 822	11 368 852
	-	-	19 865 822	11 368 852	19 865 822	11 368 852
<b>15. Current borrowings</b>						
Loans repayable on demand from:						
Banks-working capital facilities (secured)	27 383 054	49 077 589	5 517 981	3 701 168	32 901 035	52 778 757
	27 383 054	49 077 589	5 517 981	3 701 168	32 901 035	52 778 757
<b>16. Trade payables</b>						
Trade payables						
Total outstanding dues of creditors other than micro enterprises and small enterprises	122 779 412	83 114 891	-	5 859 677	122 779 412	88 974 568
	122 779 412	83 114 891	-	5 859 677	122 779 412	88 974 568
<b>17. Other current financial liabilities</b>						
Current maturities of long-term debts	4 676 742	-	-	-	4 676 742	-
Lease liabilities	-	-	6 317 127	5 254 599	6 317 127	5 254 599
Interest payable to parent company	3 457 401	7 700 741	-	-	3 457 401	7 700 741
Interest accrued but not due on borrowings	855 146	517 673	-	-	855 146	517 673
Payable for capital expenditure	11 545 559	4 324 975	-	-	11 545 559	4 324 975
Employee related payables	138 002	138 756	-	-	138 002	138 756
Security deposits	4 530 194	5 296 033	-	-	4 530 194	5 296 033
Bank overdraft	-	-	-	-	-	-
BG Commission payable to parent company	-	138 412	-	-	-	138 412
	25 203 044	18 116 589	6 317 127	5 254 599	31 520 172	23 371 188

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



	Before IND AS		IND AS-ADJUSTMENT		Total	
	MAD	MAD	MAD	MAD	MAD	MAD
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>18. Other current liabilities</b>						
Advances from customers	3 660 650	640 779	-	-	3 660 650	640 779
Statutory dues payable	7 720 026	13 051 604	-	-	7 720 026	13 051 604
	<b>11 380 676</b>	<b>13 692 383</b>	<b>-</b>	<b>-</b>	<b>11 380 676</b>	<b>13 692 383</b>
<b>19. Current tax liabilities (Net)</b>						
Provision for tax, net of advance taxes paid	565 519	-	-	-	565 519	-
	<b>565 519</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>565 519</b>	<b>-</b>
<b>20. Revenue from operations</b>						
<b>Revenue from operations (gross)</b>						
Sale of products	544 483 803	423 472 033	-	-	544 483 803	423 472 033
<b>Other operating revenue</b>						
Business development support	-	-	-	-	-	-
Scrap sales	1 557 056	1 456 280	-	-	1 557 056	1 456 280
	<b>546 040 859</b>	<b>424 928 313</b>	<b>-</b>	<b>-</b>	<b>546 040 859</b>	<b>424 928 313</b>
<b>21. Other income</b>						
Interest on:						
-bank deposits	-	-			-	-
-others			83 025	30 155	83 025	30 155
Net gain on foreign currency transactions and translations	-	9 028 494	-	5 859 677	-	14 888 171
Excess provisions written back	248 455	166 801	-		248 455	166 801
Gain on sale of fixed assets (net)	432 997	44 379	-	-	432 997	44 379
Miscellaneous	3 448 350	3 339 300	-	-	3 448 350	3 339 300
	<b>4 129 803</b>	<b>12 578 974</b>	<b>83 025</b>	<b>5 889 832</b>	<b>4 212 827</b>	<b>18 468 806</b>
<b>22. Cost of materials consumed</b>						
<b>Raw material and packing material consumed</b>						
Inventories at beginning of the reporting period/year	37 463 881	40 673 819	-	-	37 463 881	40 673 819
Purchases during the reporting period/year (net)	255 969 482	163 234 021	-	-	255 969 482	163 234 021
	<b>293 433 363</b>	<b>203 907 840</b>	<b>-</b>	<b>-</b>	<b>293 433 363</b>	<b>203 907 840</b>
Sold during the reporting period/year	23 765 180	16 522 000	-	-	23 765 180	16 522 000
Inventories at end of the reporting period/year	80 272 256	37 463 881	-	-	80 272 256	37 463 881
	<b>189 395 927</b>	<b>149 921 959</b>	<b>-</b>	<b>-</b>	<b>189 395 927</b>	<b>149 921 959</b>

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



	Before IND AS		IND AS-ADJUSTMENT		Total	
	MAD	MAD	MAD	MAD	MAD	MAD
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>23. Purchases of traded goods</b>						
Beverages	7 802 761	5 915 851	-	-	7 802 761	5 915 851
Others	1 251 595	2 306 831	-	-	1 251 595	2 306 831
	<b>9 054 356</b>	<b>8 222 682</b>	<b>-</b>	<b>-</b>	<b>9 054 356</b>	<b>8 222 682</b>
<b>24. Changes in inventories of finished goods, work-in-progress and traded goods</b>						
<b>As at the beginning of the reporting period/year</b>						
Finished goods	26 118 556	27 946 255	-	-	26 118 556	27 946 255
Intermediate goods	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-
	<b>26 118 556</b>	<b>27 946 255</b>	<b>-</b>	<b>-</b>	<b>26 118 556</b>	<b>27 946 255</b>
<b>As at the closing of the reporting period/year</b>						
Finished goods	31 527 672	26 118 556	-	-	31 527 672	26 118 556
Intermediate goods	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-
	<b>31 527 672</b>	<b>26 118 556</b>	<b>-</b>	<b>-</b>	<b>31 527 672</b>	<b>26 118 556</b>
	<b>(5 409 115)</b>	<b>1 827 698</b>	<b>-</b>	<b>-</b>	<b>(5 409 115)</b>	<b>1 827 698</b>
<b>25. Employee benefits expense</b>						
Salaries and wages	96 455 858	79 606 547	-	-	96 455 858	79 606 547
Contribution to provident and other funds	10 688 876	9 550 308	-	-	10 688 876	9 550 308
Staff welfare expenses	1 963 594	1 755 116	-	-	1 963 594	1 755 116
	<b>109 108 328</b>	<b>90 911 971</b>	<b>-</b>	<b>-</b>	<b>109 108 328</b>	<b>90 911 971</b>
<b>26. Finance costs</b>						
<b>Interest on:</b>						
Term loans	-	-	-	-	-	-
Working capital facilities	3 994 778	1 579 868	-	-	3 994 778	1 579 868
Loan from parent company	4 010 435	8 559 888	-	-	4 010 435	8 559 888
Financial liabilities	-	-	1 214 195	912 524	1 214 195	912 524
Others	133 272	641 497	-	(673 550)	133 272	(32 053)
<b>Other borrowing costs:</b>						
Processing fees	43 378	130 060	-	-	43 378	130 060
	<b>8 181 863</b>	<b>10 911 313</b>	<b>1 214 195</b>	<b>238 974</b>	<b>9 396 058</b>	<b>11 150 287</b>

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



	Before IND AS		IND AS-ADJUSTMENT		Total	
	MAD	MAD	MAD	MAD	MAD	MAD
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
<b>27. Depreciation and amortisation expense</b>						
Depreciation on tangible assets	39 032 205	42 046 430	7 574 780	7 250 015	46 606 985	49 296 446
Amortisation of intangible assets	1 036 339	992 127	-	-	1 036 339	992 127
	<b>40 068 544</b>	<b>43 038 557</b>	<b>7 574 780</b>	<b>7 250 015</b>	<b>47 643 324</b>	<b>50 288 572</b>
<b>28. Other expenses</b>						
Power and fuel	16 339 448	12 570 171	-	-	16 339 448	12 570 171
Repairs to plant and equipment	15 802 393	13 710 957	-	-	15 802 393	13 710 957
Repairs to buildings	659 795	390 962	-	-	659 795	390 962
Other repairs	1 580 925	1 419 294	-	-	1 580 925	1 419 294
Consumption of stores and spares	3 993 629	2 850 958	-	-	3 993 629	2 850 958
Rent	6 749 138	4 917 874	82 879	37 646	6 832 018	4 955 521
Rates and taxes	4 235 077	4 699 337	-	-	4 235 077	4 699 337
Insurance	317 827	309 236	-	-	317 827	309 236
Printing and stationery	825 011	655 164	-	-	825 011	655 164
Communication	1 128 680	1 050 517	-	-	1 128 680	1 050 517
Travelling and conveyance	4 313 901	3 314 704	-	-	4 313 901	3 314 704
Payment to the auditors as						
Audit and reviews	130 000	130 000	-	-	130 000	130 000
Taxation matters	-	-	-	-	-	-
Other matters	-	-	-	-	-	-
Reimbursement of expenses	7 596	43 955	-	-	7 596	43 955
Vehicle running and maintenance	9 375 329	8 922 389	(4 693 778)	(3 856 027)	4 681 551	5 066 362
Lease and hire charges	2 092 300	1 741 027	-	-	2 092 300	1 741 027
Security and service charges	2 369 589	1 820 284	-	-	2 369 589	1 820 284
Professional and consultancy	1 319 079	1 747 754	-	-	1 319 079	1 747 754
Bank charges	1 804 857	868 541	-	-	1 804 857	868 541
Advertisement and sales promotion	31 917 787	25 116 331	-	5 859 677	31 917 787	30 976 008
Meeting and conference	3 980	-	-	-	3 980	-
Freight, octroi and insurance paid (net)	33 800 850	25 255 269	-	-	33 800 850	25 255 269
Delivery vehicle running and maintenance	7 632 204	5 701 145	(2 315 600)	(1 584 000)	5 316 604	4 117 145
Distribution expenses	3 717 107	2 556 648	-	-	3 717 107	2 556 648
Donations	125 420	24 450	-	-	125 420	24 450
EMPTY BREAKAGE- FA	9 874 759	202 565	-	-	9 874 759	202 565
Loss on disposal of property, plant and equipment (net)	-	-	-	-	-	-
Allowance for expected credit losses	-	2 214 204	1 188 276	918 378	1 188 276	3 132 581
Corporate Social Responsibility expenditure	-	-	-	-	-	-
Net loss on foreign currency transactions and translations	1 524 594	-	(839 187)	-	685 408	-
General office and other miscellaneous expenses	245 044	955 235	-	-	245 044	955 235
	<b>161 886 319</b>	<b>123 188 971</b>	<b>(6 577 410)</b>	<b>1 375 674</b>	<b>155 308 909</b>	<b>124 564 645</b>

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





Varun Beverages (Zambia) Limited  
Balance sheet as at 31 December 2021

		Before IND AS		IND AS-ADJUSTMENT		Total		
		ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	
		As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	
Note								
Assets								
1)	Non-current assets							
	(a) Property, plant and equipment	1A	347,134,579	339,865,064	-	-	347,134,579	339,865,064
	(b) Capital work in progress	1B	-	3,271,730	-	-	-	3,271,730
	(c) Intangible assets	2	75,747	77,596	-	-	75,747	77,596
	(d) Financial assets							
	(i) Loans	3	296,337	250,908	-	-	296,337	250,908
	(ii) Others	4	-	-	-	-	-	-
	(e) Deferred tax assets (Net)	5	-	-	-	-	-	-
	(f) Other non-current assets	6	9,525,349	2,598,523	-	-	9,525,349	2,598,523
	Total non-current assets		357,032,013	346,063,822	-	-	357,032,013	346,063,822
2)	Current assets							
	(a) Inventories	7	138,358,849	80,898,021	-	-	138,358,849	80,898,021
	(b) Financial assets							
	(i) Trade receivables	8	80,422,158	72,280,222	(11,947,540)	(8,131,898)	68,474,618	64,148,324
	(ii) Cash and cash equivalents	9	9,607,918	7,100,858	-	-	9,607,918	7,100,858
	(iii) Others	10	175,823	1,471,596	-	-	175,823	1,471,596
	(c) Other current assets	11	15,179,008	13,948,389	-	-	15,179,008	13,948,389
	Total current assets		243,743,756	175,699,085	(11,947,540)	(8,131,898)	231,796,216	167,567,187
			600,775,769	521,762,907	(11,947,540)	(8,131,898)	588,828,229	513,631,009
Total assets			600,775,769	521,762,907	(11,947,540)	(8,131,898)	588,828,229	513,631,009
Equity and liabilities								
3)	Equity							
	(a) Equity share capital	12	207,890,000	207,890,000	-	-	207,890,000	207,890,000
	(b) Other equity	13	19,195,781	(113,859,509)	(11,947,540)	(8,131,898)	7,248,241	(121,991,407)
	Total equity		227,085,781	94,030,491	(11,947,540)	(8,131,898)	215,138,241	85,898,593
4)	Liabilities							
A)	Non-current liabilities							
	(a) Financial liabilities							
	(i) Borrowings	14	162,400,436	145,372,646	0	0	162,400,436	145,372,646
	(b) Provisions	15	4,117,747	1,586,830	-	-	4,117,747	1,586,830
	Total non-current liabilities		166,518,183	146,959,476	0	0	166,518,183	146,959,476
B)	Current liabilities							
	(a) Financial liabilities							
	(i) Borrowings	16	62,638,549	72,484,618	-	-	62,638,549	72,484,618
	(ii) Trade Payables	17	111,294,616	148,993,095	-	-	111,294,616	148,993,095
	(iii) Other financial liabilities	18	28,952,800	53,690,389	-	-	28,952,800	53,690,389
	(b) Other current liabilities	19	3,688,533	4,948,251	-	-	3,688,533	4,948,251
	(c) Provisions	15	597,307	656,587	-	-	597,307	656,587
	Total current liabilities		207,171,805	280,772,940	-	-	207,171,805	280,772,940
	Total liabilities		373,689,988	427,732,416	0	0	373,689,988	427,732,416
Total equity and liabilities			600,775,769	521,762,907	(11,947,540)	(8,131,898)	588,828,229	513,631,009

(0)

For PKF Zambia  
Chartered Accountants

THULILE K. MUMBA

Partner



Place: Lusaka

Date: 20 JANUARY 2022

*Raman Subey*



Varun Beverages (Zambia) Limited  
Statement of Profit and Loss for the year ended 31 December 2021

	Note	Before IND AS		IND AS-ADJUSTMENT		Total	
		ZMW 31 Dec 2021	ZMW 31 Dec 2020	ZMW 31 Dec 2021	ZMW 31 Dec 2020	ZMW 31 Dec 2021	ZMW 31 Dec 2020
<b>Income</b>							
I Revenue from operations	20	772,258,362	374,850,107	-	-	772,258,362	374,850,107
II Other Income	21	44,889,342	314,402	-	-	44,889,342	314,402
<b>Total Income (I + II)</b>		<b>817,147,704</b>	<b>375,164,509</b>	<b>-</b>	<b>-</b>	<b>817,147,704</b>	<b>375,164,509</b>
<b>Expenses</b>							
Cost of materials consumed	22	436,837,566	188,038,068	-	-	436,837,566	188,038,068
Excise duty		2,276,893	1,737,484	-	-	2,276,893	1,737,484
Purchase of stock-in-trade	23	1,081,164	4,494,003	-	-	1,081,164	4,494,003
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(20,218,787)	(8,221,078)	-	-	(20,218,787)	(8,221,078)
Employee benefits expense	25	80,808,543	53,159,921	-	-	80,808,543	53,159,921
Finance costs	26	15,512,088	12,378,135	-	-	15,512,088	12,378,135
Depreciation and amortization expense	27	32,379,648	27,962,213	-	-	32,379,648	27,962,213
Other expenses	28	135,415,300	191,635,649	3,815,642	5,180,548	139,230,942	196,816,197
<b>Total expenses (IV)</b>		<b>684,092,413</b>	<b>471,184,396</b>	<b>3,815,642</b>	<b>5,180,548</b>	<b>687,908,056</b>	<b>476,364,944</b>
V Profit before prior period items (III-IV)		133,055,291	(96,019,887)	(3,815,642)	(5,180,548)	129,239,648	(101,200,435)
VI Prior period items	29	-	-	-	-	-	-
<b>Profit before tax (V-VI)</b>		<b>133,055,291</b>	<b>(96,019,887)</b>	<b>(3,815,642)</b>	<b>(5,180,548)</b>	<b>129,239,648</b>	<b>(101,200,435)</b>
Earnings before interest, tax, depreciation and amortization (EBITDA)		136,057,684	(55,993,942)	(3,815,642)	(5,180,548)	132,242,042	(61,174,489)
VIII Tax expense:							
(1) Current tax		-	-	-	-	-	-
(2) Adjustment of tax relating to earlier periods		-	-	-	-	-	-
(2) Deferred tax		-	-	-	-	-	-
<b>Profit for the reporting period (VII-VIII)</b>		<b>133,055,291</b>	<b>(96,019,887)</b>	<b>(3,815,642)</b>	<b>(5,180,548)</b>	<b>129,239,648</b>	<b>(101,200,435)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>133,055,291</b>	<b>(96,019,887)</b>	<b>(3,815,642)</b>	<b>(5,180,548)</b>	<b>129,239,648</b>	<b>(101,200,435)</b>

For PKF Zambia  
Chartered Accountants

THULILE K. MUMBA  
Partner

Place: Lusaka

Date: 20 JANUARY 2022



*Varun Suresh*

Varun Beverages (Zambia) Limited  
Statement of changes in equity

11 Equity Share Capital

Equity shares of ZMW 10 each issued, subscribed and fully paid up

(In ZMW)

Particulars	Number of shares	Amount
Balance as at 01 January 2020	3,500,000	35,000,000
Changes in share capital during the period	17,289,000	172,890,000
Balance as at 31 December 2020	20,789,000	207,890,000
Changes in share capital during the period	-	-
Balance as at 31 December 2021	20,789,000	207,890,000

12 Other Equity

(In ZMW)

Particulars	Retained earnings	FCMITDA	Total
Balance as at 01 January 2020	(20,790,971)	(3,331,588)	(24,122,559)
FCMITDA Creation during the period	-	(12,231,376)	(12,231,376)
FCMITDA Charged to statement of P&L A/c during the period	-	15,562,965	15,562,965
Dividend paid	-	-	-
Profit for the year ended	(101,200,435)	-	(101,200,435)
Balance as at 31 December 2020	(121,991,405)	0	(121,991,405)
FCMITDA Creation during the period	-	-	-
FCMITDA Charged to statement of P&L A/c during the period	-	-	-
Dividend paid	-	-	-
Profit for the period ended	129,239,648	-	129,239,648
Balance as at 31 December 2021	7,248,243	0	7,248,243

For PKF Zambia  
Chartered Accountants  
THULILE K. MUMBA  
Partner



Place: Lusaka

Date: 20 JANUARY 2022

For and on behalf of Varun Beverages (Zambia) Limited

*Raman Susey*  
Whole Time Director Whole Time Director

**Varun Beverages (Zambia) Limited**  
Summary of significant accounting policies and other explanatory information on the Consolidated financial statements for the period ended 31 December 2021

**1A. Property, plant and equipment**


**(In ZMW)**

Gross block	Land leasehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipments	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Balance as at 1 January 2020	18,355	34,274,254	83,478,612	1,661,388	25,103,147	620,526	1,782,657	71,262,213	44,140,708	262,341,860
Acquired on business acquisition year ended	57,000,000	49,057,451	62,321,775	36,328	3,891,662	317,655	99,501	653,793	12,669,293	186,047,458
Additions for the year ended	-	20,000	909,098	9,209	672,500	-	122,749	19,204,329	2,875,973	23,813,858
Disposal for the year ended	-	-	-	-	(403,173)	-	-	-	(236,831)	(640,004)
Balance as at 31 December 2020	57,018,355	83,351,706	146,709,485	1,706,925	29,264,135	938,181	2,004,907	91,120,335	59,449,143	471,563,172
Additions for the period ended	278,250	2,237,381	11,786,800	124,217	1,023,677	72,287	449,126	21,212,362	4,262,236	41,446,336
Disposal for the period ended	-	(45,840)	(3,355,426)	-	(70,000)	-	(165,016)	-	-	(3,636,281)
Balance as at 31 December 2021	57,296,605	85,543,247	155,140,859	1,831,142	30,217,812	1,010,468	2,289,017	112,332,697	63,711,379	509,373,226
<b>Accumulated depreciation</b>										
Balance as at 01 January 2020	1,846	7,057,460	27,322,459	1,306,261	16,483,760	293,818	589,815	30,254,998	21,019,024	104,329,440
Depreciation charge during the period ended	301,824	1,093,577	5,525,988	50,650	3,803,298	82,638	573,985	11,571,803	4,951,347	27,955,109
Reversal on disposal of assets	-	-	-	(384,135)	-	-	-	-	(202,306)	(586,441)
Balance as at 31 December 2020	303,670	8,151,037	32,848,447	1,356,911	19,902,923	376,456	1,163,799	41,826,800	25,768,065	131,698,108
Depreciation charge during the quarter ended	607,095	1,575,609	7,224,259	58,215	3,990,583	103,931	642,374	13,231,392	4,944,341	32,377,799
Reversal on disposal of assets	-	(8,345)	(1,765,486)	-	(31,204)	-	(32,224)	-	-	(1,837,259)
Balance as at 31 December 2021	910,765	9,718,300	38,307,221	1,415,126	23,862,302	480,387	1,773,949	55,058,192	30,712,406	162,238,647
<b>Net block</b>										
Balance as at 31 December 2020	56,714,685	75,200,669	113,861,038	350,014	9,361,212	561,725	841,108	49,293,535	33,681,078	339,865,064
Balance as at 31 December 2021	56,385,840	75,824,947	116,833,638	416,016	6,355,510	530,081	515,068	57,274,505	32,998,974	347,134,579

**1B Capital work in progress**

Particulars	Amount
Balance as at 01 January 2020	2,120,184
Addition during the year	1,219,157
Capitalisation during the year	(67,611)
Balance as at 31 December 2020	3,271,730
Addition during the period	279,500
Capitalisation during the period	(3,551,230)
Balance as at 31 December 2021	-

TKM  
20/01/2022





Varun Beverages (Zambia) Limited

Summary of significant accounting policies and other explanatory information on the Consolidated financial statements for the period ended 31 December 2021

2 Intangible assets

	(In ZMW)		
Gross block	Franchise rights/ trademarks	Software	Total
Balance as at 1 January 2020	129,977	-	129,977
Additions for the year ended		5,840	5,840
Disposal for the year ended			-
<b>Balance as at 31 December 2020</b>	<b>129,977</b>	<b>5,840</b>	<b>135,817</b>
Additions for the period ended	-	-	-
Disposal for the period ended	-	-	-
<b>Balance as at 31 December 2021</b>	<b>129,977</b>	<b>5,840</b>	<b>135,817</b>
<b>Accumulated amortisation</b>			
Balance as at 1 January 2020	51,118	0	51,118
Amortisation for the year	6,174	929	7,103
Reversal on disposal of assets			-
<b>Balance as at 31 December 2020</b>	<b>57,291</b>	<b>929</b>	<b>58,220</b>
Amortisation for the period	1,849		1,849
Reversal on disposal of assets			-
<b>Balance as at 31 December 2021</b>	<b>59,141</b>	<b>929</b>	<b>60,070</b>
<b>Balance as at 31 December 2020</b>	<b>72,686</b>	<b>4,911</b>	<b>77,597</b>
<b>Balance as at 31 December 2021</b>	<b>70,837</b>	<b>4,911</b>	<b>75,748</b>

TKM  
rja  
20/01/2022



Varun Beverages (Zambia) Limited

Summary of significant accounting policies and other explanatory information on the Consolidated financial statements for the period ended 31 December 2021

		Before IND AS		IND AS-ADJUSTMENT		Total	
		ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
		As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
1A. Property, plant and equipment	Refer Separate Note	347,134,579	339,865,064	-	-	347,134,579	339,865,064
1B. Capital work in progress	Refer Separate Note	-	3,271,730	-	-	-	3,271,730
2. Intangible assets	Refer Separate Note	75,747	77,596	-	-	75,747	77,596
3. Non-current loans							
(Unsecured considered good, unless otherwise stated)							
Security deposits		296,337	250,908	-	-	296,337	250,908
Loan to related Parties							
Other Loans							
		296,337	250,908	-	-	296,337	250,908
4. Other financial assets							
Bank deposits having maturity more than 12 months							
Interest accrued on loans							
Income accrued on Investments							
		-	-	-	-	-	-
5. Non Current tax assets							
MAT credit entitlement							
Income tax paid (includes amount paid under protest)							
		-	-	-	-	-	-
6. Other non-current assets							
Capital advances		8,793,050	1,866,224	-	-	8,793,050	1,866,224
Advances other than capital advances							
(a) Security Deposits		732,300	732,300	-	-	732,300	732,300
(b) Advances to related parties							
(c) Other Advances							
Balance with statutory authorities (paid under protest)							
Prepaid expenses							
		9,525,349	2,598,523	-	-	9,525,349	2,598,523
7. Inventories							
(a) Raw material		93,039,459	56,986,902	-	-	93,039,459	56,986,902
(b) Raw material in transit		-	-	-	-	-	-
(c) Work-in-progress		-	-	-	-	-	-
(d) Intermediate goods		-	-	-	-	-	-
(e) Finished goods		24,000,164	7,939,931	-	-	24,000,164	7,939,931
(f) Stores and spares		21,319,226	15,971,185	-	-	21,319,226	15,971,185
		138,358,849	80,898,021	-	-	138,358,849	80,898,021

TKM  
20/01/2022  
PKF  
ZAMBIA

**Varun Beverages (Zambia) Limited**
**Summary of significant accounting policies and other explanatory information on the Consolidated financial statements for the period ended 31 December 2021**
**8. Trade receivables**

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Trade receivable, considered good - Unsecured	80,422,158	72,155,822	(11,947,540)	(8,131,898)	68,474,618	63,923,924
Trade receivable, considered good - Secured	-	224,400	-	-	-	224,400
Trade receivable - Credit impaired	672,607	672,607	11,947,540	8,131,898	12,620,147	8,804,505
	81,094,765	72,952,828	-	-	81,094,765	72,952,828
Less : Allowance for expected credit losses	672,607	672,607	11,947,540	8,131,898	12,620,147	8,804,505
	80,422,158	72,280,222	(11,947,540)	(8,131,898)	68,474,618	64,148,324

Includes amounts due from companies in which directors of the

- a.) Varun Beverages Morocco SA
- b.) Ole Springs Bottlers (Private) Limited
- c.) Devyani Food Street Private Limited
- d.) Varun Beverages (Zambia) Limited
- e.) Varun Beverages Mozambique Limitada
- f.) Varun Beverages (Nepal) Private Limited
- g.) Devyani International Limited
- h.) Alisha Retail Private Limited
- i.) Lemon Tree Hotels Limited
- j.) Devyani Food Industries Limited
- k.) Varun Beverages Lanka (Private) Limited

**9. Cash and cash equivalents**

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Balance with banks						
- On current accounts	8,972,288	6,613,014	-	-	8,972,288	6,613,014
- Deposits with original maturity of less than three months	-	-	-	-	-	-
Cash and cash equivalents						
- Cheques/drafts on hand	-	-	-	-	-	-
- Cash on hand	635,630	487,844	-	-	635,630	487,844
	9,607,918	7,100,858	-	-	9,607,918	7,100,858

**10. Other current financial assets**

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Claims receivable	175,823	1,471,596	-	-	175,823	1,471,596
	175,823	1,471,596	-	-	175,823	1,471,596

**11. Other current assets**

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
(Unsecured considered good, unless otherwise stated)						
Advances to:						
Employees	828,011	944,469	-	-	828,011	944,469
Contractors and suppliers	8,629,921	8,513,804	-	-	8,629,921	8,513,804
Prepaid expenses	306,360	-	-	-	306,360	-
Balance with statutory/government authorities	5,324,013	2,865,667	-	-	5,324,013	2,865,667
Advances Recoverable in cash or kind	90,702	1,624,448	-	-	90,702	1,624,448
	15,179,008	13,948,389	-	-	15,179,008	13,948,389

**12. Equity share capital**

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Authorised share capital	35,000,000	35,000,000	-	-	35,000,000	35,000,000
	-	-	-	-	-	-
Issued, subscribed and fully paid-up						
5,000 equity shares of ZMK 10 each issued, subscribed and fully paid up	207,890,000	207,890,000	-	-	207,890,000	207,890,000
	207,890,000	207,890,000	-	-	207,890,000	207,890,000


 TKM  
 20/01/2022



<b>13. Other equity</b>						
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
<b>Foreign currency translation reserve</b>						
Balance at the beginning of the year					-	-
Add: Adjustment during the year					-	-
Balance at the end of the year	-	-	-	-	-	-
<b>Retained earnings</b>						
Balance at the beginning of the reporting period/year	(113,859,510)	(17,839,622)	(8,131,898)	(2,951,350)	(121,991,407)	(20,790,972)
Less: Transfer to debenture redemption reserve	-	-	-	-	-	-
Less: Dividend Paid	-	-	-	-	-	-
Less: Taxes on Dividend Paid	-	-	-	-	-	-
Add: Profit for the reporting period/year	133,055,291	(96,019,887)	(3,815,642)	(5,180,548)	129,239,648	(101,200,435)
Balance at the end of the reporting period/year	19,195,781	(113,859,509)	(11,947,540)	(8,131,898)	7,248,241	(121,991,407)
<b>Foreign currency monetary item translation difference account</b>						
Balance at the beginning of the reporting period/ year	-	-	-	(3,331,588)	-	(3,331,588)
Add: Additions made during the reporting period/ year	-	-	-	(12,231,376)	-	(12,231,376)
Less: Amortised during the reporting period/ year	-	-	-	(15,562,965)	-	(15,562,965)
Balance at the end of the reporting period/ year	-	-	-	-	-	-
	19,195,781	(113,859,509)	(11,947,540)	(8,131,898)	7,248,241	(121,991,407)
<b>14. Borrowings</b>						
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Term loans (secured)						
From banks	-	-	-	-	-	-
Term loan (unsecured)						
from a Parent Company	162,400,436	145,372,646	-	-	162,400,436	145,372,646
Deferred value added tax (unsecured)	-	-	0	0	0	0
	162,400,436	145,372,646	0	0	162,400,436	145,372,646
<b>Varun Beverages (Zambia) Limited</b>						
Summary of significant accounting policies and other explanatory information on the Consolidated financial statements for the period ended 31 December 2021						
<b>15. Provisions</b>						
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
<b>Non-Current</b>						
Provision for employee benefits						
Gratuity	4,117,747	1,586,830	-	-	4,117,747	1,586,830
Compensated absences	-	-	-	-	-	-
Liability for foreign currency derivative contract	-	-	-	-	-	-
	4,117,747	1,586,830	-	-	4,117,747	1,586,830
<b>Current</b>						
Provision for employee benefits						
Gratuity	-	-	-	-	-	-
Compensated absences	597,307	656,587	-	-	597,307	656,587
	597,307	656,587	-	-	597,307	656,587
<b>16. Current borrowings</b>						
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Loans repayable on demand from:						
A body corporate (unsecured)	-	36,074	-	-	-	36,074
Others (Unsecured)	-	-	-	-	-	-
Banks-working capital facilities (secured)	62,638,549	72,448,544	-	-	62,638,549	72,448,544
	62,638,549	72,484,618	-	-	62,638,549	72,484,618
<b>17. Trade payables</b>						
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Trade payables						
Total outstanding dues to micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	111,294,616	148,993,095	-	-	111,294,616	148,993,095
	111,294,616	148,993,095	-	-	111,294,616	148,993,095



TKM

28/01/2022

<b>18. Other Current financial liabilities</b>						
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Current maturities of long-term debt	-	1,668,135	-	-	-	1,668,135
Interest payable to parent company	2,641,276	27,018,703	-	-	2,641,276	27,018,703
Capital creditors	-	-	-	-	-	-
Employee related payables	253,294	639,166	-	-	253,294	639,166
Unpaid Dividend	-	700,100	-	-	-	700,100
Security deposits	26,058,231	23,664,284	-	-	26,058,231	23,664,284
	28,952,800	53,690,389	-	-	28,952,800	53,690,389
<b>19. Other current liabilities</b>						
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Advances from customers	1,157,427	1,835,076	-	-	1,157,427	1,835,076
Statutory dues payable	2,531,105	3,113,175	-	-	2,531,105	3,113,175
	3,688,533	4,948,251	-	-	3,688,533	4,948,251
<b>20. Revenue from operations</b>						
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Revenue from operations (gross)						
Sale of products	771,310,857	374,320,280	-	-	771,310,857	374,320,280
Other operating revenue						
Scrap sales	947,505	529,827	-	-	947,505	529,827
	772,258,362	374,850,107	-	-	772,258,362	374,850,107
<b>Varun Beverages (Zambia) Limited</b>						
Summary of significant accounting policies and other explanatory information on the Consolidated financial statements for the period ended 31 December 2021						
<b>21. Other income</b>						
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Interest on:						
-bank deposits	-	-	-	-	-	-
Net gain on foreign currency transactions and translations	43,844,468	-	-	-	43,844,468	-
Excess provisions written back	801,429	239,112	-	-	801,429	239,112
Gain on sale of fixed assets (net)	243,445	75,290	-	-	243,445	75,290
Miscellaneous Income	-	-	-	-	-	-
Amortisation of government grant	-	-	-	-	-	-
	44,889,342	314,402	-	-	44,889,342	314,402
<b>22. Cost of materials consumed</b>						
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Raw material and packing material consumed						
Inventories at beginning of the reporting period/year	56,986,905	27,333,556	-	-	56,986,905	27,333,556
Purchases during the reporting period/year (net)	474,225,466	221,468,804	-	-	474,225,466	221,468,804
	531,212,371	248,802,361	-	-	531,212,371	248,802,361
Sold during the reporting period/year	1,335,346	3,777,388	-	-	1,335,346	3,777,388
Inventories at end of the reporting period/year	93,039,459	56,986,905	-	-	93,039,459	56,986,905
	436,837,566	188,038,068	-	-	436,837,566	188,038,068
<b>23. Purchases of traded goods</b>						
	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Beverages	1,081,164	4,494,003	-	-	1,081,164	4,494,003
Others	-	-	-	-	-	-
	1,081,164	4,494,003	-	-	1,081,164	4,494,003



TKM  
jja  
20/01/2022



**24. Changes in inventories of finished goods, work-in-progress and traded goods**

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
<b>As at the beginning of the reporting period/year</b>						
Finished goods	7,939,931	4,621,039	-	-	7,939,931	4,621,039
Intermediate goods	-	-	-	-	-	-
Work in progress	-	1,695	-	-	-	1,695
	7,939,931	4,622,734	-	-	7,939,931	4,622,734
<b>As at the closing of the reporting period/year</b>						
Finished goods	24,000,164	7,939,931	-	-	24,000,164	7,939,931
Intermediate goods	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-
	24,000,164	7,939,931	-	-	24,000,164	7,939,931
<b>Finished goods used as fixed assets</b>						
	(4,158,554)	(4,903,881)	-	-	(4,158,554)	(4,903,881)
	(20,218,787)	(8,221,078)	-	-	(20,218,787)	(8,221,078)

**25. Employee benefits expense**

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Salaries and wages	75,215,721	48,367,155	-	-	75,215,721	48,367,155
Contribution to provident and other funds	1,769,540	1,433,297	-	-	1,769,540	1,433,297
Staff welfare expenses	3,823,282	3,359,469	-	-	3,823,282	3,359,469
	80,808,543	53,159,921	-	-	80,808,543	53,159,921

**26. Finance costs**

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
<b>Interest on:</b>						
Term loans	-	-	-	-	-	-
Working capital facilities	11,186,515	3,689,343	-	-	11,186,515	3,689,343
Others	-	-	-	-	-	-
Loan from Parent Company/ Subsidiary	4,325,573	8,688,530	-	-	4,325,573	8,688,530
<b>Other borrowing costs:</b>						
Processing fees	-	262	-	-	-	262
Finance Costs (INDAS)	-	-	-	-	-	-
	15,512,088	12,378,135	-	-	15,512,088	12,378,135

TKM  
20/01/2022  
PKF  
ZAMBIA

Varun Beverages (Zambia) Limited

Summary of significant accounting policies and other explanatory information on the Consolidated financial statements for the period ended 31 December 2021

27. Depreciation and amortisation expense

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Depreciation on tangible assets	32,377,799	27,955,109	-	-	32,377,799	27,955,109
Amortisation of intangible assets	1,849	7,104	-	-	1,849	7,104
	32,379,648	27,962,213	-	-	32,379,648	27,962,213

28. Other expenses

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
Power and fuel	21,246,486	17,688,854	-	-	21,246,486	17,688,854
Repairs to plant and equipment	6,958,887	6,225,587	-	-	6,958,887	6,225,587
Repairs to buildings	515,049	256,374	-	-	515,049	256,374
Other repairs	5,100,775	3,956,081	-	-	5,100,775	3,956,081
Consumption of stores and spares	6,921,602	3,922,122	-	-	6,921,602	3,922,122
Rent	2,916,341	2,604,547	-	-	2,916,341	2,604,547
Rates and taxes	504,988	1,902,914	-	-	504,988	1,902,914
Insurance	1,029,848	648,957	-	-	1,029,848	648,957
Printing and stationery	670,760	431,963	-	-	670,760	431,963
Communication	1,402,146	1,255,865	-	-	1,402,146	1,255,865
Travelling and conveyance	3,508,838	1,657,253	-	-	3,508,838	1,657,253
Payment to the auditors as						
Audit and reviews	731,972	336,385	-	-	731,972	336,385
Taxation matters	-	-	-	-	-	-
Other matters	-	-	-	-	-	-
Reimbursement of expenses	-	-	-	-	-	-
Vehicle running and maintenance	3,126,692	2,116,192	-	-	3,126,692	2,116,192
Lease and hire charges	-	-	-	-	-	-
Management fee	-	-	-	-	-	-
Security and service charges	1,886,940	1,878,224	-	-	1,886,940	1,878,224
Professional charges and consultancy	7,267,462	8,617,304	-	-	7,267,462	8,617,304
Bank charges	1,566,763	784,211	-	-	1,566,763	784,211
Advertisement and sales promotion	12,592,011	9,543,246	-	-	12,592,011	9,543,246
Meeting and conference	-	-	-	-	-	-
Royalty	-	-	-	-	-	-
Freight, octroi and insurance paid (net)	43,299,283	28,916,130	-	-	43,299,283	28,916,130
Delivery vehicle running and maintenance	6,978,003	5,730,111	-	-	6,978,003	5,730,111
Distribution expenses	3,751,180	4,354,705	-	-	3,751,180	4,354,705
Loading and unloading charges	1,492,337	851,845	-	-	1,492,337	851,845
Donations	-	-	-	-	-	-
Property, plant and equipment written off	-	-	-	-	-	-
Loss on disposal of property, plant and equipment (net)	-	-	-	-	-	-
Bad debts and advances written off	8,068	-	-	-	8,068	-
Allowance for expected credit losses	-	-	3,815,642	1,848,959	3,815,642	1,848,959
Net loss on foreign currency transactions and translations	-	87,089,135	-	3,331,588	-	90,420,724
General office and other miscellaneous expenses	1,938,868	867,643	-	-	1,938,868	867,643
	135,415,300	191,635,649	3,815,642	5,180,548	139,230,942	196,816,197

29. Prior period items

	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2021	As at 31 Dec 2020
	-	-	-	-	-	-
	-	-	-	-	-	-

Tkm  
20/01/2022  
PKF ZAMBIA

Varun Beverages (Zimbabwe) (Private) Limited

Balance Sheet as at 31 December 2021

Particulars	Note	Total		Total	
		RTGS	USD	RTGS	USD
		31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
<b>Assets</b>					
<b>1) Non-current assets</b>					
(a) Property, plant and equipment	1A	4,340,611,180	39,944,520	4,301,652,299	32,638,869
(b) Capital work in progress	1B	276,878,353	2,547,976	235,467,192	1,791,149
(c) Financial assets					
(i) Others	2	5,351,272	49,245	1,571,746	11,956
(d) Other non-current assets	3	123,728,699	1,138,615	95,197,078	724,144
<b>Total non-current assets</b>		<b>4,746,569,503</b>	<b>43,680,355</b>	<b>4,633,888,315</b>	<b>35,166,118</b>
<b>2) Current assets</b>					
(a) Inventories	4	1,919,270,074	17,662,103	1,656,522,458	12,600,817
(b) Financial assets					
(i) Trade receivables	5	534,804,815	4,921,547	493,091,541	3,750,843
(ii) Cash and cash equivalents	6	864,974,823	7,959,940	241,817,466	1,839,455
(iii) Bank balances other than (ii) above	7	563,674,948	5,187,225	277,713,786	2,112,510
(iv) Others	8	-	-	-	-
(c) Current tax assets	9	-	-	-	-
(d) Other current assets	10	470,533,789	4,330,092	1,277,056,284	9,714,298
<b>Total current assets</b>		<b>4,353,258,449</b>	<b>40,060,906</b>	<b>3,946,201,535</b>	<b>30,017,924</b>
<b>Total assets</b>		<b>9,099,827,952</b>	<b>83,741,262</b>	<b>8,580,089,850</b>	<b>65,184,042</b>
<b>Equity and liabilities</b>					
<b>3) Equity</b>					
(a) Equity share capital	11	70,001	1,100	70,001	1,100
(b) Other equity	12	5,445,764,147	50,114,246	3,416,655,891	25,940,430
<b>Total equity</b>		<b>5,445,834,149</b>	<b>50,115,346</b>	<b>3,416,725,892</b>	<b>25,941,530</b>
<b>4) Liabilities</b>					
<b>A) Non-current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	13	1,613,690,100	14,850,000	1,960,519,374	14,879,148
<b>Total non-current liabilities</b>		<b>1,613,690,100</b>	<b>14,850,000</b>	<b>1,960,519,374</b>	<b>14,879,148</b>
<b>B) Current liabilities</b>					
(a) Financial liabilities					
(i) Borrowings	14	103,232,700	950,000	-	-
(ii) Trade payables	15	1,045,566,340	9,621,835	1,375,135,460	10,460,366
(iii) Other financial liabilities	16	286,004,946	2,631,963	1,221,273,336	9,289,969
(b) Other current liabilities	17	605,499,718	5,572,117	606,435,789	4,613,029
(c) Current tax liabilities (Net)	18	-	-	-	-
<b>Total current liabilities</b>		<b>2,040,303,703</b>	<b>18,775,916</b>	<b>3,202,844,584</b>	<b>24,363,364</b>
<b>Total liabilities</b>		<b>3,653,993,804</b>	<b>33,625,916</b>	<b>5,163,363,958</b>	<b>39,242,512</b>
<b>Total equity and liabilities</b>		<b>9,099,827,952</b>	<b>83,741,262</b>	<b>8,580,089,850</b>	<b>65,184,042</b>

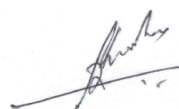
PKF

For PKF Zimbabwe  
Chartered Accountants



Sydney Bvurere (Partner)

For Varun Beverages (Zimbabwe) (Private) Ltd



Director



Director

Place: Harare

Date: 20-01-2022

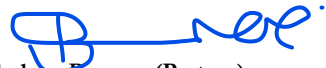
Varun Beverages (Zimbabwe) (Private) Limited

Statement of Profit and Loss for the year ended 31 December 2021

	Particulars	Note	Total		Total	
			RTGS	USD	RTGS	USD
			31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
	<b>Income</b>					
I	Revenue from operations	19	15,405,817,498	141,772,196	13,020,135,497	99,041,427
II	Other income	20	320,618,747	2,950,497	17,190,070	123,307
III	<b>Total Income (I + II)</b>		<b>15,726,436,246</b>	<b>144,722,694</b>	<b>13,037,325,567</b>	<b>99,164,735</b>
IV	<b>Expenses</b>					
	Cost of materials consumed	21	6,534,483,078	60,133,649	4,906,460,803	36,770,364
	Purchase of traded goods	22	828,701,806	7,626,137	267,361,879	2,033,765
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(124,628,866)	(598,199)	(281,001,637)	(1,585,471)
	Employee benefits expense	24	1,141,950,541	10,508,812	683,312,867	5,197,817
	Finance costs	25	172,359,946	1,586,144	357,896,381	2,761,273
	Depreciation expense	26	528,562,540	4,864,102	465,818,150	3,543,381
	Other expenses	27	3,320,906,535	30,560,677	3,533,918,169	26,881,771
	<b>Total expenses (IV)</b>		<b>12,402,335,580</b>	<b>114,681,322</b>	<b>9,933,766,613</b>	<b>75,602,901</b>
V	<b>(Loss)/profit/ before prior period items (III-IV)</b>		<b>3,324,100,666</b>	<b>30,041,372</b>	<b>3,103,558,954</b>	<b>23,561,834</b>
VI	Prior period items		-	-	-	-
VII	<b>(Loss)/profit before tax (V-VI)</b>		<b>3,324,100,666</b>	<b>30,041,372</b>	<b>3,103,558,954</b>	<b>23,561,834</b>
	<b>Earnings before interest, tax, depreciation and amortization (EBITDA)</b>		<b>3,704,404,404</b>	<b>33,541,121</b>	<b>3,910,083,414</b>	<b>29,743,181</b>
VIII	Tax expense:					
	(1) Current tax		-	-	-	-
	(2) Adjustment of tax relating to earlier periods		-	-	-	-
	(3) Deferred tax		-	-	-	-
	<b>Total Tax expenses</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
IX	<b>(Loss)/profit for the year (VII-VIII)</b>		<b>3,324,100,666</b>	<b>30,041,372</b>	<b>3,103,558,954</b>	<b>23,561,834</b>
X	<b>Other comprehensive income for the reporting period/year, net of tax</b>		<b>3,324,100,666</b>	<b>30,041,372</b>	<b>3,103,558,954</b>	<b>23,561,834</b>

PKF

For PKF Zimbabwe  
Chartered Accountants



Sydney Bvurere (Partner)

Place: Harare  
Date: 20-01-2022

For Varun Beverages (Zimbabwe) (Private) Ltd



Director



Director

**Varun Beverages (Zimbabwe) (Private) Limited****Statement of changes in equity****1. Equity Share Capital**

Equity shares of USD 1 each issued, subscribed and fully paid up

(Amount in RTGS)

Particulars	Number of shares	Amount
Balance as at 01 January 2020	1,100	70,001
Changes in share capital during the year	-	-
Balance as at 31 December 2020	1,100	70,001
Changes in share capital during the period	-	-
Balance as at 31 December 2021	1,100	70,001

**2. Other equity**

(Amount in RTGS)

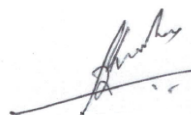
Particulars	Retained earnings	Total
Balance as at 01 January 2020	313,096,937	313,096,937
Profit for the year ended	3,103,558,954	3,103,558,954
Balance as at 31 December 2020	3,416,655,891	3,416,655,891
Profit for the period ended	3,324,100,666	3,324,100,666
IAS 29 Adjustment	(1,294,992,409)	(1,294,992,409)
Balance as at 31 December 2021	5,445,764,147	5,445,764,147

For and on behalf of Varun Beverages (Zimbabwe) (Private) Limited

PKF

For PKF Zimbabwe  
Chartered Accountants

Sydney Bvurere (Partner)



Director

D-DAS

Director

Place: Harare

Date: 20-01-2022

Varun Beverages (Zimbabwe) (Private) Limited

1A Property, plant and equipment

(Amount in RTGS)

Gross block	Land	Land	Building	Plant & Machinery	Furniture &	Vehicles	Office	Computer	Containers	Post-mix vending machines	Grand
	Freehold	Leasehold	Building	Plant & Machinery	Fixtures	Vehicles	Equipment	Equipment	Containers	and refrigerators (Visi Cooler)	Total
Balance as at 01 January 2020	91,640,780	-	956,163,346	1,598,692,136	29,853,061	90,797,282	25,141,063	8,337,964	-	134,700,214	2,935,325,845
Additions during the year			14,049,783	206,327,161	1,119,765	48,382,855	11,706,688	8,815,482		74,610,914	365,012,649
Disposals during the year											-
Balance as at 31 December 2020	91,640,780	-	970,213,129	1,805,019,297	30,972,826	139,180,137	36,847,751	17,153,446	-	209,311,128	3,300,338,494
Restated Opening Balance in RTGS	147,300,843	-	1,559,493,632	2,901,337,875	49,784,861	223,714,286	59,228,051	27,571,972	-	336,440,893	5,304,872,414
Additions during the period			31,459,957	361,203,186	33,716,218	48,207,985	13,705,772	10,238,179		79,887,495	578,418,793
Disposals during the period											-
Balance as at 31 December 2021	147,300,843	-	1,590,953,590	3,262,541,062	83,501,079	271,922,271	72,933,823	37,810,152	-	416,328,388	5,883,291,207
Accumulated depreciation											
Balance as at 01 January 2020	-	-	64,732,276	207,053,795	5,989,115	26,854,595	3,906,798	2,029,250	-	30,549,521	341,115,350
Depreciation charge during the period ended			48,314,444	165,097,778	6,112,065	24,606,397	5,656,483	2,599,109		37,414,770	289,801,046
Reversal on disposal of assets											-
Balance as at 31 December 2020	-	-	113,046,720	372,151,574	12,101,180	51,460,991	9,563,281	4,628,358	-	67,964,292	630,916,396
IAS 29 Adjustment	55,660,064	-	520,619,065	881,181,366	11,462,114	53,278,231	16,571,829	7,607,390	-	85,850,142	1,632,230,200
Restated Opening Balance in RTGS	-	-	181,708,158	598,186,101	19,451,101	82,716,968	15,371,752	7,439,494	-	109,243,914	1,014,117,488
Depreciation charge during the period ended			78,469,997	296,073,632	13,077,480	49,756,160	12,649,819	6,701,974		71,833,478	528,562,540
Reversal on disposal of assets											-
Balance as at 31 December 2021	-	-	260,178,155	894,259,733	32,528,581	132,473,128	28,021,570	14,141,468	-	181,077,392	1,542,680,028
Net block											
Balance as at 31 December 2020	147,300,843	-	1,377,785,475	2,314,049,089	30,333,759	140,997,377	43,856,299	20,132,478	-	227,196,979	4,301,652,299
Balance as at 31 December 2021	147,300,843	-	1,330,775,435	2,368,281,329	50,972,498	139,449,143	44,912,252	23,668,683	-	235,250,996	4,340,611,179

1B Capital work in progress

(Amount in RTGS)

Particulars	Amount
Balance as at 01 Jan 2020	10,066,078
Additions during the year	400,645,412
Capitalisation during the year	264,219,478
Balance as at 31 December 2020	146,492,013
Reinstated RTGS Balance	235,467,192
Additions during the period	41,411,161
Capitalisation during the period	-
Balance as at 31 December 2021	276,878,353

Varun Beverages (Zimbabwe) (Private) Limited

		Total		Total	
		RTGS	USD	RTGS	USD
		As at	As at	As at	As at
		31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
<b>Property, plant and equipment</b>	Refer Note 1	4,340,611,180	39,944,520	4,301,652,299	32,638,869
		As at	As at	As at	As at
		31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
<b>Capital work in progress</b>	Refer Note 1	276,878,353	2,547,976	235,467,192	1,791,149
<b>2. Other financial assets</b>					
		As at	As at	As at	As at
		31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
(Unsecured considered good, unless otherwise stated)					
Security deposits		5,351,271	49,245	1,571,746	11,956
Loan to related parties		-	-	-	-
Other loans		-	-	-	-
Foreign Ex Forward asset		-	-	-	-
Less: PROVISION FOR CONTINGENCIES		0	0	-	-
		0	0	-	-
		5,351,272	49,245	1,571,746	11,956
<b>3. Other non-current assets</b>					
		As at	As at	As at	As at
		31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
Capital advances		123,728,699	1,138,615	95,197,078	724,144
		123,728,699	1,138,615	95,197,078	724,144
<b>4. Inventories</b>					
		As at	As at	As at	As at
		31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
Raw material		1,401,337,406	12,895,822	1,088,057,784	8,276,626
Stores and spares		211,881,494	1,949,842	276,851,495	2,105,951
Intermediate Goods		-	-	-	-
Work in Progress		25,726	237	-	-
Finished goods		306,025,448	2,816,202	291,613,179	2,218,240
		1,919,270,074	17,662,103	1,656,522,458	12,600,817
<b>5. Trade receivables</b>					
		As at	As at	As at	As at
		31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
Trade receivable, considered good - Unsecured		534,804,815	4,921,547	493,091,541	3,750,843
Trade receivable, considered good - Secured		-	-	-	-
Trade receivable - Credit impaired		76,594	705	123,115	937
		534,881,409	4,922,252	493,214,656	3,751,780
Less : Allowance for expected credit losses		76,594.00	704.86	123,115	937
		534,804,815	4,921,547	493,091,541	3,750,843
<b>6. Cash and cash equivalents</b>					
		As at	As at	As at	As at
		31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
Balance with banks:					
- On current accounts		854,962,940	7,867,805	221,054,559	1,681,515
- Deposits with original maturity of less than three months		-	-	-	-
Cash and cash equivalents:					
- Cheques/drafts on hand		-	-	-	-
- Cash on hand		10,011,883	92,134	20,762,907	157,939



<b>7. Other bank balances</b>
Deposits with original maturity more than 3 months but less than 12 months *
<b>8. Other current financial assets</b>
Security deposits
<b>Varun Beverages (Zimbabwe) (Private) Limited</b>
<b>9. Current tax assets</b>
Advance tax (net of provisions)
<b>10. Other current assets</b>
(Unsecured considered good, unless otherwise stated)
Advances to:
Employees
Contractors and suppliers
Prepaid expenses
Balance with statutory/government authorities
<b>11. Equity share capital</b>
<b>Authorised share capital</b>
<b>Issued, subscribed and fully paid-up</b>
Equity shares of USD 1 each
<b>12. Other equity</b>
<b>Foreign currency translation reserve</b>
Balance at the beginning of the year
Add: Adjustment during the year
Balance at the end of the year
<b>Retained earnings</b>
Balance at the beginning of the reporting period/year
Less: IAS 29 Adjustment
Add: (Loss)/profit for the reporting period/year
Balance at the end of the reporting period/year

864,974,823	7,959,940	241,817,466	1,839,455
As at 31 Dec 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2020
563,674,948	5,187,225	277,713,786	2,112,510
563,674,948	5,187,225	277,713,786	2,112,510
As at 31 Dec 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2020
-	-	-	-
-	-	-	-
As at 31 Dec 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2020
-	-	-	-
-	-	-	-
As at 31 Dec 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2020
16,188,196	148,972	5,906,470	44,929
420,883,206	3,873,182	1,093,668,968	8,319,309
33,462,386	307,938	177,480,846	1,350,059
-	-	-	-
470,533,789	4,330,092	1,277,056,284	9,714,298
As at 31 Dec 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2020
-	-	-	-
-	-	-	-
70,001	1,100	70,001	1,100
70,001	1,100	70,001	1,100
As at 31 Dec 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2020
-	(6,440,619)	-	2,785,364
-	(5,867,556)	-	(9,225,983)
-	(12,308,175)	-	(6,440,619)
3,416,655,891	32,381,049	313,096,937	8,819,215
(1,294,992,409)	-	-	-
3,324,100,666	30,041,372	3,103,558,954	23,561,834
5,445,764,147	62,422,421	3,416,655,891	32,381,049
5,445,764,147	50,114,246	3,416,655,891	25,940,430



<b>13. Non Current Borrowings</b>				
Loans from bank (secured)				
Loan from Parent Company (unsecured)				
<b>Varun Beverages (Zimbabwe) (Private) Limited</b>				
<b>14. Current Borrowings</b>				
Working capital facilities				
-from banks- (secured)				
<b>15. Trade payables</b>				
Trade payables				
Total outstanding dues to micro enterprises and small enterprises				
Total outstanding dues of creditors other than micro enterprises and small enterprises				
<b>16. Other financial liabilities</b>				
Current maturities of long term debt				
Interest accrued but not due on borrowings				
Payable for capital expenditure				
Employee related payables				
Interest payable to parent company on Loan				
Commission payable to parent company				
<b>17. Other current liabilities</b>				
Advances from customers				
Statutory dues payable				
<b>18. Current tax liability</b>				
Provision for income tax (net of taxes paid)				
<b>19. Revenue from operations</b>				
<b>Revenue from operations (gross)</b>				
Sale of products				
<b>Other operating revenue</b>				
Scrap sales				
<b>20. Other income</b>				

As at 31 Dec 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2020
-	-	112,616,950	822,543
1,613,690,100	14,850,000	1,847,902,423	14,056,604
<b>1,613,690,100</b>	<b>14,850,000</b>	<b>1,960,519,374</b>	<b>14,879,148</b>
As at 31 Dec 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2020
103,232,700	950,000	-	-
<b>103,232,700</b>	<b>950,000</b>	<b>-</b>	<b>-</b>
As at 31 Dec 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2020
-	-	-	-
1,045,566,340	9,621,835	1,375,135,460	10,460,366
<b>1,045,566,340</b>	<b>9,621,835</b>	<b>1,375,135,460</b>	<b>10,460,366</b>
As at 31 Dec 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2020
-	-	982,905,940	7,476,758
5,458,011	50,227	37,158,677	282,658
5,535,086	50,937	11,218,586	85,337
64,249,052	591,253	11,756,154	89,427
210,762,796	1,939,547	162,328,845	1,234,801
-	-	15,905,134	120,987
<b>286,004,946</b>	<b>2,631,963</b>	<b>1,221,273,336</b>	<b>9,289,969</b>
As at 31 Dec 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2020
188,369,643	1,733,474	299,846,979	2,280,873
417,130,075	3,838,644	306,588,810	2,332,156
<b>605,499,718</b>	<b>5,572,117</b>	<b>606,435,789</b>	<b>4,613,029</b>
As at 31 Dec 2021	As at 31 Dec 2021	As at 31 Dec 2020	As at 31 Dec 2020
-	-	-	-
-	-	-	-
For the period 31 Dec 2021	For the period 31 Dec 2021	For the period 31 Dec 2020	For the period 31 Dec 2020
15,402,080,853	141,737,810	13,018,190,890	99,026,635
3,736,645	34,387	1,944,606	14,792
<b>15,405,817,498</b>	<b>141,772,196</b>	<b>13,020,135,497</b>	<b>99,041,427</b>
For the period 31 Dec 2021	For the period 31 Dec 2021	For the period 31 Dec 2020	For the period 31 Dec 2020

Interest on:				
-bank deposits	1,443,246	13,281	2,446,288	18,608
Net gain on foreign currency transactions and translations	300,410,945	2,764,535	14,743,782	104,699
Gain on sale of fixed assets (net)	13,870,624	127,645	-	-
Miscellaneous	4,893,932	45,036	-	-
Excess provisions written back	-	-	-	-
	<b>320,618,747</b>	<b>2,950,497</b>	<b>17,190,070</b>	<b>123,307</b>
<b>21. Cost of materials consumed</b>				
<b>Raw material and packing material consumed</b>				
Inventories at beginning of the year	1,088,057,784	8,276,626	122,408,149	7,299,234
Purchases during the year (net)	6,843,046,494	64,709,444	5,882,935,534	37,830,101
	7,931,104,278	72,986,070	6,005,343,683	45,129,335
Sold during the year	(4,716,205)	(43,401)	10,825,096	82,344
Inventories at end of the year	1,401,337,406	12,895,822	1,088,057,784	8,276,626
	<b>6,534,483,078</b>	<b>60,133,649</b>	<b>4,906,460,803</b>	<b>36,770,364</b>
<b>22. Purchases of traded goods</b>				
Beverages	828,701,806	7,626,137	267,361,879	2,033,765
	<b>828,701,806</b>	<b>7,626,137</b>	<b>267,361,879</b>	<b>2,033,765</b>
<b>Varun Beverages (Zimbabwe) (Private) Limited</b>				
<b>23. Changes in inventories of traded goods</b>				
<b>As at the beginning of the year</b>				
Finished goods	181,422,308	2,218,240	10,611,542	632,769
	181,422,308	2,218,240	10,611,542	632,769
<b>As at the closing of the year</b>				
Finished goods	306,025,448	2,816,202	291,613,179	2,218,240
Work In Progress	25,726	237	-	-
	306,051,174	2,816,439	291,613,179	2,218,240
	<b>(124,628,866)</b>	<b>(598,199)</b>	<b>(281,001,637)</b>	<b>(1,585,471)</b>
<b>24. Employee benefits expense</b>				
Salaries and wages	959,755,410	8,832,159	613,192,997	4,664,430
Staff welfare expenses	182,195,131	1,676,653	70,119,871	533,387
	<b>1,141,950,541</b>	<b>10,508,812</b>	<b>683,312,867</b>	<b>5,197,817</b>
<b>25. Finance costs</b>				
<b>Interest on:</b>				
Term loans	69,363,404	638,317	232,876,170	1,810,271
Bank guarantee fees to Parent Company	27,535,739	253,398	72,069,487	548,217
Loan from parent company	75,460,803	694,429	52,950,723	402,785
	<b>172,359,946</b>	<b>1,586,144</b>	<b>357,896,381</b>	<b>2,761,273</b>
<b>26. Depreciation expense</b>				

		For the period	For the period	For the period	For the period
		31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
Depreciation on tangible assets		528,562,540	4,864,102	465,818,150	3,543,381
		528,562,540	4,864,102	465,818,150	3,543,381
<b>Varun Beverages (Zimbabwe) (Private) Limited</b>					
<b>27. Other expenses</b>					
		For the period	For the period	For the period	For the period
		31 Dec 2021	31 Dec 2021	31 Dec 2020	31 Dec 2020
Power and fuel		356,828,807	3,283,721	465,312,774	3,539,536
Repairs to plant and equipment		350,865,009	3,228,839	444,999,801	3,385,020
Repairs to buildings		11,345,401	104,406	76,299,931	580,397
Other repairs		17,670,309	162,611	11,991,524	91,217
Consumption of stores and spares		78,320,807	720,748	213,528,469	1,624,266
Rent		115,859,981	1,066,203	128,265,765	975,691
Rates and taxes		4,368,569	40,202	2,353,188	17,900
Insurance		25,253,370	232,394	29,277,335	222,707
Printing and stationery		10,247,043	94,299	7,802,773	59,354
Communication		38,938,445	358,331	11,600,972	88,246
Travelling and conveyance		66,245,993	609,629	29,499,740	224,398
Payment to the auditors as					
Audit and reviews		4,762,466	43,827	5,444,387	41,414
Taxation matters		-	-	-	-
Other matters		-	-	-	-
Reimbursement of expenses		-	-	-	-
Vehicle running and maintenance		15,249,950	140,338	17,222,482	131,008
Lease and hire charges		166,337,835	1,530,726	106,973,766	813,727
Security and service charges		54,365,675	500,301	174,969,971	1,330,960
Professional charges and consultancy		94,425,648	868,953	449,196,486	3,416,943
Bank charges		273,412,296	2,516,080	187,341,369	1,425,066
Advertisement and sales promotion		212,620,143	1,956,639	130,861,543	995,436
Meeting and conference		-	-	-	-
Royalty		-	-	-	-
Freight, octroi and insurance paid (net)		1,129,702,830	10,396,102	597,837,533	4,547,624
Delivery vehicle running and maintenance		133,217,856	1,225,939	371,830,309	2,828,435
Distribution expenses		12,487,720	114,918	24,849,332	189,024
Loading and unloading charges		127,108,541	1,169,718	32,694,963	248,704
Donations		-	-	-	-
Property, plant and equipment written off		-	-	-	-
Loss on disposal of property, plant and equipment (net)		-	-	512	4
Bad debts and advances written off		6,898,888	63,487	3,204,814	24,378
Allowance for expected credit losses		-	-	-	-
Corporate Social Responsibility expenditure		-	-	-	-
Net loss on foreign currency transactions and translations		3,470,176	31,934	-	-
General office and other miscellaneous expenses		10,902,776	100,333	10,558,430	80,316
		<b>3,320,906,535</b>	<b>30,560,677</b>	<b>3,533,918,169</b>	<b>26,881,771</b>



**APAS & CO LLP**  
CHARTERED ACCOUNTANTS

606, 6<sup>TH</sup> FLOOR, PP CITY CENTRE  
ROAD NO. 44, PITAMPURA  
DELHI - 110034  
TEL.: 011-49058720  
E-MAIL: apas.delhi@gmail.com

## Independent Auditor's Report

To the Members of Lunarmech Technologies Private Limited

Report on the Standalone Financial Statements

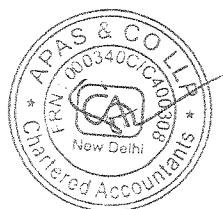
### Opinion

We have audited the accompanying standalone financial statements of **Lunarmech Technologies Private Limited** ("the Company"), which comprise the Balance Sheet as at December 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the statement of Cash Flows for the year ended 31 December, 2021 and a summary of the significant accounting policies and other explanatory information (here after referred to as "Standalone Financial Statement").

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31<sup>st</sup> December 2021, and statement of its profit and loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## **Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the Director's report and Management Discussion and Analysis of Annual report, but does not include the Standalone Financial Statements and our report thereon. The Directors report and Management Discussion and Analysis of Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Financial Statements does not cover the other information and we will 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 identified above when it becomes available to us and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read such other information as and when made available to us and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

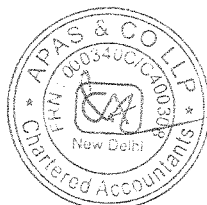
The board of Directors are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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 SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error audit procedures, design and perform 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.



2. Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

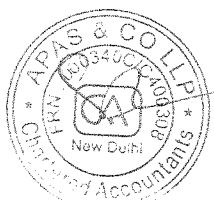
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

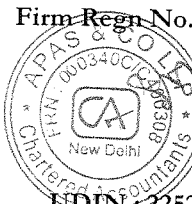
## **Report on Other Legal and Regulatory Requirements**

1. As required by the 'Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), we give in the Annexure 'I' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the 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, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (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 2021 from being appointed as a director in terms of Section 164(2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-2". Our report expresses as unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:  
In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- The company has disclosed in notes no 36, the impact of pending litigations on its financial position in its standalone financial statements;
  - according to the information and explanations provided to us, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

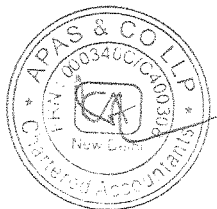
Place : New Delhi  
Date : 25/01/2022

For APAS & Co LLP  
Chartered Accountants  
Firm Regn No. 000340C/C400308  
  
(Sumit Kathuria)  
Partner  
M No. 520078  
UDIN : 22520078AAAAAP9731

## **ANNEXURE- I TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- i) In respect of its fixed assets:
  - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) As explained to us, fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. As informed to us no material discrepancies were noticed on such physical verification.
  - c) Title deeds in respect of all immovable properties are held in the name of the company.
- ii) As explained to us physical verification has been conducted by the management at reasonable intervals in respect of inventories of finished goods, stores, spare parts and raw materials. We were explained that no material discrepancies have been noticed on physical verification.
- iii) The provisions of clause (iii) of the Order are not applicable as the company has not granted any loans, secured or unsecured, to companies firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013 during the year under audit.
- iv) The provisions of clause (iv) of the Order are not applicable as the company has not granted any loans, made investments, given any guarantee or security during the year under audit.
- v) According to the information and explanations given to us the company has not accepted any deposits, in terms of the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under.
- vi) In respect of business activities of the company, maintenance of cost records has not been specified by the Central Government under sub-section (I) of section 148 read with rules framed thereunder of the Companies Act 2013.
- vii) a) As per information and explanations given to us, the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. As informed to us there are no outstanding statutory dues in arrears as at the last day of the financial year concerned for a period of more than six months from the date they became payable.  
  
b) As per information and explanations given to us, there are no dues of Income Tax or sales tax or service tax or duty of customs or duty of Excise or Value added tax which have not been deposited on account of any dispute.
- viii) Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that there is no default in repayment of loans

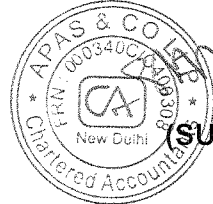




or borrowings to the financial institutions and banks as at the year end. There are no loans from Government and the company has not issued any debentures.

- ix) As explained to us term loans obtained during the year were applied for the purpose for which the loans were obtained by the company. The company has not raised any money during the year by way initial or further public offer.
- x) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of our audit for the year ended 31.12.2021.
- xi) According to information and explanations given to us, the managerial remuneration paid and provided by the company during the year is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.
- xii) The provisions of clause (xii) of the Order are not applicable as the company is not a Nidhi Company as specified in the clause.
- xiii) According to information and explanations given to us we are of the opinion that all related party transactions are in compliance with the Section 177 and 188 of Companies Act 2013. Necessary disclosures has been made in the financial statements as required by the applicable accounting Standards.
- xiv) According to information and explanations given to us the company has not made any preferential allotment or private placement of shares or debentures during the year.
- xv) According to information and explanations given to us the Company has not entered into any non-cash transaction with the director or any person connected with him during the year.
- xvi) In our opinion, in view of its business activities, the company is not required to be registered under section 45IA of Reserve Bank of India Act 1934.

**For APAS & CO LLP**  
**CHARTERED ACCOUNTANTS**  
**FIRM REGN NO. 000340C/C400308**



**(SUMIT KATHURIA)**  
**PARTNER**  
**M.No. 520078**

**PLACE : NEW DELHI**  
**DATED : 25/01/2022**

**UDIN: 22520078 AAAAP9731**

## **Annexure 2 to the Independent Auditor's Report**

(Referred to in paragraph 2 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Lunarmech Technologies Private Limited** of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the standalone financial statements of **Lunarmech Technologies Private Limited** (hereinafter referred to as "Company") as at and for the year ended December 31, 2021, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 ("the 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 its business, including adherence to the respective 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**

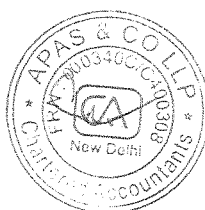
Our responsibility is to express an opinion on the internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that



- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.


#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> December 2021, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on "Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India.

Place : New Delhi  
Date : 25/01/2022

For APAS & Co LLP  
Chartered Accountants  
Firm Regn No. 000340C/C400308  
  
(Sumit Kathuria)  
Partner  
M No. 520078  
UDIN : 22520078AAAAAP9731

**LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

**BALANCE SHEET AS AT 31ST DECEMBER 2021**

Particulars	Note No.	AS AT 31ST DECEMBER 2021	AS AT 31ST DECEMBER 2020
<b>Assets</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	3(a)	5,074.46	3,464.54
b) Right-of-use asset	3(b)	163.53	235.03
c) Financial assets			
i) Loans	4	90.85	88.85
ii) Other financial assets	5	-	-
d) Other non current assets	6	486.45	349.45
<b>Total non-current assets</b>		<b>5,815.30</b>	<b>4,137.88</b>
<b>Current assets</b>			
a) Inventories			
b) Financial assets	7	1,870.92	1,059.91
i) Trade receivables			
ii) Cash & cash equivalents	8	2,460.16	1,882.29
iii) Other bank balances	9	1,813.32	1,131.37
iv) Loans	9A	2,814.52	1,100.00
v) Other financial assets	4	2.42	2.17
c) Other current assets	5	53.94	27.50
<b>Total current assets</b>	6	<b>190.27</b>	<b>603.69</b>
		<b>9,205.54</b>	<b>5,806.93</b>
<b>Total assets</b>		<b>15,020.83</b>	<b>9,944.81</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	10	99.50	99.50
b) Other equity	11	8,779.23	6,009.11
<b>Total equity</b>		<b>8,878.73</b>	<b>6,108.61</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	12	4,117.37	1,926.24
ii) Lease liabilities	13	114.89	189.98
b) Provisions	14	54.52	43.23
c) Deferred tax liabilities (net)	15	101.62	126.60
<b>Total non-current liabilities</b>		<b>4,388.40</b>	<b>2,286.05</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	12	-	28.60
ii) Lease liabilities	13	75.23	64.00
iii) Trade payables			
Dues to micro enterprises and small enterprises	16	212.58	30.91
Dues to Others	16	865.12	1,002.35
iv) Other financial liabilities	17	4.56	21.76
b) Other current liabilities	18	21.75	8.10
c) Provisions	14	6.59	5.24
d) Current tax liabilities (Net)	19	567.55	389.20
<b>Total current liabilities</b>		<b>1,753.69</b>	<b>1,550.15</b>
<b>Total liabilities</b>		<b>6,142.09</b>	<b>3,836.20</b>
<b>Total equity &amp; liabilities</b>		<b>15,020.83</b>	<b>9,944.81</b>

**Significant accounting policies**

The accompanying notes are an integral part of the financial statements.

2

In terms of our report of even date annexed

For APAS & Co LLP

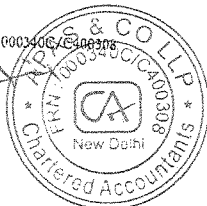
Chartered Accountants

Firm's Registration No.: 0003406/C400308

Sumit Kathuria

Partner

M.No. 520078



Place: New Delhi

Dated: 25/01/2022

For and on behalf of the Board of Directors of  
Lunarmech Technologies Private Limited

Director  
DIN:02255219  
(Suryanarayan Sharma)

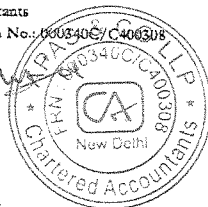
Director  
DIN:00061354  
(Vivek Gupta)

**LUNARMECH TECHNOLOGIES PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER 2021**

Particulars	Note No.	For the Year ended December 31, 2021	For the Year ended December 31, 2020
<b>Income</b>			
Revenue from operations	20	15,500.83	9,706.26
Other income	21	921.04	57.25
<b>Total income</b>		<b>16,421.87</b>	<b>9,763.51</b>
<b>Expenses</b>			
Cost of material consumed	22	8,797.41	4,499.40
Purchases of Stock-in-Trade		1,376.25	424.99
Changes in Inventories of finished goods, stock-in-trade and Work-in-progress	23	-416.91	294.37
Employee benefit expenses	24	585.42	422.28
Finance costs	25	59.33	200.20
Depreciation and amortization expense	26	781.01	587.90
Other expenses	27	1,638.36	1,191.72
<b>Total expenses</b>		<b>12,820.88</b>	<b>7,620.86</b>
Profit before exceptional items & tax		3,600.99	2,142.64
Exceptional items			
Depreciation of earlier years			
<b>Profit before tax</b>		<b>3,600.99</b>	<b>2,142.64</b>
<b>Tax expenses</b>			
Current tax			
Current year		835.94	574.61
Adjustment of earlier years		20.47	23.85
Deferred Tax		-25.30	-35.30
<b>Profit for the year</b>		<b>2,769.87</b>	<b>1,579.48</b>
<b>Other comprehensive income</b>			
a) Items that will not be reclassified to statement of profit & loss			
Reassessment of post employment benefit		0.34	1.81
Less: Deferred tax on above item		0.08	0.45
<b>Total Other comprehensive income</b>		<b>0.25</b>	<b>1.35</b>
<b>Total comprehensive income</b>		<b>2,770.12</b>	<b>1,580.83</b>
Earning per share (Basic / Diluted) (Rs.)	44	278.37	158.74
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

In terms of our report of even date annexed  
For APAS & Co LLP  
Chartered Accountants  
Firm's Registration No.: 000340C/C400308

Sumit Kathuria  
Partner  
M.No. 520078



For and on behalf of the Board of Directors of  
Lunarmech Technologies Private Limited

Director  
DIN:02255219  
(Satyanarayan Sharma)

Director  
DIN:00061354  
(Vivek Gupta)

Place: New Delhi

Dated: 25/01/2022

**LUNARMECH TECHNOLOGIES PRIVATE LIMITED**  
Statement of changes in equity for the year ended 31 December, 2020

I) Equity share capital

(Amount in Rupees Lacs, unless otherwise stated)

Balance as at January 1, 2020 (Refer Note- 43)	99.50
Changes in equity share capital during the year	-
Balance as at December 31, 2020	99.50
Changes in equity share capital during the year	-
Balance as at December 31, 2021	99.50

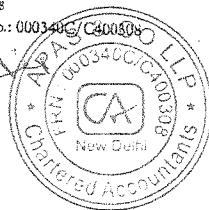
II) Other equity

Particulars	Reserve & Surplus			Total
	Retained earnings	Capital Reserve (Refer Note- 43)	Other comprehensive income	
As at January 1, 2020				
Profit / Loss for the year	4,498.18	-66.00	-3.91	4,428.27
	1,579.48	-	-	1,579.48
Remeasurement gains/losses on defined employment benefit (Net of Taxes)			1.35	1.35
As at December 31, 2020	6,077.66	-66.00	-2.56	6,009.10

Particulars	Reserve & Surplus			Total
	Retained earnings	Capital Reserve	Other comprehensive income	
As at January 1, 2021				
Profit / Loss for the year	6,077.66	-66.00	-2.56	6,009.10
	2,769.87	-	-	2,769.87
Remeasurement gains/losses on defined employment benefit (Net of Taxes)			0.25	0.25
As at December 31, 2021	8,847.53	-66.00	-2.31	8,779.23

In terms of our report of even date annexed  
For APAS & Co LLP  
Chartered Accountants  
Firm's Registration No.: 000340/C400504

Sumit Kathuria  
Partner  
M.No. 520978



Place: New Delhi  
Dated: 25/01/2022

For and on behalf of the Board of Directors of  
Lunarmech Technologies Private Limited

Director  
DIN:02255219  
(Satyannarayan Sharma)

Director  
DIN:00061554  
(Vivek Gupta)

# **LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

## **Notes of the financial statements for the year ended December 31, 2021**

### **1. Background of the Company**

Lunarmech Technologies Private Limited ('the Company') was incorporated on 26<sup>th</sup> May, 2009. The Company is engaged in manufacturing, selling, and distribution of Plastic (PP) Closure.

### **2. Significant Accounting Policies**

#### **2.1 Basis of preparation**

##### **(i) Compliance with Ind AS-**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements are presented in INR and all values are rounded to the nearest Lacs (INR 00,000), except when otherwise indicated.

##### **(ii) Historical cost convention-**

The financial statements have been prepared on a historical cost basis, except for:

- a) Certain financial assets & liabilities (including derivative instruments) and contingent consideration that are measured at fair value.
- b) Assets held for sale have been measured at fair value less cost to sell
- c) Defined benefit plans – plan assets measured at fair value.

#### **2.2 Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

*An asset is treated as current when it is:*

- Expected to be realised or intended to be sold or consumed in normal operating cycle of the Company
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- All other assets are classified as non-current.
- *A liability is treated as current when:*
  - It is expected to be settled in normal operating cycle of the Company
  - It is held primarily for the purpose of trading
  - It is due to be settled within twelve months from the reporting period, or
  - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

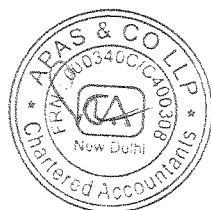
*Deferred tax assets and liabilities are classified as non-current assets and liabilities.* The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

#### **2.3 Revenue recognition**

i) Revenue is recognised on transfer of premised Goods and Services to the customers on performance of obligation at the price that reflects the consideration to which the company expects to receive a performance of obligation, regardless of when payment is being made. Revenue from operations includes Sale of Goods and adjustments for discounts.

##### **ii) Interest:**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.



# **LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

## **Notes of the financial statements for the year ended December 31, 2021**

### **iii) Export License Income**

Export license income is recognized on receipt/certainty of receipt basis.

### **iv) Claims**

Revenue in respect of claims is recognized only when the same are reasonably ascertained.

## **2.4 Taxes**

a) The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate as per the Income tax Act, 1961 adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

b) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

c) Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

d) Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Therefore, in the case of a history of recent losses, the Company recognises the deferred tax asset to the extent that it has sufficient taxable temporary differences or there is convincing other evidences that sufficient taxable profit will be available against which such deferred tax can be realised.

e) Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

f) Current and deferred tax is recognised in the Statement of profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity and in this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## **2.5 Property, plant and equipment**

a) Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

b) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of profit and loss during the reporting year in which they are incurred.

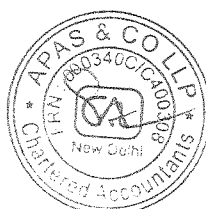
(c) *Depreciation methods, estimated useful lives and residual value-*

Depreciation / amortization on tangible and intangible fixed assets is provided to the extent of depreciable amount on the straight line (SLM) Method. Depreciation is provided at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013. The useful lives have been determined based on those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets except in case of Plant & Machinery, where useful life has been taken to be 10 years based on external / internal technical evaluation. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year. There is no asset which is to be treated as a separate component for the purpose providing depreciation. The capital expense on building renovation is depreciated over the lease period of the building.

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

(e) Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of profit and loss within other gains/ (losses).

## **2.6 Intangible assets**





# **LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

## **Notes of the financial statements for the year ended December 31, 2021**

Intangible assets acquired separately are measured on initial recognition at cost. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

### **2.7 Leases**

Accounting policy applicable from 1 April 2019 onwards:

#### **The Company as a lessee**

As inception of the contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use of an asset (the underlying asset) for a period of time in exchange for consideration'.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- a) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- b) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

#### **Measurement and recognition of leases as a lessee**

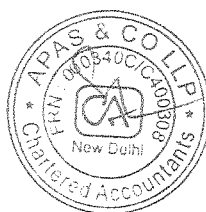
The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- a) fixed payments, including in-substance fixed payments;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable under a residual value guarantee; and



# **LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

## **Notes of the financial statements for the year ended December 31, 2021**

- d) the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the balance sheet. Also, the Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

In the comparative period, as a lessee, the Company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. Leases of property, plant and equipment in which significant portion of risks and rewards of ownership were not transferred were classified as operating leases. In determining the appropriate classification, the substance of the transaction rather than the form was considered. In case, the lease arrangement includes other consideration, it was separated at the inception of the lease arrangement or upon a reassessment of the lease arrangement into those for the lease and those for other elements on the basis of their relative fair values. Lease classification was made at the inception of the lease. Lease classification was changed only if, at any time during the lease, the parties to the lease agreement agree to revise the terms of the lease (without renewing it) in a way that it would have been classified differently, had the changed terms been in effect at inception. The revised agreement involves renegotiation of original terms and conditions and were accounted prospectively over the remaining term of the lease. Lease payments in respect of assets taken on operating lease are charged to the profit or loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with the expected general inflation to compensate the lessor's expected inflationary cost increase.

### **The Company as a lessor**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

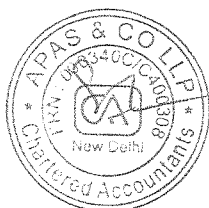
The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116. However, when the Company was an intermediate lessor the sub-leases were classified with reference to the underlying asset.

## **2.8 Inventories**

Inventories are valued on the following basis:

- |                            |  |
|----------------------------|--|
| (i) Finished Goods -       | - At lower of cost or net realisable value |
| (ii) Semi Finished Goods   | - At Estimated cost                        |
| (iii) Raw Materials        | - At cost (on weighted Average Method)     |
| (iv) Packing Material      | - At cost (on weighted Average Method)     |
| (v) Stores and Spares etc. | - At cost                                  |

Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.



# **LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

## **Notes of the financial statements for the year ended December 31, 2021**

### **2.9 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

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

### **2.10 Provisions**

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### **2.11 Employee Benefits**

#### *(i) Short-term obligations-*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### *(ii) Post-employment obligations-*

The Company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity; and
- (b) Defined contribution plans such as provident fund and ESI.

#### *Gratuity obligations-*

The liability or asset recognised in the balance sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the end of the reporting year less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting year on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in the statement of profit and loss.



# **LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

## **Notes of the financial statements for the year ended December 31, 2021**

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans-

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

### **2.12 Investments and Other financial assets**

#### **(i) Classification-**

The Company classifies its financial assets in the following measurement categories:

Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

#### **(ii) Measurement-**

At initial recognition, the Company measures a financial asset at its fair value, in the case of a financial asset is not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### **(a) Debt instruments-**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

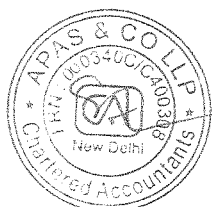
**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

#### **(b) Equity instruments-**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification



# **LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

## **Notes of the financial statements for the year ended December 31, 2021**

- of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### **(iv) Derecognition of financial assets-**

A financial asset is derecognised only when:

The Company has transferred the rights to receive cash flows from the financial asset or, retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## **2.13 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

## **2.14 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid as per the credit terms.

## **2.15 Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

## **2.16 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Accordingly, segmental reporting is performed on the basis of geographical location of customer which is also used by the chief financial decision maker of the company for allocation of available resources and future prospects.

## **2.17 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

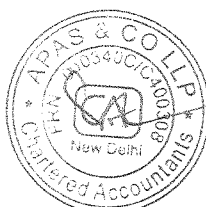
## **2.18 Foreign currency translation or transaction**

Transactions in foreign currencies are initially recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on restatement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or before 31 December 2016: Exchange differences arising on conversion of long term foreign currency monetary items used for acquisition of depreciable fixed assets are added to the cost of fixed assets and is depreciated over the remaining life of the respective fixed asset and in



# **LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

## **Notes of the financial statements for the year ended December 31, 2021**

other cases, is recorded under the head 'Foreign Currency Monetary Item Translation Difference account' and is amortized over the period of maturity of underlying long term foreign currency monetary items, in accordance with the option available under Ind AS 101.

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or after 01 January 2017: Exchange differences arising on restatement of long term foreign currency monetary items obtained or given is recorded in the Statement of Profit and Loss.

### **2.19 Financial liabilities**

#### ***Initial recognition and measurement:***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

#### ***Subsequent measurement-***

The measurement of financial liabilities depends on their classification, as described below:

##### **(a) Financial liabilities at fair value through profit or loss-**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

##### **(b) Loans and borrowings-**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

### **2.20 Contingencies**

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Company's control, or present obligations that are not recognised because of the following: (a) It is not probable that an outflow of economic benefits will be required to settle the obligation; or (b) the amount cannot be measured reliably.

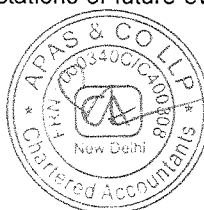
Contingent liabilities are not recognised but are disclosed and described in the notes to the financial statements, including an estimate of their potential financial effect and uncertainties relating to the amount or timing of any outflow, unless the possibility of settlement is remote.

Contingent assets are possible assets whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Company's control. Contingent assets are not recognised. When the realisation of income is virtually certain, the related asset is not a contingent asset; it is recognised as an asset.

Contingent assets are disclosed and described in the notes to the financial statements, including an estimate of their potential financial effect if the inflow of economic benefits is probable.

### **2.21 Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under



# **LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

## **Notes of the financial statements for the year ended December 31, 2021**

the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Company has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements. Changes in estimates are accounted for prospectively.

### **Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

### **Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgments and the use of estimates regarding the outcome of future events.

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### **(a) Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

#### **(b) Defined benefit plans**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### **(c) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the NAV model.

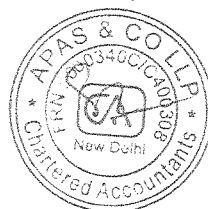
Financial assets like security deposits received and security deposits paid, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Government corporate bond rate has been used to fair value the security deposits at amortised cost.

Financial liability like long term borrowings received, has been classified and measured at amortised cost on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Average market borrowing rate has been used to fair value the long term loan at amortised cost.

## **2.22 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the 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



## **LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

### **Notes of the financial statements for the year ended December 31, 2021**

at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively. When a liability assumed is recognised at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

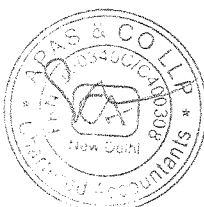
Any impairment loss for goodwill is recognised in Consolidated Statement of Profit and Loss. an impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash- generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash- generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, 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;

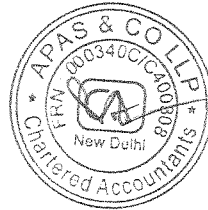




## **LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

### **Notes of the financial statements for the year ended December 31, 2021**

- Except for adjustments made to harmonise accounting policies, no adjustments are made to reflect fair values, or recognise any new assets or liabilities;
- The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve;
- The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee; and
- The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.



**LUNARMECH TECHNOLOGIES PVT. LTD.**

(Amount in Rupees Lacs, unless otherwise stated)

**3(a) Property, plant and equipment**

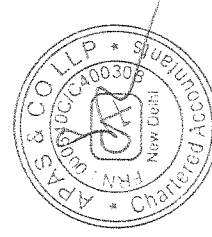
PARTICULAR	Free Hold Land & Site Development	Building Renovation	Plant & Equipment	Office Equipment	Airconditioner	Furniture & Fixtures	Generator	Computers	Lab Equipment	Vehicles	Sundry Assets(Pallets)	Total
Cost												
As at January 1, 2020	84.95	86.01	4,939.07	9.93	15.93	14.79	16.04	6.54	17.03	0.43	-	5,190.72
Additions			2,153.58	2.21	2.68	3.08		1.55	0.58			2,163.68
Disposals												-
As at December 31, 2020	84.95	86.01	7,092.65	12.14	18.61	17.87	16.04	8.09	17.60	0.43	-	7,354.40
Additions			2,757.39	0.03	3.22	0.94		3.65	1.64	2.16		2,769.03
Disposals	84.95		661.46									746.40
As at December 31, 2021	-	86.01	9,188.58	12.17	21.83	18.82	16.04	11.75	19.24	2.59	-	9,377.03
Accumulated Depreciation												
As at January 1, 2020	-	43.53	3,263.98	4.97	15.14	10.03	14.81	5.94	14.67	0.41	-	3,373.46
Depreciation charge for the year		8.59	503.28	1.46	0.21	1.16	0.43	0.62	0.65	0.00		516.40
Disposals												-
As at December 31, 2020	-	52.12	3,767.26	6.42	15.35	11.19	15.24	6.55	15.32	0.41	-	3,889.86
Depreciation charge for the year		8.60	697.05	1.44	0.44	0.69	-	0.97	0.31	0.00		709.50
Disposals			296.80									296.80
As at December 31, 2021	-	60.72	4,167.51	7.86	15.79	11.88	15.24	7.53	15.63	0.41	-	4,302.56
Net Block :												
As at December 31, 2021	-	25.29	5,021.07	4.31	6.04	6.94	0.80	4.22	3.61	2.18	-	5,074.46
As at December 31, 2020	84.95	33.89	3,325.39	5.72	3.27	6.68	0.80	1.54	2.28	0.02	-	3,464.54

**3(b) Right-of-use asset**

	AS AT 31ST DECEMBER 2021	AS AT 31ST DECEMBER 2020
--	--------------------------------	--------------------------------

Buildings (Refer Note- 35)

	163.53	235.03
	<b>163.53</b>	<b>235.03</b>



**LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

**Notes of the financial statements**

PARTICULARS	As at	As at
	31 December , 2021	31 December , 2020
<b>7 Inventories</b>		
(As certified by the management)		
Raw Material	942.92	413.52
Raw Material Inventories in transit	191.91	318.59
Packing Material	24.40	9.32
Semi Finished Goods	22.20	31.62
Finished Goods	7.30	13.85
Finished Goods-in Transit	594.57	161.68
Stores, Spares and Others	87.63	111.33
<b>TOTAL</b>	<b>1,870.92</b>	<b>1,059.91</b>
<b>Note:</b>		
For mode of valuation refer Accounting policy number 2.8		
<b>8 Trade receivables</b>		
Trade Receivable considered good - Secured	-	-
Trade Receivable considered good - Unsecured	2,460.16	1,882.29
Trade Receivable which have significant increase in credit Risk, a	-	-
Trade Receivable - Credit Impaired	-	-
<b>TOTAL</b>	<b>2,460.16</b>	<b>1,882.29</b>
<b>Note:</b>		
Refer Note no 34 for related party disclosures		
<b>9 Cash and cash equivalents</b>		
Balances with banks		
-In Current Account	688.25	395.73
-Deposits with maturity with in three months	906.20	734.60
(Held as margin by bank against credit facilities)		
-Cheques/Remittance in transit	218.08	-
Cash on hand	0.79	1.04
<b>TOTAL</b>	<b>1,813.32</b>	<b>1,131.37</b>
<b>For the purpose of statement of cash flow, cash and cash equivalent comprises of the following:</b>		
Balances with banks	1,812.53	1,130.33
Cash on hand	0.79	1.04
	<b>1,813.32</b>	<b>1,131.37</b>
<b>9A Other bank balances</b>		
Bank Deposit with more than three months maturity	2,814.52	1,100.00
<b>TOTAL</b>	<b>2,814.52</b>	<b>1,100.00</b>



# 10 Equity share capital

## AUTHORISED

1,100,000 Shares of par value of Rs. 10/- each (Previous Year 1,000,000, equity shares of Rs. 10/- each) (Refer note-43)	110.00	100.00
Add: 100,000 shares of par value of Rs 10/-each pursuant to the scheme of amalgamation (Refer Note 43)	-	10.00

1,100,000 Shares of par value of Rs. 10/- each (Previous Year 1,100,000, equity shares of Rs. 10/- each) (Refer note-43)	110.00	110.00
---	--------	--------

## ISSUED, SUBSCRIBED AND FULLY PAID-UP

995,020 Shares of par value of Rs. 10/- each (Previous year 1,000,000 Shares of par value of Rs. 10/- each)	99.50	100.00
Less: Nil (Previous year 739980 Equity Shares of Rs 10 each cancelled) (Refer Note-43)	-	-74.00
Add: Nil (Previous year 735000 Equity Shares of Rs 10 each issued afresh as fully paid up shares) (Refer Note-43)	-	73.50
995,020 Shares of par value of Rs. 10/- each (Previous Year 995,020, equity shares of Rs. 10/- each)	99.50	99.50

## Notes:

a) The reconciliation of number of shares outstanding as at the beginning and end of the year.

Equity share capital	31 December , 2021	31 December , 2020
No. of Shares outstanding at the beginning of the year	1,000,000	1,000,000
Less: 739980 Equity Shares cancelled (Refer Note-43)	-739,980	-739,980
Add: 735000 Equity Shares to be issued afresh as fully paid up shares (Refer Note-43)	735,000	735,000
No. of Shares outstanding at the end of the year	995,020	995,020

c) Varun Beverages Limited is the holding company of the company, holding 547645 equity shares of the company.

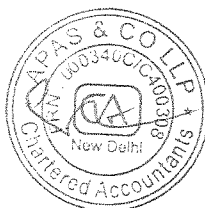
d) Following Shareholders hold shares more than 5% of the total equity shares of the company.

Name of the shareholder	Status	31 December , 2021	31 December , 2020
Varun Beverages Limited	Holding (w.e.f 04/11/2019)	547645(55.04%)	547645(55.04%)
Lunarmech Investments & Holdings		50000(5.03%)	50000(5.03%)
Mr.Vivek Gupta	Whole time director	379159(39.91%)	379159(39.91%)
# Not disclosed since below 5%			

e) The company has not issued any bonus shares or shares pursuant to contract without payment being recovered in cash during the period of last 5 years immediately preceding the balance sheet date. (Refer note-43)

# 11 Other equity

a) Retained Earning		
As per Last balance Sheet	6,075.11	4,494.27
Add: Net Profit after Tax	2,769.87	1,579.48
Remeasurement gains/losses on defined employment benefit	0.25	1.35
Total-(A)	8,845.23	6,075.11
b) Capital Reserve (Refer Note- 43)		
As per Last balance Sheet	-66.00	-66.00
Total-(B)	-66.00	-66.00
Total-(A+B)	8,779.23	6,009.11



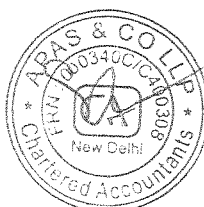
**LUNARMECH TECHNOLOGIES PRIVATE LIMITED**
**Notes of the financial statements**

4	Loans	Current		Non-current	
		As at	As at	As at	As at
		31ST December 2021	31ST December 2020	31ST December 2021	31ST December 2020
	Loans carried at amortized cost				
	Security deposits	241,671	217,130	90.85	88.85
		241,671	217,130	90.85	88.85

5	Other Financial Assets	As at	As at	As at	As at
		31ST December 2021	31ST December 2020	31ST December 2021	31ST December 2020
	Security deposits			-	-
	Deferred Lease Expenses			-	-
	Interest receivable	5,394,146	2,749,939	-	-
	Claim Receivable	-	-	-	-
		5,394,146	2,749,939	-	-

6	Other Assets	As at	As at	As at	As at
		31ST December 2021	31ST December 2020	31ST December 2021	31ST December 2020
	Capital Advance			486.45	349.45
	Balance With GST Authorities	7,223,768	8,336,352	-	-
	Advances to Suppliers, Contractors & Others	5,865,373	46,307,265	-	-
	Prepaid expenses/Amount recoverable	5,937,481	4,433,208	-	-
	Amount receivable from NHAI (Delhi baroda highway)	-	1,291,714	-	-
		19,026,622	60,368,539	486.45	349.45

12	Borrowings			As at	As at
		31ST December 2021	31ST December 2020	31ST December 2021	31ST December 2020
	Secured term loan from Banks :				
	- Foreign Currency Loans (Buyers credit)	-	-	-	1,926.24
	-IndusInd Bank -SBLC-3B (Repayable on 10/02/2024 and rate of interest is 1.4% PA)				
	-IndusInd Bank -SBLC-3A (Repayable on 28/12/2023 and rate of interest is 1.4% PA)				
	- IndusInd Bank -SBLC-2 (Repayable on 20/02/2023 and rate of interest is 2.4% PA)				
	- IndusInd Bank -SBLC-1 (Repayable on 10/01/2023 and rate of interest is 2.4% PA)				
	IndusInd Bank Buyer's Credit ( CG )-SBLC-4				
	-From Others	-	2,860,000	-	-
		-	2,860,000	-	1,926.24



**Notes:**

**A) Term loan in the form of Buyers credit against Standby letter of credit (SBLC) taken from Indusind Bank**

- i) The Buyers credit against Standby Letter Of Credit (SBLC-1 & 2) are Fully repayable as bullet payment in January & March 2023 respectively and Rate of interest is 12 month euribor+2.4% PA.
- ii) The Buyers credit against Standby Letter Of Credit (SBLC-3 & 4) are Fully repayable as bullet payment in December 2023, February & June 2024 respectively and Rate of interest is 12 month euribor+1.4% PA.
- iii) The securities are as follows:
  - a) First and Exclusive charge on Hypothecation of entire Plant & Machinery funded by Indusind Bank.
  - b) First Pari passu charge over entire current assets of the company, both present and future along with HDFC Bank Ltd .
  - c) First pari passu charge on Hypothecation of entire fixed assets of the borrower along with HDFC Bank Ltd.

**B) The Term loan from HDFC Bank**

HDFC Bank Foreign Currency Loan- (Fully repaid as bullet payment in January 2020). Rate of interest - 12 month euribor+175 bps.  
HDFC Bank Rupee loan - (fully repaid in June 2019). Rate of interest - 9.75% P.A.

**C) The Working capital limit taken from Indusind Bank is secured against following securities**

- i) Against first Pari passu charge entire current assets of the company, both present and future along with HDFC Bank Ltd .
- ii) First pari passu charge on Hypothecation of entire fixed assets of the borrower along with HDFC Bank Ltd.

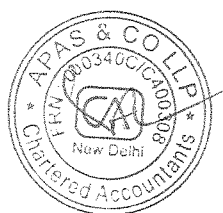
**D) The Working capital limit taken from HDFC Bank is secured against following securities**

- i) The term loan from HDFC Bank were secured against first Pari passu charge over current assets, entire movable & immovable fixed assets of the company, both present and future.
- ii) The working capital limits carry an interest rate ranging from 9.70% to 9.85%.

13 Lease Liabilities	Current		Non-current	
	As at	As at	As at	As at
	31ST	31ST	31ST	31ST
	December	December	December	December
	2021	2020	2021	2020
Lease Liabilities	7,522,736.60	6,399,712.07	114.89	189.98
	7,522,736.60	6,399,712.07	114.89	189.98

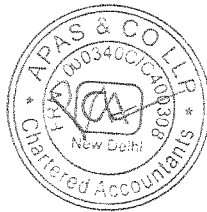
a) The following is the lease liabilities movement for year ended:

Balance at beginning of the year		253.98	
Additions		-	330.71
Finance cost incurred during the period (Refer Note 25)		22.51	42.86
Payment of lease liabilities		-86.38	-119.60
<b>Balance at end of the year</b>	-	190.12	253.98
Non Current		114.89	189.98
Current		75.23	64.00
	-	190.12	253.98



14	Provisions				
		As at 31ST December 2021	As at 31ST December 2020	As at 31ST December 2021	As at 31ST December 2020
	(Refer note 24)				
	Defined benefit liability (net) - Gratuity	495682	388416	43.43	35.74
	Other employee obligations - Leave encashment	163,766	135,391	11.09	7.49
		659448	523807	54.52	43.23

17	Other financial liabilities				
		As at 31ST December 2021	As at 31ST December 2020	As at 31ST December 2021	As at 31ST December 2020
	Current maturities of long- term borrowings (refer note 12)	-	-	-	-
	Interest accrued but not due on borrowings	456,123	2,175,625	-	-
		456,123	2,175,625	-	-



**15 Deferred tax liabilities (net)**

Deferred tax arising from temporary differences

As at beginning of the year	126.60	161.44
Adjustment during the year	-24.97	-34.85
Adjustments due to Ind AS		

**Total**

101.62	126.60
--------	--------

**16 Trade payables****Dues to Micro Enterprises and Small Enterprises(as per the intimation received from vendors)**

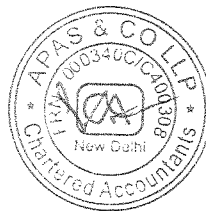
i) Principal amount due to suppliers under MSMED Act	212.88	30.91
ii) Interest accrued and due to suppliers under MSMED Act on the above amount	-	-
iii) Payment made to suppliers (other than interest) beyond appointed day during the year	-	-
iv) Interest paid to suppliers under MSMED Act	-	-
v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-
v) Interest due and payable to suppliers under MSMED Act towards payments already made	-	-
vi) Interest accrued and remaining unpaid at the end of the accounting year	-	-
vii) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-
Other trade payables	865.12	1,002.35

**TOTAL**

1,078.00	1,033.26
----------	----------

**Notes:**

Disclosure with respect to related party transactions is given in note 34.





PARTICULARS	As at 31 December , 2021	As at 31 December , 2020
18 Other Current liabilities		
Statutory Dues Payable	10.25	6.37
Advances from customers and others	11.51	1.73
<b>TOTAL</b>	<b>21.75</b>	<b>8.10</b>

19 Current tax liabilities (Net)

<b>Provision for current tax</b>		
As per last balance sheet	389.20	249.63
Add:- Provision for Current Year	835.94	574.61
Less:- Amount adjusted during the year	20.47	-
Less:- Set off against Taxes paid/Mat credit	-678.05	-435.04
<b>Provision for current tax ( Net )</b>	<b>567.55</b>	<b>389.20</b>
<b>TOTAL</b>	<b>567.55</b>	<b>389.20</b>

PARTICULARS	Year Ended 31 December , 2021	Year Ended 31 December , 2020
20 Revenue from operations		
Sale of Products	15,371.38	9,656.87
<b>Other operating revenue</b>		
Export Incentive	102.18	32.12
Scrap Sales	27.27	17.27
<b>TOTAL</b>	<b>15,500.83</b>	<b>9,706.26</b>

Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:

A) Reconciliation of revenue recognised with the contracted price:

Gross revenue/Contracted price	15,377.23	9,661.20
Adjustments:		
Sales return	-5.85	-4.32
<b>Revenue as per Statement of Profit and Loss</b>	<b>15,371.38</b>	<b>9,656.87</b>

B) Disclosure of disaggregated revenue recognised in the Statement of Profit and Loss based on geographical segment:

Revenue from customers outside India	3,643.55	3,486.98
Revenue from customers within India	11,727.83	6,169.90
<b>Revenue as per the Statement of Profit and Loss</b>	<b>15,371.38</b>	<b>9,656.87</b>

C) Contract balances:

The following table provides information about receivables and contract liabilities from contract with customers:

Receivables	As at 31 December , 2021	As at 31 December , 2020
Trade receivables	2,460.16	1,882.29
Less: Allowances for expected credit loss	-	-
	<b>2,460.16</b>	<b>1,882.29</b>

Contract liabilities

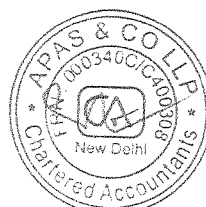
	As at 31 December , 2021	As at 31 December , 2020
Advance from Customers	10.43	0.40
	<b>10.43</b>	<b>0.40</b>

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.



**21 Other income**

Interest On Fixed Deposit Receipts	116.47	50.64
Interest Received on Electricity Security	0.90	4.65
Interest Received on Loan given	-	-
Net Gain in Foreign Currency Transactions	333.33	-
Sundry Balances Written off	-	-
Profit on Sale of Fixed assets	468.16	-
Unwinding of interest on security deposit	2.17	1.96
Interest Income on Lease rental	-	-
Commission received	-	-

<b>TOTAL</b>	<b>921.04</b>	<b>57.25</b>
--------------	---------------	--------------

**22 Cost of material consumed**

**Raw Material Consumed**

Inventories at Beginning of the Year	413.52	348.62
Add : Purchases during the year (Net)	8,844.15	4,360.92
	9,257.67	4,709.54
Less : Sale of Raw material	9.98	0.52
Less : Inventories at the end of the year	942.92	413.52

Consumed	8,304.78	4,295.50
----------	----------	----------

Packing Material Consumed	492.64	203.90
---------------------------	--------	--------

<b>TOTAL</b>	<b>8,797.41</b>	<b>4,499.40</b>
--------------	-----------------	-----------------

**23 Changes in Inventories of finished goods, stock-in-trade and work-in-progress**

**AS AT THE BEGINNING OF THE YEAR**

Finished Goods	13.85	4.27
Finished Goods-in Transit	161.68	461.93
Semi Finished Goods	31.62	35.32

	207.16	501.53
--	--------	--------

**AS AT THE CLOSING OF THE YEAR**

Finished Goods	7.30	13.85
Finished Goods-in Transit	594.57	161.68
Semi Finished Goods	22.20	31.62

	624.07	207.16
--	--------	--------

<b>NET</b>	<b>-416.91</b>	<b>294.37</b>
------------	----------------	---------------



## 24 Employee benefit expenses

Salaries and wages *	563.98	407.46
Employer's contribution to provident and other funds	12.87	10.97
Staff welfare expenses	8.58	3.85

<b>TOTAL</b>	<b>585.42</b>	<b>422.28</b>
--------------	---------------	---------------

* Managerial Remuneration paid to Directors	129.00	84.00
---	--------	-------

### Employee benefits

#### I Defined contribution plans

Contribution to defined contribution plans, recognised as expense for the year is as under:  
Employer's contribution to provident and other funds

12.87	10.97
-------	-------

#### II Defined benefit plans

The Company operates a gratuity plan wherein every employee is entitled to the benefit. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act.

The following table sets out the status of the gratuity plan as required under Ind AS 19 - Employee Benefits as at 31 December 2021, 31 December 2020 :

##### i. Changes in present value are as follows:

Particulars	31 December, 2021	31 December, 2020
Balance at the beginning of the year	39.62	33.46
Interest cost	2.62	2.38
Current service cost	6.48	5.58
Benefits settled	-	-
Actuarial loss/(gain)	-0.34	-1.81
<b>Balance at the end of the year</b>	<b>48.38</b>	<b>-</b>

##### ii. Expense recognised in the Statement of Profit and Loss:

Particulars	31 December, 2021	31 December, 2020
Current service cost	6.48	5.58
Interest cost	2.62	2.38
Liability taken of transferred employees from holding company	-	-
<b>Total</b>	<b>9.10</b>	<b>7.97</b>

##### Amount recognised in Other Comprehensive Income:

Particulars	31 December, 2021	31 December, 2020
Net cumulative unrecognized actuarial gain/(loss) opening	-	-
Actuarial gain / (loss) for the year on PBO	0.34	1.81
Actuarial gain / (loss) for the year on Asser	-	-
Unrecognized actuarial gain/(loss) for the year	0.34	1.81

##### Amount recognised in the balance sheet

Particulars	31 December, 2021	31 December, 2020
Present value of defined benefit obligation	48.38	39.62
Fair value of plan assets	-	-
Net assets/(liability) recognized in balance sheet as provision	-48.38	-39.62

##### Bifurcation of closing net liability at the end of year

	31 December, 2021	31 December, 2020
Current	4.96	3.88
Non-Current	43.43	35.74

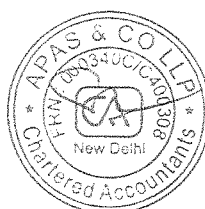
##### iii. Actuarial assumptions

###### a) Economic assumptions

Particulars	31 December, 2021	31 December, 2020
i) Discounting rate	0.08	0.08
ii) Future salary increase	0.06	0.06

###### b) Demographic assumption

Particulars	31 December, 2021	31 December, 2020
i) Retirement age (years)	58.00	58.00
ii) Mortality table	100% Of IALM(2012-14)	100% Of IALM(2012-14)
iii) Ages	Withdrawal rate (%)	Withdrawal rate (%)
Up to 30 years	3.00	3.00
From 31 to 44 years	2.00	2.00
Above 44 years	1.00	1.00



A) <b>A quantitative sensitivity analysis for significant assumption as at 31 December 2020 is as shown below:</b>		
<b>Impact of the change in discount rate</b>		
	Present Value obligation at the end of the period	
a)	Impact due to increase of 0.5%	
b)	Impact due to decrease of 0.5%	
<b>B) Impact of the change in salary increase</b>		
	Present Value obligation at the end of the period	
a)	Impact due to increase of 0.5%	
b)	Impact due to decrease of 0.5%	

	48.38	39.62
	-2.79	-2.45
	3.05	2.70
	-	-
	48.38	39.62
	3.07	2.70
	-2.83	-2.48

The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

**Risk associated:**

Investment risk	If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Interest risk (discount rate risk)	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality risk	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Salary risk	Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

The following payments are maturity profile of Defined Benefit Obligations in future years:

Year	12/31/2021	12/31/2020
0 to 1 year	4.96	3.88
1 to 2 year	0.78	0.66
2 to 3 year	0.78	0.65
3 to 4 year	2.67	0.64
4 to 5 year	0.73	2.02
5 to 6 year	0.79	0.59
6 year onwards	35.68	31.18

**III. Compensated absences (Other benefits)**

The Company recognises the compensated absences expenses in the Statement of Profit and Loss based on actuarial valuation. Actuarial valuation of compensated absences has been performed by an independent actuary using the following assumptions:

**i. Changes in present value are as follows:**

Particulars	31 December, 2021	31 December, 2020
Balance at the beginning of the year	8.85	10.62
Add: Interest cost	0.58	0.76
Add: Current service cost	2.20	1.55
Less: Benefits paid	-0.06	-
Add: Net actuarial gain/loss during the year	1.16	-4.08
<b>Balance at the end of the year</b>	<b>12.73</b>	<b>8.85</b>

**ii. Change in the fair value of plan assets:**

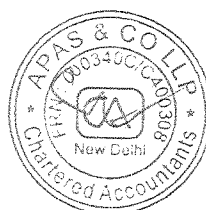
The scheme does not have any assets as at the valuation date to meet the compensated absence liability.

**iii. Amount recognised in the balance sheet**

Particulars	31 December, 2021	31 December, 2020
Present value of defined benefit obligation	12.73	8.85
Fair value of plan assets	-	-
Net assets/(liability) recognised in balance sheet as provision	-12.73	-8.85

**iv. Expense recognised in the Statement of Profit and Loss**

Particulars	31 December, 2021	31 December, 2020
Current service cost	2.20	1.55
Interest on defined benefit obligation	0.58	0.76
Net actuarial gain/loss in the year	1.16	-4.08
<b>Total</b>	<b>3.94</b>	<b>-1.78</b>



**Actuarial assumptions**  
**a) Economic assumptions**

**Particulars**

	31 December, 2021	31 December, 2020
i) Discounting rate	0.08	0.08
ii) Future salary increase*	0.06	0.06

\*The estimates of future salary increases considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**b) Demographic assumption**

**Particulars**

	31 December, 2021	31 December, 2020
i) Retirement age (years)	58.00	58.00
ii) Mortality table	100% of IALM(2012-14) 100% of IALM(2012-14)	
iii) Ages	Withdrawal rate (%)	Withdrawal rate (%)
Up to 30 years	3	3
From 31 to 44 years	2	2
Above 44 years	1	1

**Bifurcation of closing net liability**

	31 December, 2021	31 December, 2020
<b>Current</b>	1.64	1.35
<b>Non-current</b>	11.09	7.49

A quantitative sensitivity analysis for significant assumption as at 31 December 2020 is as shown below:

A)	<b>Impact of the change in discount rate</b>		
	Present Value obligation at the end of the period	12.73	8.85
a)	Impact due to increase of 0.5%	-0.69	-0.50
b)	Impact due to decrease of 0.5%	0.75	0.55
B)	<b>Impact of the change in salary increase</b>		
	Present Value obligation at the end of the period	12.73	8.85
a)	Impact due to increase of 0.5%	0.76	0.55
b)	Impact due to decrease of 0.5%	-0.70	-0.50

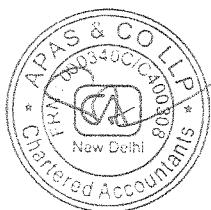
The sensitivity analysis above has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

**Risk associated:**

Investment risk	If plan is funded then assets liabilities mismatch and actual investment return on assets lower than the discount rate assumed at the last valuation date can impact the liability.
Interest risk (discount rate risk)	Reduction in discount rate in subsequent valuations can increase the plan's liability.
Mortality risk	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Salary risk	Actual salary increases will increase the Plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

The following payments are maturity profile of Defined Benefit Obligations in future years:

Year	31 December, 2021	31 December, 2020
0 to 1 year	1.64	1.35
1 to 2 year	0.21	0.15
2 to 3 year	0.21	0.14
3 to 4 year	1.28	0.14
4 to 5 year	0.17	0.75
5 to 6 year	0.19	0.11
6 year onwards	9.03	6.20



25 Finance costs

Interest on :

- Term loans(Including buyers credit)	34.51	35.49
- Working capital Loans	0.23	2.62
- Lease Liability	22.51	28.36
- Others	2.08	4.03

Exchange difference regarded as an adjustment to borrowing costs (as per Ind AS 23 'Borrowing Cost')

<b>TOTAL</b>	-	129.70
	59.33	200.20

26 Depreciation and amortization expense

Depreciation of property, plant and equipment (Refer Note 3(a))	709.51	516.40
Depreciation of right-of-use asset (Refer Note 3(b))	71.50	71.50
	781.01	587.90

27 Other expenses

**Manufacturing Expenses**

Power and Fuel	740.41	553.67
Stores & Spares Consumed	79.95	62.11

**Repairs & Maintenance**

- Plant & Machinery	52.40	46.90
- Building	57.67	83.89
- Miscellaneous	29.47	37.59

Bank Charges	6.70	5.55
Rent, Rates & Taxes	11.84	17.55
Printing & Stationery	1.83	1.64
Communication Expenses	2.71	2.98
Conveyance & Travelling	33.92	30.72
Insurance	17.02	7.73
Legal & Professional Charges	48.48	43.06
General Office & Misc. Expenses	34.02	31.25
Computer Expenses	1.08	1.16
Vehicle Running & Maintenance	19.58	18.99

**Auditors' Remuneration**

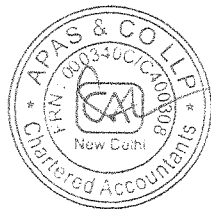
- As Audit Fees	2.11	2.25
-----------------	------	------

Freight Outward & Octroi Charges	459.30	229.78
----------------------------------	--------	--------

Corporate Social Responsibility Expenses	39.86	9.00
--	-------	------

Exchange difference (other than adjusted to borrowing costs as per Ind AS 23)	-	5.91
---	---	------

<b>TOTAL</b>	1,638.36	1,191.72
--------------	----------	----------



## 28 Income Taxes

The major components of income tax expense for the year ended 31 December 2021 and 31 December 2020 are:

### A. Statement of profit and loss:

#### (i) Profit & loss section

	31 December 2021	31 December 2020
Current income tax charge	835.94	574.61
MAT credit entitlement	0.00	0.00
Adjustments in respect of current income tax of previous year	20.47	23.85
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(25.30)	(35.30)
<b>Income tax expense reported in the statement of Profit &amp; loss</b>	<b>831.11</b>	<b>563.16</b>

#### (ii) OCI Section

Deferred tax related to items recognised in OCI during the year:

Net loss/(gain) on remeasurements of defined benefit plans	0.08	0.45
<b>Income tax charged to OCI</b>	<b>0.08</b>	<b>0.45</b>

### B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for FY ended 31 December 2021 and 31 December 2020:

	31 December 2021	31 December 2020
Accounting profit before tax from continuing operations	3,600.99	2,142.64
Profit/(loss) before tax from a discontinued operation	0.00	0.00
<b>Accounting profit before income tax</b>	<b>3,600.99</b>	<b>2,142.64</b>
At India's statutory income tax rate of 25.17% (31 December 2020: 25.17%)	906.30	539.26
Adjustments in respect of current income tax of previous years		
Expenses not allowed as deduction		
Profit on Sale of Agricultural Land	(70.42)	0.00
Adjustments in respect of current income tax of previous year	20.47	23.85
MAT credit of earlier years recognised	0.00	0.00
Tax impact on foreign Exchange Rate Variation on capex borrowing	0.00	0.00
Impact of reduction in tax rate of deferred tax	0.00	0.00
Impact of change in provisional and actual tax liability at the time of filing of ITR	(25.23)	0.05
<b>At the effective income tax rate of 23.08 % (31 December 2020: 26.27%)</b>	<b>831.12</b>	<b>563.16</b>
Income tax expense reported in the statement of profit and loss	831.11	563.16
Income tax attributable to a discontinued operation	0.00	0.00
	<b>831.11</b>	<b>563.16</b>

### C. Deferred tax

Deferred tax relates to the following:

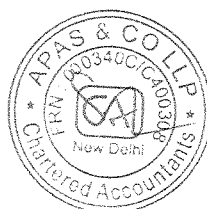
	Balance sheet		Statement of profit and loss	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Deferred tax arising from temporary differences	-101.62	-126.60	(25.30)	(35.30)
Tax (income)/expense during the period recognised in OCI			0.08	0.45
<b>Deferred tax expense/(income)</b>			<b>(25.22)</b>	<b>(34.85)</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>-101.62</b>	<b>-126.60</b>	<b>0.00</b>	<b>0.00</b>

Reflected in the balance sheet as follows:

	31 December 2021	31 December 2020
Deferred tax assets (continuing operations)	0.00	0.00
Deferred tax liabilities (continuing operations)	(101.62)	(126.60)
<b>Deferred tax liabilities, net</b>	<b>(101.62)</b>	<b>(126.60)</b>

### Reconciliation of deferred tax liabilities (net):

	31 December 2021	31 December 2020
Opening balance as of 1 April	126.60	161.44
Tax (income)/expense during the period recognised in Profit & loss	(25.06)	(35.30)
Tax (income)/expense during the period recognised in OCI	0.08	0.45
Discontinued operation	0.00	0.00
<b>Closing balance as at 31 March</b>	<b>101.62</b>	<b>126.60</b>



29 Fair values measurements

(i) Financial instruments by category (Amount in Rupees Lacs, unless otherwise stated)				
Particulars	31 December 2021		31 December 2020	
	FVTOCI	Amortised cost	FVTOCI	Amortised cost
<b>Financial assets</b>				
Loans(non current)	-	90.85	-	88.85
Other financial assets (non current)	-	-	-	-
Trade receivables	-	2,460.16	-	1,882.29
Cash and cash equivalents	-	1,813.32	-	1,131.37
Other bank balance	-	2,814.52	-	1,100.00
Loans(current)	-	2.42	-	2.17
Other financial assets (current)	-	53.94	-	27.50
<b>Total financial assets</b>	-	<b>7,235.20</b>	-	<b>4,232.19</b>
<b>Financial liabilities</b>				
Borrowings (non current)	-	4,117.37	-	1,926.24
Borrowings (current)	-	-	-	28.60
Lease Liabilities(non current)	-	114.89	-	189.98
Lease Liabilities(current)	-	75.23	-	64.00
Trade payables	-	1,078.00	-	1,033.26
Other financial liabilities	-	4.56	-	21.76
<b>Total financial liabilities</b>	-	<b>5,390.05</b>	-	<b>3,263.84</b>

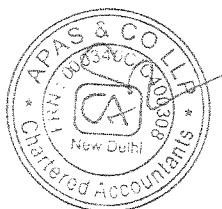
Assets and liabilities which are measured at amortised cost for which fair values are disclosed at 31 December 2021:

Date of valuation	Total	Fair value measurement using		
		Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
Financial assets/liabilities	31-Dec-21	0.00	0.00	0.00
Financial liabilities	31-Dec-20	0.00	0.00	0.00
Security deposits received				

There have been no transfers between Level 1 and Level 2 during the period.

For cash and cash equivalents, trade receivables, other receivables, short term borrowing, trade payables and other current financial liabilities the management assessed that their fair value is approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Company's long-term interest free security deposits are determined by applying discounted cash flows ("DCF") method, using discount rate that reflects the market borrowing rate as at the end of the reporting period. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.





(Amount in Rupees Lacs, unless otherwise stated)

30 Components of other comprehensive income (OCI)

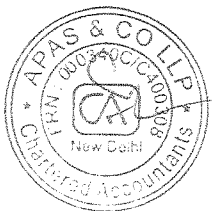
The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 December 2021

	Retained Earnings	Total
Remeasurement gains (losses) on defined benefit plans	0.34	0.34
Income tax effect	0.08	0.08
	<b>0.25</b>	<b>0.25</b>

During the year ended 31 December 2020

	Retained Earnings	Total
Remeasurement gains (losses) on defined benefit plans	1.81	1.81
Income tax effect	0.45	0.45
	<b>1.35</b>	<b>1.35</b>



### 31 Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise , trade and other payables, security deposits, employee liabilities. The Company's principal financial assets include trade and other receivables and cash and short-term deposits/ loan that derive directly from its operations. The Company is exposed to market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's senior management is supported by a Risk Management Compliance Board that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The management reviews and agrees policies for managing each of these risks, which are summarised below.

#### I. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types

of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include , deposits. the sensitivity analyses of the above mentioned risk in the following sections relate to the position as at 31 December 2021 and 31 December 2020.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for contingent liabilities is provided in Note 24.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2021 and 31 December 2020.

##### A. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. However the risk is very low due to negligible borrowings by the Company.

	Increase/ decrease in basis points	Effect on profit before tax
		(` Rs in Lacs)
<b>31-Dec-21</b>		
INR	+ 0.5%	-20.59
INR	- 0.5%	20.59
<b>31-Dec-20</b>		
INR	+ 0.5%	(9.77)
INR	- 0.5%	9.77

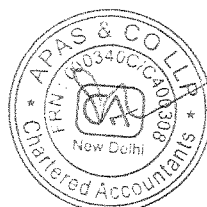
The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

##### B. Foreign currency sensitivity

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in exchange rates. Foreign currency risk sensitivity is the impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rates, with all other variables held constant.

	Change in Foreign currency rate	Effect on profit before tax
		(` Rs in Lacs)
<b>31-Dec-21</b>	5%	205.87
	-5%	-205.87
<b>31-Dec-20</b>	5%	96.31
	-5%	-96.31

The movement in the pre-tax effect on profit and loss is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in INR, where the functional currency of the entity is a currency other than INR.



## II. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions.

Credit risk from investments with banks and other financial institutions is managed by the Treasury functions in accordance with the management policies. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and/or other criteria, and are only made within approved limits. The management continually re-assess the Company's policy and update as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

### A. Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit review and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

At the year end the Company does not have any significant concentrations of bad debt risk other than that disclosed in note 8.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 29. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

### B. Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties.

## III. Liquidity risk

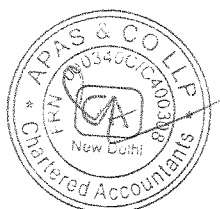
The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Year ended</b>				
<b>31-Dec-21</b>				
Borrowings	-	4,117.37	-	4,117.37
Lease liabilities	90.83	123.76	-	214.59
Trade payables	1,078.00	-	-	1,078.00
Other financial liabilities	4.56	-	-	4.56
	<b>1,173.39</b>	<b>4,241.13</b>	<b>-</b>	<b>5,414.52</b>
<b>Year ended</b>				
<b>31-Dec-20</b>				
Borrowings	28.60	1,926.24	-	1,954.84
Lease liabilities	86.51	214.59	-	301.10
Trade payables	1,033.26	-	-	1,033.26
Other financial liabilities	21.76	-	-	21.76
	<b>1,170.12</b>	<b>2,140.84</b>	<b>-</b>	<b>3,310.96</b>

## IV. Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.



### 32 Capital Management

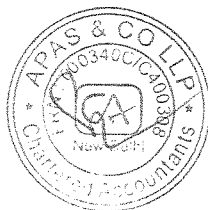
The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed

	31 December 2021	31 December 2020
Total Liabilities	6,142.09	3,836.20
Less: Cash & Cash Equivalents	1,813.32	1,131.37
Net debts	4,328.77	2,704.83
Total equity	8878.73	6108.61
Gearing ratio (%)	48.8%	44.3%

### 33 Derivative instruments and unhedged foreign currency exposure

The Company has no outstanding derivative instrument at the year end. The amount of foreign currency exposure that are not hedged by derivative

		31 December 2021	31 December 2021	31 December 2020	31 December 2020
Particulars	Currency	Foreign Currency (In Lacs)	(Rs in Lacs)	Foreign Currency (In Lacs)	(Rs in Lacs)
<b>Liabilities</b>					
IndusInd BANK (CAPEX)	EURO	48.45	4,117.37	21.58	1,926.24
Interest Payable	EURO	0.05	4.56	0.18	16.08
Trade Payable	USD	8.27	614.14	7.70	562.11
Trade Payable	EURO	1.20	101.89	-	-
<b>Assets</b>					
Trade Receivable	USD	17.03	1,265.53	11.36	829.75
HDFC Bank (EEFC A/c)	USD	6.23	462.90	4.28	312.41



**Related party disclosures**

In accordance with the Accounting Standards (Ind AS-24) on Related Party Disclosures, where control exists and where key management personnel are able to exercise significant influence and, where transactions have taken place during the year, alongwith description of relationship as identified, are given below:-

**A)****i)****Holding / Fellow Subsidiaries\***

Varun Beverages Ltd	Holding w.e.f 04/11/2019	(Refer Note 43)
Angelica Technologies Private Limited	Holding before merger	(Refer Note 43)
Varun Beverages (Nepal) Private Limited	Fellow Subsidiary w.e.f 04/11/2019, Associate prior to 04/11/2019	
Varun Beverages Lanka (Private) Limited	Fellow Subsidiary w.e.f 04/11/2019, Associate prior to 04/11/2019	
Varun Beverages Morocco SA	Fellow Subsidiary w.e.f 04/11/2019, Associate prior to 04/11/2019	
Varun Beverages (Zambia) Limited;	Fellow Subsidiary w.e.f 04/11/2019, Associate prior to 04/11/2019	
Varun Beverages (Zimbabwe) (Private) Limited	Fellow Subsidiary w.e.f 04/11/2019, Associate prior to 04/11/2019	
M/s Ole Springs Bottlers (Pvt.) Ltd.	Fellow Subsidiary	
Devyani Food Industries Limited	Subsidiary of ultimate parent company w.e.f 04/11/2019	

**ii)****Entities with joint control or significant influence over the entity \***

○ Lunarmech Investments & Holdings	upto 10/09/2019
○ American Precoat Speciality Pvt. Ltd.	upto 10/09/2019
○ M/S Varun Beverages Ltd	upto 03/11/2019

**iii)****Entities in which director are interested\***

○ Vivek Gupta (HUF)

**iv)****Relative of Key management personnel :**

○ Shalini Gupta

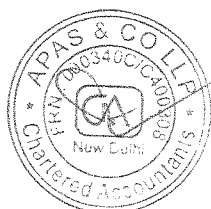
**v)****Key Managerial Personnel\***

○ Vivek Gupta	Whole time director
○ Praveen Jain	Chief Financial Officer

\* With whom the company has transactions during the current year and/or previous year.

**B)****Transactions during the year**

Description	Relationship	Entities with joint control or significant influence over the entity	Entities with joint control or significant influence over the entity
		31 December 2021	31 December 2020
<b><u>Loan Repaid</u></b>			
Mr. Vivek Gupta	Whole time director	-	35.05
<b><u>Purchase Of Rm/Pm</u></b>			
M/S Varun Beverages Ltd	Holding	1,258.74	551.92
<b><u>Reimbursement Of Taxes &amp; Expenses Paid To</u></b>			
M/S Varun Beverages Ltd	Holding	0.69	0.01
<b><u>Remuneration paid to KMP</u></b>			
Mr. Vivek Gupta	Key Managerial Personnel	129.00	84.00
Mr. Praveen Jain	Key Managerial Personnel	16.20	13.88
<b><u>Sale of Finished goods (Net of GST &amp; Discount)</u></b>			
M/S Varun Beverages Ltd	Holding	10,913.78	6,160.21
M/s Varun Beverages (Zimbabwe) (Private) Ltd	Fellow Subsidiary	1,524.62	1,622.28
M/s Varun Beverages Morocco SA	Fellow Subsidiary	342.51	388.03
M/s Varun Beverages (Zambia) Ltd	Fellow Subsidiary	416.63	120.12
M/s Varun Beverages (Lanka) Pvt Ltd	Fellow Subsidiary	285.34	184.62
M/s Varun Beverages Nepal Pvt. Ltd., Nawalprasi Nepal	Fellow Subsidiary	5.47	4.51
M/s Ole Springs Bottlers (Pvt.) Ltd.	Fellow Subsidiary	23.11	20.40



### 35 Leases

#### A. Leases where the Company is a lessee

The Company has taken buildings on lease for Factory & Warehouse. Lease payments are generally fixed as defined in agreement and average lease term is 5 years.

##### i. Right-of-use asset

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented on face of balance sheet below property, plant and equipment.

	31/12/2021	31/12/2020
	Buildings	Buildings
Opening balance (refer note 3B)	235.03	210.03
Additions	-	130.25
Depreciation	(71.50)	-105.25
Impairment		
Closing balance as at 31 December 2021	163.53	235.03

##### ii. For lease liabilities refer note 13

##### iii. Amounts recognised in the statement of profit or loss

	Note	For the year ended 31 December 2021	For the year ended 31 December 2020
Depreciation	26	71.50	71.50
Interest on lease liabilities	25	22.51	28.36
Expense relating to short term lease/variable lease payments not included in the mer	27	1.44	1.44
Net impact on statement of profit and loss		95.45	101.30

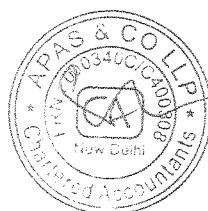
##### iv. Amounts recognised in the cash flow statement

	For the year ended 31 December 2021	For the year ended 31 December 2020
Payment for finance cost	22.51	28.36
Principal repayments	63.87	33.34
Total cash outflows	86.38	61.70

v. Payments associated with short-term leases of equipment, vehicles & others and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

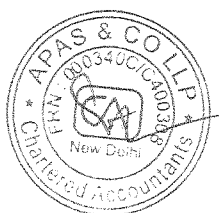
vi. The average effective interest rate contracted approximates 10.00 per cent.



C) Balances outstanding as at the year end

Description		31 December 2021	31 December 2020
Mr. Vivek Gupta	Key Managerial Personnel	7.96	4.85
M/S Varun Beverages Ltd	Holding	1,190.82	1,042.37
M/s Varun Beverages (Zimbabwe) (Private) Ltd	Fellow Subsidiary	423.94	307.78
M/s Varun Beverages Morocco SA	Fellow Subsidiary	-	94.49
M/s Varun Beverages (Zambia) Ltd	Fellow Subsidiary	234.88	50.27
M/s Varun Beverages (Lanka) Pvt Ltd	Fellow Subsidiary	151.92	3.64
Varun Beverages Nepal Pvt. Ltd., Nawalprasi Nepal	Fellow Subsidiary	-	-
M/s Ole Springs Bottlers (Pvt.) Ltd.	Fellow Subsidiary	26.03	-

D	Provision for doubtful debts/expenses recognised during the period in respect of bad or doubtful debts due from related parties.	NIL	NIL
---	--	-----	-----



## OTHER NOTES ON ACCOUNTS

### 36 Contingent liabilities and commitments

Particulars	31 December 2021 (₹)	31 December 2020 (₹)
<b>Contingent liabilities:</b>		
In respect of TDS defaults (As per 26AS Statement).	Nil	Nil
<b>Capital commitments:</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	917.04	2,228
Letters of Credit opened in favour of inland/overseas suppliers	-	1,927
	<b>917.04</b>	<b>4,154.52</b>

37 Balances appearing under Sundry Debtors, Loans and advances, sundry creditors and other liabilities in various schedules are subject to confirmation/reconciliations.

38 In the opinion of the Management current assets, loans and advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated except where indicated otherwise.

39 The Company is engaged in manufacturing of Plastic (PP) Closures. The Company is managed organizationally as a unified entity with various functional heads reporting to the top management and is not organized along product lines. There are therefore, no separate segments within the company as defined by Ind As -108 (Segmental Reporting) issued by ICAI.

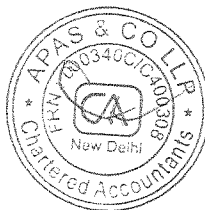
40 The company is required to form a committee on Corporate Social Responsibility (CSR) under section 135 of Companies Act 2013 and required to spend 2% of its average net profits during the three immediately preceding financial years. Relevant information is given hereunder:

Particulars	31 December 2021	31 December 2020
Amount required to be spent for the year on CSR activities as per section 135(5) of companies Act 2013	26.48	19.73
Carry forward from previous year	43.36	32.63
Gross amount required to be spent	69.84	52.36
Amount spent during the year	39.86	9.00
Unspent amount	29.98	43.36

41 Value of imported/indigenous raw material and packing material consumed and the percentage of each to total consumption:-

Particulars	%	12/31/2021	%	12/31/2020
<b>RAW MATERIAL</b>				
- Imported	78.52	6,521.19	72.41	3,110.48
- Indigenous	21.48	1,783.59	27.59	1,185.02
		8,304.78		4,295.50

Particulars	%	12/31/2021	%	12/31/2020
<b>Packing Material</b>				
- Imported	-	-	-	-
- Indigenous	100	492.64	100	203.90





#### 42 Impact of COVID-19 on the company

Covid 19 pandemic is still there and its impact on working of the company is uncertain. The management is of the view that with the pickup in global vaccination, gradual decrease in covid cases, the nature of business and the products company is dealing in, and steps being taken to provide support by various means from the regulators/governments, there are no reason to believe that current crisis will have any significant impact on the ability of the company to maintain its normal business operations including the assessment of going concern for the company. However, the extent to which the pandemic will impact working of the company, is highly uncertain.

#### 43 Note for Amalgamation

- The National Company Law Tribunal, Special Bench, New Delhi has approved the scheme of amalgamation of Angelica Technologies Private Limited (Transferor Company) with Lunarmech Technologies Private Limited (Transferee Company) with effect from the appointed date i.e. 1<sup>st</sup> April, 2019 vide order dated 22/05/2020 filed with ROC 07/07/2020. The amalgamation was proposed in order to achieve business and administrative synergies.
- Pursuant to Scheme as aforesaid, 739980 equity shares of the company, which were held by Angelica Technologies P Ltd (Representing 74% share), were cancelled and fresh shares were subsequently issued by the company in ratio of 98 equity shares of transferee company for every 10 shares held in transferor company to the erstwhile shareholders of transferor company. 735000 Shares were issued as aforesaid amounting to Rs.73.50 lacs.
- As per the requirements of Appendix C of Ind As 103 "Business Combination", since the amalgamation is a business combination of entities under common control, the accounting of business combination was done using "Pooling of interest method". After transfer of all assets, liabilities & reserves of the transferor company at their respective carrying amount and cancellation of investment in the books of transferor company, the residual amount of Rs. 66 Lac was recognised in capital reserve.
- The Authorized Share Capital of the Transferor Company amounting to Rs 10 lacs was merged to form new Authorized Share Capital of the Transferee Company as per the Scheme.

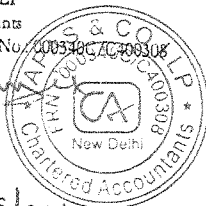
#### 44 Earnings per share (EPS)

Particulars	Year ended 31 December 2021	Year ended 31 December 2020
Profit/(Loss) for the year		
Less: Provision for Income Tax	3,600.99	2,142.64
Less: Income Tax Adjustment	835.94	574.61
Less: Deferred Tax	20.47	23.85
Profit/(Loss) attributable to the Equity Shareholders – (A)	-25.30	-35.30
Basic /Weighted average number of Equity Shares outstanding during the year (B) (Refer Note-43)	2,769.87	1,579.48
Nominal value of Equity Shares (Rs)	995,020	995,020
Basic/Diluted Earnings per share (Rs) – (A)/(B)	10	10
	278.37	158.74

In terms of our report of even date annexed  
For APAS & Co LLP  
Chartered Accountants  
Firm's Registration No. 000340C/AC/000304

Sumit Kashuria  
Partner  
M.No. 520078

Date: 25/01/2022



For and on behalf of the Board of Directors of  
Lunarmech Technologies Private Limited

Director  
DIN:02255219  
(Satyanarayan Sharma)

Director  
DIN:00061354  
(Vivek Gupta)