



**AUDITED FINANCIAL STATEMENTS OF SUBSIDIARIES OF VARUN  
BEVERAGES LIMITED AS AT DECEMBER 31, 2022**

- 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
- VARUN BEVERAGES RDC SAS
- VARUN BEVERAGES INTERNATIONAL DMCC
- LUNARMECH TECHNOLOGIES PRIVATE LIMITED

Varun Beverages (Nepal) Pvt. Ltd.  
Balance sheet as at 31<sup>st</sup> December, 2022

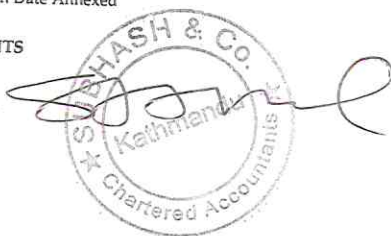
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|   |       | Indian GAAP          | Indian GAAP          | IND AS - Adj        | IND AS - Adj        | Post Ind AS          | Post Ind AS          |
|---|-------|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
|   | Not e | NPR                  | NPR                  | NPR                 | NPR                 | NPR                  | NPR                  |
|   |       | 31 December 2022     | 31 December 2021     | 31 December 2022    | 31 December 2021    | 31 December 2022     | 31 December 2021     |
| <b>Assets</b>                             |       |                      |                      |                     |                     |                      |                      |
| 1) Non - Current Assets                   |       |                      |                      |                     |                     |                      |                      |
| (a) Property, Plant & Equipment           | 1A    | 3,369,996,180        | 3,373,747,916        | 312,758,838         | 454,035,232         | 3,682,755,018        | 3,827,783,149        |
| (b) Capital Work In Progress              | 1B    | 272,349,277          | 1,509,897            | -                   | -                   | 272,349,277          | 1,509,897            |
| (c) Right of Use Assets                   | 1C    | -                    | -                    | 104,794,985         | 88,311,984          | 104,794,985          | 88,311,984           |
| (d) Deferred Tax Assets                   | 2     | -                    | -                    | -                   | -                   | -                    | -                    |
| (e) Other Non - Current Assets            | 3     | 301,754,655          | 138,844,541          | -                   | -                   | 301,754,655          | 138,844,541          |
| <b>Total Non - Current Assets</b>         |       | <b>3,944,100,112</b> | <b>3,514,102,355</b> | <b>417,553,823</b>  | <b>542,347,216</b>  | <b>4,361,653,935</b> | <b>4,056,449,571</b> |
| 2) Current Assets                         |       |                      |                      |                     |                     |                      |                      |
| (a) Inventories                           | 4     | 1,384,523,759        | 650,773,706          | -                   | -                   | 1,384,523,759        | 650,773,706          |
| (b) Financial Assets                      |       |                      |                      |                     |                     |                      |                      |
| (i) Trade Receivables                     | 5     | 405,412,064          | 194,644,164          | (27,078,048)        | (25,901,930)        | 378,334,017          | 168,742,234          |
| (ii) Cash and Cash Equivalents            | 6     | 27,948,876           | 36,045,302           | -                   | -                   | 27,948,876           | 36,045,302           |
| (iii) Bank Balances Other Than (ii) above | 7     | 1,859,619,921        | 1,849,510,366        | -                   | -                   | 1,859,619,921        | 1,849,510,366        |
| (iv) Others                               | 8     | 162,835,560          | 49,657,164           | -                   | -                   | 162,835,560          | 49,657,164           |
| (c) Current Tax Assets (Net)              | 9     | -                    | 17,737,325           | -                   | -                   | -                    | 17,737,325           |
| (d) Other Current Assets                  | 10    | 243,150,515          | 95,427,733           | -                   | -                   | 243,150,515          | 95,427,733           |
| <b>Total Current Assets</b>               |       | <b>4,083,490,696</b> | <b>2,893,795,761</b> | <b>(27,078,048)</b> | <b>(25,901,930)</b> | <b>4,056,412,648</b> | <b>2,867,893,831</b> |
| <b>Total Assets</b>                       |       | <b>8,027,590,808</b> | <b>6,407,898,116</b> | <b>390,475,775</b>  | <b>516,445,286</b>  | <b>8,418,066,583</b> | <b>6,924,343,402</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    | 940,660,019          | 1,184,016,695        | 263,688,329         | 412,437,872         | 1,204,348,348        | 1,596,454,566        |
| <b>Total Equity</b>                       |       | <b>2,020,660,019</b> | <b>2,264,016,695</b> | <b>263,688,329</b>  | <b>412,437,872</b>  | <b>2,284,348,348</b> | <b>2,676,454,566</b> |
| <b>Liabilities</b>                        |       |                      |                      |                     |                     |                      |                      |
| 1) Non - Current Liabilities              |       |                      |                      |                     |                     |                      |                      |
| (a) Financial Liabilities                 |       |                      |                      |                     |                     |                      |                      |
| (i) Borrowings                            | 13A   | -                    | -                    | 0                   | 0                   | 0                    | 0                    |
| (ii) Lease Liabilities                    | 13A   | -                    | -                    | 110,111,082         | 89,886,578          | 110,111,082          | 89,886,578           |
| (b) Provisions                            | 14    | 22,776,260           | 60,484,092           | -                   | -                   | 22,776,260           | 60,484,092           |
| (c) Deferred Tax Liabilities              | 2     | 150,596,072          | 124,167,723          | 10,208,482          | 8,107,877           | 160,804,554          | 132,275,600          |
| (d) Other Non - Current Liabilities       | 15    | -                    | -                    | -                   | -                   | -                    | -                    |
| <b>Total Non - Current Liabilities</b>    |       | <b>173,372,332</b>   | <b>184,651,815</b>   | <b>120,319,564</b>  | <b>97,994,455</b>   | <b>293,691,896</b>   | <b>282,646,270</b>   |
| 2) Current Liabilities                    |       |                      |                      |                     |                     |                      |                      |
| (a) Financial Liabilities                 |       |                      |                      |                     |                     |                      |                      |
| (i) Borrowings                            | 16    | 541,848,193          | 111,176,750          | -                   | -                   | 541,848,193          | 111,176,750          |
| (ii) Trade Payables                       | 17    | 1,273,748,073        | 1,083,154,261        | -                   | -                   | 1,273,748,073        | 1,083,154,261        |
| (iii) Lease Liabilities                   | 13B   | -                    | -                    | 6,024,933           | 5,570,009           | 6,024,933            | 5,570,009            |
| (iv) Other financial Liabilities          | 18    | 1,360,639,989        | 891,394,543          | -                   | -                   | 1,360,639,989        | 891,394,543          |
| (b) Other Current Liabilities             | 19    | 2,650,975,336        | 1,868,776,976        | -                   | -                   | 2,650,975,336        | 1,868,776,976        |
| (c) Provisions                            | 14    | 6,139,683            | 4,727,077            | 442,950             | 442,950             | 6,582,633            | 5,170,027            |
| (d) Current Tax Liability (Net)           | 20    | 207,182              | -                    | -                   | -                   | 207,182              | -                    |
| <b>Total Current Liabilities</b>          |       | <b>5,833,558,456</b> | <b>3,959,229,606</b> | <b>6,467,883</b>    | <b>6,012,959</b>    | <b>5,840,026,339</b> | <b>3,965,242,565</b> |
| <b>Total Liabilities</b>                  |       | <b>6,006,930,788</b> | <b>4,143,881,421</b> | <b>126,787,446</b>  | <b>104,007,414</b>  | <b>6,133,718,235</b> | <b>4,247,888,835</b> |
| <b>Total Equity &amp; Liabilities</b>     |       | <b>8,027,590,808</b> | <b>6,407,898,116</b> | <b>390,475,775</b>  | <b>516,445,286</b>  | <b>8,418,066,583</b> | <b>6,924,343,402</b> |

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

CA. S. K. Jhunjhunwala  
Partner  
Place: Kathmandu  
Dated: 2023-21-7



*Signature of Director*



Director

Director

Varun Beverages (Nepal) Pvt. Ltd.

Profit & Loss For The Period Ended 31<sup>st</sup> December, 2022

|  | Note | Indian GAAP<br>NPR<br>31 December 2022 | Indian GAAP<br>NPR<br>31 December 2021 | IND AS - Adj<br>NPR<br>31 December 2022 | IND AS - Adj<br>NPR<br>31 December 2021 | Post Ind AS<br>NPR<br>31 December 2022 | Post Ind AS<br>NPR<br>31 December 2021 |
|--|------|--|--|---|---|--|--|
| <b>Income</b>  |      |  |  |   |   |  |  |
| I Revenue From Operations  | 21   | 10,567,777,048                         | 7,871,494,595                          | -                                       | -                                       | 10,567,777,048                         | 7,871,494,595                          |
| II Other Income  | 22   | 202,902,435                            | 196,854,763                            | -                                       | -                                       | 202,902,435                            | 196,854,763                            |
| Branch Transfer  |      |  |  |   |   |  |  |
| III <b>Total Income (I + II)</b>                                       |      | <b>10,770,679,484</b>                  | <b>8,068,349,358</b>                   | <b>-</b>                                | <b>-</b>                                | <b>10,770,679,484</b>                  | <b>8,068,349,358</b>                   |
| <b>IV Expenses</b>   |      |  |  |   |   |  |  |
| (a) Cost of Materials Consumed   | 23   | 3,448,797,206                          | 2,700,101,864                          | -                                       | -                                       | 3,448,797,206                          | 2,700,101,864                          |
| (b) Excise Duty  |      | 2,461,233,385                          | 1,412,927,661                          | -                                       | -                                       | 2,461,233,385                          | 1,412,927,661                          |
| (c) Purchase of Stock in Trade   | 24   | 314,414                                | 134,190                                | -                                       | -                                       | 314,414                                | 134,190                                |
| (d) Changes in inventories of finished goods, stock-in-trade & WIP     | 25   | (195,803,194)                          | (20,298,707)                           | -                                       | -                                       | (195,803,194)                          | (20,298,707)                           |
| (e) Employee Benefits Expense  | 26   | 573,627,038                            | 461,353,340                            | -                                       | -                                       | 573,627,038                            | 461,353,340                            |
| (f) Finance Costs  | 27   | 216,694,446                            | 236,779,935                            | 10,075,568                              | 9,332,890                               | 226,770,014                            | 246,112,824                            |
| (g) Depreciation & Amortisation Expenses                               | 28   | 335,604,227                            | 384,110,507                            | 150,997,253                             | 24,788,112                              | 486,601,479                            | 408,898,619                            |
| (h) Other Expenses   | 29   | 2,756,839,156                          | 2,478,267,534                          | (14,423,883)                            | (10,173,221)                            | 2,742,415,273                          | 2,468,094,313                          |
| <b>Total Expenses (IV)</b>   |      | <b>9,597,306,677</b>                   | <b>7,653,376,322</b>                   | <b>146,648,938</b>                      | <b>23,947,781</b>                       | <b>9,743,955,615</b>                   | <b>7,677,324,103</b>                   |
| V Profit/(loss) Before Prior Period Items (III-IV)                     |      | 1,173,372,807                          | 414,973,036                            | (146,648,938)                           | (23,947,781)                            | 1,026,723,869                          | 391,025,256                            |
| VI Prior Period Items  | 30   | -                                      | -                                      | -                                       | -                                       | -                                      | -                                      |
| VII <b>Profit/(loss) Before Tax (V-VI)</b>                             |      | <b>1,173,372,807</b>                   | <b>414,973,036</b>                     | <b>(146,648,938)</b>                    | <b>(23,947,781)</b>                     | <b>1,026,723,869</b>                   | <b>391,025,256</b>                     |
| <b>Earnings Before Interest, Tax, Depn &amp; Amortization (EBITDA)</b> |      | <b>1,522,769,044</b>                   | <b>839,008,715</b>                     | <b>14,423,883</b>                       | <b>10,173,221</b>                       | <b>1,537,192,927</b>                   | <b>849,181,936</b>                     |
| VIII Tax Expense:  |      |  |  |   |   |  |  |
| (1) Current Tax  |      | 173,589,127                            | 107,022,228                            | -                                       | -                                       | 173,589,127                            | 107,022,228                            |
| (2) Adjustment of Tax Related to Earlier Periods                       |      | 352,712,006                            | 558,509,108                            | -                                       | -                                       | 352,712,006                            | 558,509,108                            |
| (3) Deferred Tax   |      | 26,428,349                             | 152,585,228                            | 2,100,605                               | 2,395,488                               | 28,528,954                             | 154,980,716                            |
| <b>Total Tax Expenses</b>  |      | <b>552,729,482</b>                     | <b>818,116,564</b>                     | <b>2,100,605</b>                        | <b>2,395,488</b>                        | <b>554,830,087</b>                     | <b>820,512,052</b>                     |
| IX <b>Profit (Loss) For the Year (VII-VIII)</b>                        |      | <b>620,643,325</b>                     | <b>(403,143,528)</b>                   | <b>(148,749,543)</b>                    | <b>(26,343,268)</b>                     | <b>471,893,782</b>                     | <b>(429,486,796)</b>                   |
| X <b>OTHER COMPREHENSIVE INCOME</b>                                    | 31   |  |  |   |   |  |  |
| A <u>Items That Will Not to 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>             |      |  |  |   |   |  |  |
| <b>Other Comprehensive Income for the Year, Net of Tax</b>             |      | <b>-</b>                               | <b>-</b>                               | <b>-</b>                                | <b>-</b>                                | <b>-</b>                               | <b>-</b>                               |
| XI <b>Total Comprehensive Income For The Year, Net of Tax (IX+X)</b>   |      | <b>620,643,325</b>                     | <b>(403,143,528)</b>                   | <b>(148,749,543)</b>                    | <b>(26,343,268)</b>                     | <b>471,893,782</b>                     | <b>(429,486,796)</b>                   |

In Terms of Our Report of Even Date Annexed

SUBHASH & CO.

CHARTERED ACCOUNTANTS

CA. S. K. Jhunjhunwala  
Partner

Place: Kathmandu

Dated: 2023-01-21



*[Signature]*  
Director

Director



Varun Beverages (Nepal) Pvt. Ltd.  
Summary of Significant Accounting Policies and Other Explanatory Information For The Year Ended 31<sup>st</sup> December, 2022

VBL Nepal in NPR

1A Property, Plant & Equipment

| Gross Block                                     | Land               | Buildings            | Plant and            | Furniture         | Vehicles           | Office            | Computers          | Containers         | PM Vending Machines    | Total                |
|---|--------------------|----------------------|----------------------|-------------------|--------------------|-------------------|--------------------|--------------------|------------------------|----------------------|
|   | Freehold           |                      | Equipment            | And Fixtures      |                    | Equipment         |                    |                    | & Refrig (Visi Cooler) |                      |
| <b>Gross Block</b>                              |                    |                      |                      |                   |                    |                   |                    |                    |                        |                      |
| Balance as at 1st January, 2021                 | 222,349,518        | 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            | 5,072,019,877        |
| Lease Transition Impact as at 1st January, 2021 |                    |                      |                      |                   |                    |                   |                    |                    |                        | -                    |
| 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                               |                    |                      |                      |                   |                    |                   |                    |                    |                        | -                    |
| <b>Balance as at 31st December, 2021</b>        | <b>222,349,518</b> | <b>1,095,569,979</b> | <b>2,218,400,295</b> | <b>16,478,110</b> | <b>175,675,232</b> | <b>13,874,896</b> | <b>6,133,214</b>   | <b>847,812,182</b> | <b>764,487,101</b>     | <b>5,360,780,527</b> |
| <b>Lease Transition Impact</b>                  |                    |                      |                      |                   |                    |                   |                    |                    |                        | -                    |
| Additions                                       | -                  | -                    | 72,346,038           | -                 | 14,593,067         | 60,215            | 1,209,499          | 25,466,583         | 225,210,681            | 338,886,084          |
| Disposals & Reversals                           | -                  | -                    | -                    | (354,351)         | (8,408,468)        | -                 | (320,457)          | (105,905,042.35)   | (15,799,311.59)        | (130,787,630)        |
| Acquisitions through business combinations      |                    |                      |                      |                   |                    |                   |                    |                    |                        | -                    |
| Other adjustments                               |                    |                      |                      |                   |                    |                   |                    |                    |                        | -                    |
| <b>Balance as at 31st December, 2022</b>        | <b>222,349,518</b> | <b>1,095,569,979</b> | <b>2,290,746,333</b> | <b>16,123,759</b> | <b>181,859,831</b> | <b>13,935,112</b> | <b>7,022,256</b>   | <b>767,373,723</b> | <b>973,898,470</b>     | <b>5,568,878,980</b> |
| <b>Accumulated Depreciation</b>                 |                    |                      |                      |                   |                    |                   |                    |                    |                        |                      |
| Balance as at 1st January, 2021                 | -                  | 176,173,511          | 680,956,884          | 9,903,147         | 136,524,578        | 6,010,184         | (2,749,275)        | 128,822,687        | 159,065                | 1,135,800,781        |
| Depreciation charge                             | -                  | 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             | -                  | 1,082,950            | 14,974,540           | 286,611           | 95,365             | (22,453)          | (35,618)           | (49,357)           | 45,408                 | 16,377,447           |
| Reversal on disposal of assets                  | -                  | -                    | -                    | -                 | (3,291,357)        | -                 | -                  | -                  | -                      | (3,291,357)          |
| Acquisitions through business combinations      |                    |                      |                      |                   |                    |                   |                    |                    |                        | -                    |
| <b>Balance as at 31st December, 2021</b>        | <b>-</b>           | <b>212,594,644</b>   | <b>793,430,126</b>   | <b>11,297,121</b> | <b>136,390,342</b> | <b>8,528,884</b>  | <b>(1,619,418)</b> | <b>276,864,632</b> | <b>95,511,048</b>      | <b>1,532,997,378</b> |
| Depreciation Charge for the Period Ended        | -                  | 35,514,794           | 94,429,087           | 949,566           | 3,284,415          | 2,420,206         | 998,706            | 96,842,439         | 101,165,015            | 335,604,227          |
| Ind AS Adj - Depn - Jan To Sept 2022            | -                  | (8,899,922)          | (51,267,532)         | (802,235)         | 6,770,177          | 628,365           | 2,654,269          | 94,570,035         | 97,623,237             | 141,276,395          |
| Reversal on Disposal of Assets                  | -                  | -                    | -                    | (336,634)         | (7,988,045)        | -                 | (304,434)          | (100,609,790)      | (14,515,134)           | (123,754,037)        |
| <b>Balance as at 31st December, 2022</b>        | <b>-</b>           | <b>239,209,515</b>   | <b>836,591,681</b>   | <b>11,107,818</b> | <b>138,456,889</b> | <b>11,577,455</b> | <b>1,729,122</b>   | <b>367,667,316</b> | <b>279,784,166</b>     | <b>1,886,123,963</b> |
| <b>Net Block</b>                                |                    |                      |                      |                   |                    |                   |                    |                    |                        |                      |
| Balance as at 31st December, 2021               | 222,349,518        | 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            | 3,827,783,148        |
| Balance as at 31st December, 2022               | 222,349,518        | 856,360,464          | 1,454,154,652        | 5,015,940         | 43,402,941         | 2,357,656         | 5,293,134          | 399,706,408        | 694,114,304            | 3,682,755,017        |

1B Capital Work In Progress

| Particulars                              | Amount             |
|--|--------------------|
| Balance as at 1st January, 2021          | 151,626,925        |
| Additions During the Year                | 272,727,799        |
| Capitalisation During the Year           | (422,844,827)      |
| <b>Balance as at 31st December, 2021</b> | <b>1,509,897</b>   |
| Additions During the Period              | 578,103,232        |
| Capitalisation During the Period         | (307,263,852)      |
| <b>Balance as at 31st December, 2022</b> | <b>272,349,277</b> |



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**Varun Beverages (Nepal) Pvt. Ltd.**  
**Summary of Significant Accounting Policies and Other Explanatory Information**  
**For The Year Ended 31<sup>st</sup> December, 2022**

**VBL Nepal in NPR**

**1C Right of Use Assets**

| Particulars                               | Land<br>Leasehold | Total       |
|---|-------------------|-------------|
| <b>Gross Carrying Amount</b>              |                   |             |
| Balance as at 1st January, 2021           | 105,133,314       | 105,133,314 |
| Additions for the year                    |                   | -           |
| Disposals for the year                    |                   | -           |
| Balance as at 31st December, 2021         | 105,133,314       | 105,133,314 |
| <b>Accumulated Depreciation</b>           |                   |             |
| Balance as at 1st January, 2021           | 8,410,665         | 8,410,665   |
| Depreciation charge for the year          | 8,410,665         | 8,410,665   |
| Reversal on disposals for the year        |                   | -           |
| Balance as at 31st December, 2021         | 16,821,330        | 16,821,330  |
| Carrying amount as at 31 December 2021    | 88,311,984        | 88,311,984  |
| <b>Gross Carrying Amount</b>              |                   |             |
| Balance as at 1st January, 2022           | 105,133,314       | 105,133,314 |
| Additions for the year                    | 26,203,859        | 26,203,859  |
| Disposals for the year                    |                   | -           |
| Balance as at 31st December, 2022         | 131,337,173       | 131,337,173 |
| <b>Accumulated Depreciation</b>           |                   |             |
| Balance as at 1st January, 2022           | 16,821,330        | 16,821,330  |
| Depreciation charge for the year          | 9,720,858         | 9,720,858   |
| Reversal on disposals for the year        |                   | -           |
| Balance as at 31st December, 2022         | 26,542,188        | 26,542,188  |
| Carrying amount as at 31st December, 2022 | 104,794,985       | 104,794,985 |



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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, 2021               | 1,080,000     | 1,080,000,000 |
| Changes in Share Capital During the Year 2021 | -             | -             |
| Balance as at 31st December, 2021             | 1,080,000     | 1,080,000,000 |
| Changes in Share Capital During the Period    | -             | -             |
| Balance as at 31st December, 2022             | 1,080,000     | 1,080,000,000 |

13 Other Equity

| Particulars                       | Share Premium | Retained Earnings | Capital Reserve | Total         |
|-----------------------------------|---------------|-------------------|-----------------|---------------|
| Balance as at 1st January, 2021   | 53,600,356    | 2,370,269,165     | 88,071,842      | 2,511,941,363 |
| Profit for the Year 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      | 1,596,454,566 |
| Profit for the Period Ended       |               | 471,893,782       |                 | 471,893,782   |
| Dividend Paid                     |               | (864,000,000)     |                 | (864,000,000) |
| Transferred During the Year       |               |                   |                 | -             |
| Balance as at 31st December, 2022 | 53,600,356    | 1,062,676,151     | 88,071,842      | 1,204,348,348 |

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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, 2022

|   |         | Indian<br>GAAP   | Indian GAAP      | IND AS - Adj     | IND AS - Adj     | Post Ind AS      | Post Ind AS      |
|---|---------|------------------|------------------|------------------|------------------|------------------|------------------|
|   | Note    | NPR              | NPR              | NPR              | NPR              | NPR              | NPR              |
|   |         | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| 1A) Property, Plant & Equipment                       | R.N. 1A | 3,369,996,180    | 3,373,747,916    | 312,758,838      | 454,035,232      | 3,682,755,018    | 3,827,783,149    |
| 1B) Capital Work in Progress                          | R.N. 1B | 272,349,277      | 1,509,897        | -                | -                | 272,349,277      | 1,509,897        |
| 1C) Right of Use Assets                               | R.N. 1C |                  |                  | 104,794,985      | 88,311,984       | 104,794,985      | 88,311,984       |
| <b>2. Deferred Tax Assets/(Liability) (Net)</b>       |         |                  |                  |                  |                  |                  |                  |
| Unabsorbed Depn & Carry Forward Losses - Deffered Tax |         | (154,901,295)    | (136,141,347)    | (15,267,758)     | (12,931,930)     | (170,169,053)    | (149,073,277)    |
| Provision For Doubtful Debts - Deffered Tax           |         | -                | 285,768          | 5,059,276        | 4,824,053        | 5,059,276        | 5,109,821        |
| Provision For Retirement Benefits - Deffered Tax      |         | 4,305,223        | 11,687,856       | -                | -                | 4,305,223        | 11,687,856       |
|   |         | (150,596,072)    | (124,167,723)    | (10,208,482)     | (8,107,877)      | (160,804,554)    | (132,275,600)    |
| <b>3. Other Non - Current Assets</b>                  |         |                  |                  |                  |                  |                  |                  |
| Capital advances                                      |         | 297,669,071      | 134,283,903      | -                | -                | 297,669,071      | 134,283,903      |
| Less: Provision for Doubtful Advances                 |         | -                | -                | -                | -                | -                | -                |
|   |         | 297,669,071      | 134,283,903      | -                | -                | 297,669,071      | 134,283,903      |
| Advances other than capital advances                  |         |                  |                  |                  |                  |                  |                  |
| (a) Security Deposits                                 |         | 4,085,584        | 4,560,638        | -                | -                | 4,085,584        | 4,560,638        |
| (b) Advances to Related Parties                       |         |                  |                  |                  |                  |                  |                  |
| (c) Other Advances                                    |         | -                | -                | -                | -                | -                | -                |
|   |         | 301,754,655      | 138,844,541      | -                | -                | 301,754,655      | 138,844,541      |
| <b>4. Inventories</b>                                 |         |                  |                  |                  |                  |                  |                  |
| (a) Raw material                                      |         | 891,636,726      | 381,823,069      | -                | -                | 891,636,726      | 381,823,069      |
| (b) Raw Material in transit                           |         | 2,643,190        | -                | -                | -                | 2,643,190        | -                |
| (c) Work-in-progress                                  |         | 4,687,989        | 5,496,865        | -                | -                | 4,687,989        | 5,496,865        |
| (d) Intermediate goods                                |         |                  |                  |                  |                  |                  |                  |
| (e) Finished goods                                    |         | 306,771,713      | 110,159,642      | -                | -                | 306,771,713      | 110,159,642      |
| (f) Stores and spares                                 |         | 178,784,141      | 153,294,129      | -                | -                | 178,784,141      | 153,294,129      |
|   |         | 1,384,523,759    | 650,773,706      | -                | -                | 1,384,523,759    | 650,773,706      |

*Sanjiv Adhikari*  
KATHMANDU  
VARUN BEVERAGES (NEPAL) PVT. LTD.





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, 2022

|  | Indian<br>GAAP   | Indian GAAP      | IND AS - Adj     | IND AS - Adj     | Post Ind AS      | Post Ind AS      |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Note   | NPR              | NPR              | NPR              | NPR              | NPR              | NPR              |
|  | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 | 31 December 2022 | 31 December 2021 |
| <b>5. Trade receivables</b>                                  |                  |                  |                  |                  |                  |                  |
| Trade Receivable, Considered Good - Unsecured                | 5,710,912        | 5,608,867        | -                | -                | 5,710,912        | 5,608,867        |
| Trade Receivable, Considered Good - Secured                  | 399,701,152      | 189,035,298      | (27,078,048)     | (25,901,930)     | 372,623,104      | 163,133,367      |
| Trade Receivable - Credit Impaired                           | -                | 1,428,840        | 27,078,048       | 25,901,930       | 27,078,048       | 27,330,771       |
|  | 405,412,064      | 196,073,005      | -                | -                | 405,412,064      | 196,073,005      |
| (-) Allowances For Expected Credit Losses                    | -                | (1,428,840)      | (27,078,048)     | (25,901,930)     | (27,078,048)     | (27,330,771)     |
|  | 405,412,064      | 194,644,164      | (27,078,048)     | (25,901,930)     | 378,334,017      | 168,742,234      |
| <b>6. Cash and cash equivalents</b>                          |                  |                  |                  |                  |                  |                  |
| Balance with banks:  |                  |                  |                  |                  |                  |                  |
| - On current accounts  | 26,935,089       | 34,636,776       | -                | -                | 26,935,089       | 34,636,776       |
| - Deposits with original maturity of less than 3 months      | -                | -                | -                | -                | -                | -                |
| Cheques/ drafts on hand                                      |                  |                  |                  |                  |                  |                  |
| Cash on hand   | 1,013,787        | 1,408,526        | -                | -                | 1,013,787        | 1,408,526        |
|  | 27,948,876       | 36,045,302       | -                | -                | 27,948,876       | 36,045,302       |
| <b>7. Other Bank Balances</b>                                |                  |                  |                  |                  |                  |                  |
| Deposits with original maturity > 3 months but < 12 months * | 1,859,619,921    | 1,849,510,366    | -                | -                | 1,859,619,921    | 1,849,510,366    |
|  | 1,859,619,921    | 1,849,510,366    | -                | -                | 1,859,619,921    | 1,849,510,366    |
| *Pledged as security with Banks & Statutory Authorities      |                  |                  |                  |                  |                  |                  |
| <b>8. Other Current Financial Assets</b>                     |                  |                  |                  |                  |                  |                  |
| Interest accrued on:   |                  |                  |                  |                  |                  |                  |
| Term deposits  | 26,138,868       | 30,624,314       | -                | -                | 26,138,868       | 30,624,314       |
| Others   | 1,041,078        | 5,022,634        | -                | -                | 1,041,078        | 5,022,634        |
| Claims Receivable  | 135,655,615      | 14,010,216       | -                | -                | 135,655,615      | 14,010,216       |
|  | 162,835,560      | 49,657,164       | -                | -                | 162,835,560      | 49,657,164       |

*Sanjay Arora*

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VARUN BEVERAGES (NEPAL) PVT. LTD.  
Kathmandu



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, 2022

|  | Indian<br>GAAP     | Indian GAAP       | IND AS - Adj     | IND AS - Adj     | Post Ind AS        | Post Ind AS       |
|--|--------------------|-------------------|------------------|------------------|--------------------|-------------------|
| Note   | NPR                | NPR               | NPR              | NPR              | NPR                | NPR               |
|  | 31 December 2022   | 31 December 2021  | 31 December 2022 | 31 December 2021 | 31 December 2022   | 31 December 2021  |
| <b>9. Current Tax Assets</b>                         |                    |                   |                  |                  |                    |                   |
| Advance Tax (Net of Provisions)                      | -                  | 17,737,325        | -                | -                | -                  | 17,737,325        |
| <b>10. Other Current Assets</b>                      |                    |                   |                  |                  |                    |                   |
| (Unsecured Considered Good, Unless Otherwise Stated) |                    |                   |                  |                  |                    |                   |
| Other Advances:                                      |                    |                   |                  |                  |                    |                   |
| Employees****  | 4,048,169          | 5,667,776         | -                | -                | 4,048,169          | 5,667,776         |
| Contractors & Suppliers****                          | 61,990,864         | 65,643,967        | -                | -                | 61,990,864         | 65,643,967        |
| Prepaid Expenses                                     | 640,000            | 4,497,915         | -                | -                | 640,000            | 4,497,915         |
| Balance With Statutory/Government Authorities        | 32,848,617         | -                 | -                | -                | 32,848,617         | -                 |
| Others   | 143,622,865        | 19,618,076        | -                | -                | 143,622,865        | 19,618,076        |
|  | <b>243,150,515</b> | <b>95,427,733</b> | <b>-</b>         | <b>-</b>         | <b>243,150,515</b> | <b>95,427,733</b> |
| <b>11. Equity Share Capital</b>                      |                    |                   |                  |                  |                    |                   |
| Authorised Share Capital                             |                    |                   |                  |                  |                    |                   |
| 3,380,451 Equity Shares of '1000/- Each              | 3,380,451,000      | 3,380,451,000     |                  |                  | 3,380,451,000      | 3,380,451,000     |
| Issued, Subscribed & Fully Paid - Up                 |                    |                   |                  |                  |                    |                   |
| 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>                              |                    |                   |                  |                  |                    |                   |
| Revaluation Reserve                                  | -                  | -                 | -                | -                | -                  | -                 |
| Balance At Beginning of Reporting Period/Year        |                    |                   |                  |                  | -                  | -                 |
| Add: Transferred during the year*                    |                    |                   |                  |                  | -                  | -                 |
| Balance at the End of the Year                       | -                  | -                 | -                | -                | -                  | -                 |
| Securities Premium Reserve                           |                    |                   |                  |                  |                    |                   |
| 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       |                    |                   |                  |                  |                    |                   |
| Balance at the End of the Year                       | <b>53,600,356</b>  | <b>53,600,356</b> | <b>-</b>         | <b>-</b>         | <b>53,600,356</b>  | <b>53,600,356</b> |

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KATHMANDU  
VARUN BEVERAGES (NEPAL) PVT. LTD.



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, 2022

|   | Indian<br>GAAP          | Indian GAAP             | IND AS - Adj            | IND AS - Adj            | Post Ind AS             | Post Ind AS             |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Note  | NPR<br>31 December 2022 | NPR<br>31 December 2021 | NPR<br>31 December 2022 | NPR<br>31 December 2021 | NPR<br>31 December 2022 | NPR<br>31 December 2021 |
| Capital Reserve   | -                       | -                       | 88,071,842              | 88,071,842              | 88,071,842              | 88,071,842              |
| <b>Surplus in the Statement of Profit and Loss</b>              |                         |                         |                         |                         |                         |                         |
| Balance At Beginning of the Year                                | 1,130,416,339           | 2,019,559,867           | 324,366,030             | 350,709,299             | 1,454,782,369           | 2,370,269,165           |
| Less: Transfer to Debenture Redemption Reserve                  |                         |                         |                         |                         |                         |                         |
| Less: Dividend Paid   | (820,800,000)           | (461,700,000)           |                         |                         | (820,800,000)           | (461,700,000)           |
| Less: Taxes on Dividend Paid                                    | (43,200,000)            | (24,300,000)            |                         |                         | (43,200,000)            | (24,300,000)            |
| Add: Profit For the Year  | 620,643,325             | (403,143,528)           | (148,749,543)           | (26,343,268)            | 471,893,782             | (429,486,796)           |
| Balance at the End of the Year                                  | 887,059,663             | 1,130,416,339           | 175,616,487             | 324,366,030             | 1,062,676,151           | 1,454,782,369           |
| <b>Foreign Currency Monetary Item Translation Diff. 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                                  | -                       | -                       |                         |                         |                         |                         |
|   | 940,660,019             | 1,184,016,695           | 263,688,329             | 412,437,872             | 1,204,348,348           | 1,596,454,566           |
| <b>13A. Non - Current Financial Liabilities</b>                 |                         |                         |                         |                         |                         |                         |
| Loan From Others  | -                       | -                       | 0                       | 0                       | 0                       | 0                       |
| Lease Liabilities   | -                       | -                       | 110,111,082             | 89,886,578              | 110,111,082             | 89,886,578              |
|   | -                       | -                       | 110,111,082             | 89,886,578              | 110,111,082             | 89,886,578              |
| <b>13B. Current Financial Liabilities</b>                       |                         |                         |                         |                         |                         |                         |
| Lease Liabilities   | -                       | -                       | 6,024,933               | 5,570,009               | 6,024,933               | 5,570,009               |
|   | -                       | -                       | 6,024,933               | 5,570,009               | 6,024,933               | 5,570,009               |

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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, 2022

|  |      | Indian<br>GAAP       | Indian GAAP          | IND AS - Adj     | IND AS - Adj     | Post Ind AS          | Post Ind AS          |
|--|------|----------------------|----------------------|------------------|------------------|----------------------|----------------------|
|  | Note | NPR                  | NPR                  | NPR              | NPR              | NPR                  | NPR                  |
|  |      | 31 December 2022     | 31 December 2021     | 31 December 2022 | 31 December 2021 | 31 December 2022     | 31 December 2021     |
| <b>14. Provisions</b>  |      |                      |                      |                  |                  |                      |                      |
| <b>Non - Current</b>   |      |                      |                      |                  |                  |                      |                      |
| Gratuity   |      | 30,149               | 39,096,293           | -                | -                | 30,149               | 39,096,293           |
| Compensated Absences   |      | 22,746,111           | 21,387,799           | -                | -                | 22,746,111           | 21,387,799           |
|  |      | <u>22,776,260</u>    | <u>60,484,092</u>    | <u>-</u>         | <u>-</u>         | <u>22,776,260</u>    | <u>60,484,092</u>    |
| <b>Current</b>   |      |                      |                      |                  |                  |                      |                      |
| Gratuity   |      | -                    | -                    | -                | -                | -                    | -                    |
| Compensated Absences   |      | 6,139,683            | 4,727,077            | 442,950          | 442,950          | 6,582,633            | 5,170,027            |
|  |      | <u>6,139,683</u>     | <u>4,727,077</u>     | <u>442,950</u>   | <u>442,950</u>   | <u>6,582,633</u>     | <u>5,170,027</u>     |
| <b>15. Other Non - Current Liabilities</b>   |      |                      |                      |                  |                  |                      |                      |
| Provision for Contingent Liability (Net of tax paid under protest)                   |      | -                    | -                    | -                | -                | -                    | -                    |
| <b>16. Current borrowings</b>  |      |                      |                      |                  |                  |                      |                      |
| Loans repayable on demand from:  |      |                      |                      |                  |                  |                      |                      |
| A Body Corporate (unsecured)*  |      |                      |                      |                  |                  |                      |                      |
| Banks - Working Capital Facilities (Secured)   |      | 541,848,193          | 111,176,750          | -                | -                | 541,848,193          | 111,176,750          |
| Banks - Working Capital Facilities (Unsecured)                                       |      | -                    | -                    | -                | -                | -                    | -                    |
| Current Maturities of Long Term Debts  |      | <u>541,848,193</u>   | <u>111,176,750</u>   | <u>-</u>         | <u>-</u>         | <u>541,848,193</u>   | <u>111,176,750</u>   |
| <b>17. Trade Payables</b>  |      |                      |                      |                  |                  |                      |                      |
| Trade Payables   |      |                      |                      |                  |                  |                      |                      |
| Total Outstanding Dues to Micro Enterprises & Small Enterprises                      |      |                      |                      |                  |                  |                      |                      |
| Total outstanding dues of creditors other than micro enterprises & small enterprises |      | 1,273,748,073        | 1,083,154,261        | -                | -                | 1,273,748,073        | 1,083,154,261        |
|  |      | <u>1,273,748,073</u> | <u>1,083,154,261</u> | <u>-</u>         | <u>-</u>         | <u>1,273,748,073</u> | <u>1,083,154,261</u> |



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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, 2022

|  | Indian<br>GAAP        | Indian GAAP          | IND AS - Adj     | IND AS - Adj     | Post Ind AS           | Post Ind AS          |
|--|-----------------------|----------------------|------------------|------------------|-----------------------|----------------------|
| Note   | NPR                   | NPR                  | NPR              | NPR              | NPR                   | NPR                  |
|  | 31 December 2022      | 31 December 2021     | 31 December 2022 | 31 December 2021 | 31 December 2022      | 31 December 2021     |
| <b>18. Other Financial Liabilities</b>                   |                       |                      |                  |                  |                       |                      |
| Interest Accrued But Not Due on Borrowings               | 9,240,058             | 3,620,520            | -                | -                | 9,240,058             | 3,620,520            |
| Payable for Capital Expenditure                          | 71,655,868            | 2,070,309            | -                | -                | 71,655,868            | 2,070,309            |
| Employee Related Payables                                | 60,112,462            | 54,578,959           | -                | -                | 60,112,462            | 54,578,959           |
| Unpaid Dividend  | 820,800,000           | 461,700,000          | -                | -                | 820,800,000           | 461,700,000          |
| BG Commission Payable to Parent Company                  | -                     | -                    | -                | -                | -                     | -                    |
| Security Deposits  | 398,831,601           | 369,424,754          | -                | -                | 398,831,601           | 369,424,754          |
|  | <b>1,360,639,989</b>  | <b>891,394,543</b>   | <b>-</b>         | <b>-</b>         | <b>1,360,639,989</b>  | <b>891,394,543</b>   |
| <b>19. Other Current Liabilities</b>                     |                       |                      |                  |                  |                       |                      |
| Advances From Customers                                  | 11,473,435            | 12,118,969           | -                | -                | 11,473,435            | 12,118,969           |
| Statutory Dues Payable                                   | 2,639,501,901         | 1,856,658,006        | -                | -                | 2,639,501,901         | 1,856,658,006        |
|  | <b>2,650,975,336</b>  | <b>1,868,776,976</b> | <b>-</b>         | <b>-</b>         | <b>2,650,975,336</b>  | <b>1,868,776,976</b> |
| <b>20. Current Tax Liabilities (Net)</b>                 |                       |                      |                  |                  |                       |                      |
| Provision For Income Tax (Net of Taxes Paid)             | 207,182               | -                    | -                | -                | 207,182               | -                    |
|  | <b>207,182</b>        | <b>-</b>             | <b>-</b>         | <b>-</b>         | <b>207,182</b>        | <b>-</b>             |
| <b>21. Revenue From Operations</b>                       |                       |                      |                  |                  |                       |                      |
| Revenue From Operations (Gross)                          |                       |                      |                  |                  |                       |                      |
| Sale of Products   | 10,553,591,561        | 7,849,309,564        | -                | -                | 10,553,591,561        | 7,849,309,564        |
| Other Operating Revenue                                  | 14,185,487            | 22,185,031           | -                | -                | 14,185,487            | 22,185,031           |
|  | <b>10,567,777,048</b> | <b>7,871,494,595</b> | <b>-</b>         | <b>-</b>         | <b>10,567,777,048</b> | <b>7,871,494,595</b> |
| <b>22. Other Income</b>                                  |                       |                      |                  |                  |                       |                      |
| Interest On:   |                       |                      |                  |                  |                       |                      |
| - Bank Deposits  | 176,563,800           | 86,860,961           | -                | -                | 176,563,800           | 86,860,961           |
| - Others   | 13,967,373            | 12,762,000           | -                | -                | 13,967,373            | 12,762,000           |
| Net Gain on Foreign Currency Transactions & Translations | -                     | 2,039,387            | -                | -                | -                     | 2,039,387            |
| Excess Provisions Written Back                           | 2,808,946             | 72,255,378           | -                | -                | 2,808,946             | 72,255,378           |
| Gain on Sale of Fixed Assets (Net)                       | 6,124,896             | 1,208,271            | -                | -                | 6,124,896             | 1,208,271            |
| Miscellaneous  | 3,437,421             | 21,728,767           | -                | -                | 3,437,421             | 21,728,767           |
|  | <b>202,902,435</b>    | <b>196,854,763</b>   | <b>-</b>         | <b>-</b>         | <b>202,902,435</b>    | <b>196,854,763</b>   |

*Sanjiv*  
VARUN BEVERAGES (NEPAL) PVT. LTD.  
Kathmandu

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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, 2022

|   | Indian<br>GAAP       | Indian GAAP          | IND AS - Adj     | IND AS - Adj     | Post Ind AS          | Post Ind AS          |
|---|----------------------|----------------------|------------------|------------------|----------------------|----------------------|
| Note  | NPR                  | NPR                  | NPR              | NPR              | NPR                  | NPR                  |
|   | 31 December 2022     | 31 December 2021     | 31 December 2022 | 31 December 2021 | 31 December 2022     | 31 December 2021     |
| <b>23. Cost of Materials Consumed</b>               |                      |                      |                  |                  |                      |                      |
| Raw Material & Packing Material Consumed            |                      |                      |                  |                  |                      |                      |
| Inventories at beginning of the year                | 381,823,069          | 207,678,402          |                  |                  | 381,823,069          | 207,678,402          |
| Purchases during the year (net)                     | 3,962,595,554        | 2,868,401,924        |                  |                  | 3,962,595,554        | 2,868,401,924        |
|   | <u>4,344,418,623</u> | <u>3,076,080,326</u> | -                | -                | <u>4,344,418,623</u> | <u>3,076,080,326</u> |
| Sold during the year                                | 1,341,501            | (5,844,607)          | -                | -                | 1,341,501            | (5,844,607)          |
| Inventories at end of the year                      | 894,279,916          | 381,823,069          |                  |                  | 894,279,916          | 381,823,069          |
|   | <u>3,448,797,206</u> | <u>2,700,101,864</u> | -                | -                | <u>3,448,797,206</u> | <u>2,700,101,864</u> |
| <b>24. Purchases of Traded Goods</b>                |                      |                      |                  |                  |                      |                      |
| Beverages   |                      |                      |                  |                  |                      |                      |
| Others  | 314,414              | 134,190              | -                | -                | 314,414              | 134,190              |
|   | <u>314,414</u>       | <u>134,190</u>       | -                | -                | <u>314,414</u>       | <u>134,190</u>       |
| <b>25. Changes in Inventories of Finished Goods</b> |                      |                      |                  |                  |                      |                      |
| As At the Beginning 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>115,656,507</u>   | <u>95,357,800</u>    |
| As At the Closing of The Year                       |                      |                      |                  |                  |                      |                      |
| Finished Goods                                      | 306,771,713          | 110,159,642          |                  |                  | 306,771,713          | 110,159,642          |
| Intermediate Goods                                  | -                    | -                    |                  |                  | -                    | -                    |
| Work In Progress                                    | 4,687,989            | 5,496,865            |                  |                  | 4,687,989            | 5,496,865            |
|   | <u>311,459,701</u>   | <u>115,656,507</u>   | -                | -                | <u>311,459,701</u>   | <u>115,656,507</u>   |
|   | <u>(195,803,194)</u> | <u>(20,298,707)</u>  | -                | -                | <u>(195,803,194)</u> | <u>(20,298,707)</u>  |
| <b>Excise Paid</b>                                  | 2,461,233,385        | 1,412,927,661        | -                | -                | 2,461,233,385        | 1,412,927,661        |
|   | <u>2,461,233,385</u> | <u>1,412,927,661</u> | -                | -                | <u>2,461,233,385</u> | <u>1,412,927,661</u> |
| <b>26. Employee Benefits Expense</b>                |                      |                      |                  |                  |                      |                      |
| Salaries & Wages                                    | 514,707,233          | 416,791,730          | -                | -                | 514,707,233          | 416,791,730          |
| Contribution to Provident & Other Funds             | 28,892,639           | 21,055,260           | -                | -                | 28,892,639           | 21,055,260           |
| Staff Welfare Expenses                              | 30,027,166           | 23,506,350           | -                | -                | 30,027,166           | 23,506,350           |
|   | <u>573,627,038</u>   | <u>461,353,340</u>   | -                | -                | <u>573,627,038</u>   | <u>461,353,340</u>   |

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KATHMANDU  
VARUN BEVERAGES (NEPAL) PVT. LTD.  
KATHMANDU





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, 2022

|  | Note | Indian<br>GAAP<br>NPR<br>31 December 2022 | Indian GAAP<br>NPR<br>31 December 2021 | IND AS - Adj<br>NPR<br>31 December 2022 | IND AS - Adj<br>NPR<br>31 December 2021 | Post Ind AS<br>NPR<br>31 December 2022 | Post Ind AS<br>NPR<br>31 December 2021 |
|--|------|---|--|---|---|--|--|
| <b>27. Finance Costs</b>                           |      |   |  |   |   |  |  |
| <b>Interest On:</b>                                |      |   |  |   |   |  |  |
| Term Loans   |      | -   | -                                      | -                                       | -                                       | -                                      | -                                      |
| Working Capital Facilities                         |      | 24,306,287                                | 22,905,186                             | -                                       | -                                       | 24,306,287                             | 22,905,186                             |
| Financial Liabilities                              |      | -   | -                                      | 10,075,568                              | 9,332,890                               | 10,075,568                             | 9,332,890                              |
| Others   |      | 161,690,954                               | 181,453,175                            | -                                       | -                                       | 161,690,954                            | 181,453,175                            |
| <b>Other Borrowing Costs:</b>                      |      |   |  |   |   |  |  |
| Processing Fees                                    |      | 2,698,300                                 | 2,160,958                              | -                                       | -                                       | 2,698,300                              | 2,160,958                              |
| Bank Guarantee Fees to Others                      |      | 27,998,905                                | 30,260,615                             | -                                       | -                                       | 27,998,905                             | 30,260,615                             |
| Bank Guarantee Fees to Parent Company              |      | -   | -                                      | -                                       | -                                       | -                                      | -                                      |
|  |      | <b>216,694,446</b>                        | <b>236,779,935</b>                     | <b>10,075,568</b>                       | <b>9,332,890</b>                        | <b>226,770,014</b>                     | <b>246,112,824</b>                     |
| <b>28. Depreciation &amp; Amortisation Expense</b> |      |   |  |   |   |  |  |
| Depreciation on Tangible Assets                    |      | 335,604,227                               | 384,110,507                            | 141,276,395                             | 16,377,447                              | 476,880,621                            | 400,487,954                            |
| Depreciation on Right of Use                       |      | -   | -                                      | 9,720,858                               | 8,410,665                               | 9,720,858                              | 8,410,665                              |
| Amortisation of Intangible Assets                  |      |   |  |   |   |  |  |
|  |      | <b>335,604,227</b>                        | <b>384,110,507</b>                     | <b>150,997,253</b>                      | <b>24,788,112</b>                       | <b>486,601,479</b>                     | <b>408,898,619</b>                     |

*Sanjay Adar*  




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, 2022

|  | Indian<br>GAAP       | Indian GAAP          | IND AS - Adj        | IND AS - Adj        | Post Ind AS          | Post Ind AS          |
|--|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| Note   | NPR                  | NPR                  | NPR                 | NPR                 | NPR                  | NPR                  |
|  | 31 December 2022     | 31 December 2021     | 31 December 2022    | 31 December 2021    | 31 December 2022     | 31 December 2021     |
| <b>29. Other Expenses</b>                                  |                      |                      |                     |                     |                      |                      |
| Power and fuel   | 233,355,046          | 189,686,324          | -                   | -                   | 233,355,046          | 189,686,324          |
| Repair to Plant & Equipment                                | 112,362,365          | 104,274,337          | -                   | -                   | 112,362,365          | 104,274,337          |
| Repair to Buildings  | 24,985,668           | 20,526,599           | -                   | -                   | 24,985,668           | 20,526,599           |
| Repair to Others   | 28,697,086           | 21,905,192           | -                   | -                   | 28,697,086           | 21,905,192           |
| Consumption of Stores & Spares                             | 70,074,703           | 52,132,885           | -                   | -                   | 70,074,703           | 52,132,885           |
| Rent   | 27,411,716           | 25,451,437           | (15,600,000)        | (14,400,000)        | 11,811,716           | 11,051,437           |
| Rates and Taxes  | 79,762,413           | 465,664,198          | -                   | -                   | 79,762,413           | 465,664,198          |
| Insurance  | 17,440,045           | 13,328,947           | -                   | -                   | 17,440,045           | 13,328,947           |
| Printing and stationery                                    | 4,197,254            | 1,654,736            | -                   | -                   | 4,197,254            | 1,654,736            |
| Communication  | 3,423,988            | 3,593,995            | -                   | -                   | 3,423,988            | 3,593,995            |
| Travelling and Conveyance                                  | 25,534,885           | 23,188,339           | -                   | -                   | 25,534,885           | 23,188,339           |
| Payment to the Auditors As                                 |                      |                      |                     |                     |                      |                      |
| Audit & Reviews  | 2,975,000            | 2,175,000            | -                   | -                   | 2,975,000            | 2,175,000            |
| Taxation Matters   |                      |                      |                     |                     |                      |                      |
| Reimbursement of Expenses                                  |                      |                      |                     |                     |                      |                      |
| Vehicle Running & Maintenance                              | 15,501,427           | 10,699,972           | -                   | -                   | 15,501,427           | 10,699,972           |
| Lease and hire charges                                     | -                    | -                    | -                   | -                   | -                    | -                    |
| Security and service charges                               | 23,528,953           | 17,389,151           | -                   | -                   | 23,528,953           | 17,389,151           |
| Professional charges and consultancy                       | 16,509,432           | 14,588,886           | -                   | -                   | 16,509,432           | 14,588,886           |
| Bank charges   | 8,993,802            | 2,757,856            | -                   | -                   | 8,993,802            | 2,757,856            |
| Advertisement and sales promotion                          | 250,838,350          | 114,944,575          | -                   | -                   | 250,838,350          | 114,944,575          |
| Meeting and conference                                     | 81,389               | 624,589              | -                   | -                   | 81,389               | 624,589              |
| Freight, octroi and insurance paid (net)                   | 601,814,963          | 396,200,141          | -                   | -                   | 601,814,963          | 396,200,141          |
| Delivery vehicle running and maintenance                   | 63,534,397           | 49,220,829           | -                   | -                   | 63,534,397           | 49,220,829           |
| Distribution expenses                                      | 97,409,690           | 69,732,869           | -                   | -                   | 97,409,690           | 69,732,869           |
| Loading and unloading charges                              | 32,334,086           | 23,725,609           | -                   | -                   | 32,334,086           | 23,725,609           |
| Donations  | 281,100              | 671,000              | -                   | -                   | 281,100              | 671,000              |
| Property, Plant & Equipment Written Off                    | -                    | -                    | -                   | -                   | -                    | -                    |
| Loss on disposal of Property, Plant & Equipment (Net)      | -                    | -                    | -                   | -                   | -                    | -                    |
| Bad Debts & Advances Written Off                           | -                    | -                    | -                   | -                   | -                    | -                    |
| Allowance for Doubtful Debts                               | -                    | -                    | 1,176,117           | 4,226,779           | 1,176,117            | 4,226,779            |
| Net loss on foreign currency transactions and translations | -                    | -                    | -                   | -                   | -                    | -                    |
| General office and other miscellaneous expenses            | 297,557,532          | 240,012,763          | -                   | -                   | 297,557,532          | 240,012,763          |
| Management Fee   | 718,233,865          | 614,117,305          | -                   | -                   | 718,233,865          | 614,117,305          |
|  | <b>2,756,839,156</b> | <b>2,478,267,534</b> | <b>(14,423,883)</b> | <b>(10,173,221)</b> | <b>2,742,415,273</b> | <b>2,468,094,313</b> |



*Signature*  
Kathmandu

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, 2022

|   |      | Indian<br>GAAP          | Indian GAAP             | IND AS - Adj            | IND AS - Adj            | Post Ind AS             | Post Ind AS             |
|---|------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|   | Note | NPR<br>31 December 2022 | NPR<br>31 December 2021 | NPR<br>31 December 2022 | NPR<br>31 December 2021 | NPR<br>31 December 2022 | NPR<br>31 December 2021 |
| <b>30. Prior Period Items</b>                               |      |                         |                         |                         |                         |                         |                         |
| Depreciation of Leasehold Land for Earlier Years            |      | -                       | -                       | -                       | -                       | -                       | -                       |
| <b>31. Other Comprehensive Income</b>                       |      |                         |                         |                         |                         |                         |                         |
| Remeasurement of the defined benefit plans                  |      |                         |                         |                         |                         |                         |                         |
| IT relating to items that will not be reclassified to P & L |      | -                       | -                       | -                       | -                       | -                       | -                       |

*Sanjiv Adhikari*  
Kathmandu





**VARUN BEVERAGES LANKA (PVT) LTD**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**TOGETHER WITH AUDITOR'S REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**

## **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 2022, 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 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standard for Small and Medium-sized Entities (SLFRS for SMEs).

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

Since 2013 to 2017 Borrowing costs and exchange losses amounting to Rs.658.8 million incurred on a loan obtained to finance Property, Plant and Equipment acquisition (Building and Plant and Machinery) have been capitalized under cost of such items in these financial statements. This is not in compliance with the requirements of Sections 17,30 and 25 of the SLFRS for SMEs. Consequentially, the profit of the Company and Group for the year ended 31 December 2022 is understated by Rs.24.2 million (2021- Rs.24.2 million) and accumulated losses of the Company and Group as of 31 December 2022 have been understated by Rs.463.3 million (2021-487.6million) respectively. Further the net book value of property plant and equipment as of 31 December 2022 of the Company and the Group have been overstated by Rs.463.3 million (2021-Rs. 487.6). 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 SMEs), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

*SJMS Associates*

**SJMS ASSOCIATES**  
Chartered Accountants  
Colombo  
25 January 2023





**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|  | Note | Company<br>Year Ended<br>31.12.2022<br>Rs. | Group<br>Year Ended<br>31.12.2022<br>Rs. | Company<br>Year Ended<br>31.12.2021<br>Rs. | Group<br>Year Ended<br>31.12.2021<br>Rs. |
|--|------|--|--|--|--|
| Revenue  | 4    | 6,949,134,364                              | 8,913,533,264                            | 3,505,514,053                              | 5,176,155,520                            |
| Cost of sales  | 5    | (4,945,484,814)                            | (5,853,376,420)                          | (2,233,622,217)                            | (2,960,812,919)                          |
| Gross profit   |      | 2,003,649,551                              | 3,060,156,843                            | 1,271,891,836                              | 2,215,342,601                            |
| Other income   | 6    | 1,029,932,208                              | 1,046,073,920                            | 240,068,713                                | 263,421,148                              |
|  |      | 3,033,581,759                              | 4,106,230,763                            | 1,511,960,549                              | 2,478,763,749                            |
| <b>Less: Expenditure</b>   |      |  |  |  |  |
| Administrative expenses  |      | (261,464,478)                              | (301,898,245)                            | (172,892,373)                              | (204,651,901)                            |
| Selling and distribution expenses  |      | (1,709,511,391)                            | (2,305,724,508)                          | (1,048,266,886)                            | (1,675,633,785)                          |
| Profit / (loss) from operations  |      | 1,062,605,890                              | 1,498,608,011                            | 290,801,291                                | 598,478,063                              |
| Finance and other costs  | 8    | (384,382,232)                              | (559,313,264)                            | (55,452,480)                               | (97,930,288)                             |
| Profit / (loss) before tax   | 7    | 678,223,658                                | 939,294,747                              | 235,348,810                                | 500,547,775                              |
| Income tax expense / (reversal)  | 9    | (161,988,720)                              | (175,422,243)                            | (35,442,710)                               | (176,332,591)                            |
| <b>Profit / (loss) for the year</b>  |      | <b>516,234,938</b>                         | <b>763,872,504</b>                       | <b>199,906,101</b>                         | <b>324,215,184</b>                       |
| <b>Other comprehensive income/ (expense) not to be reclassified to income statement in subsequent period</b> |      |  |  |  |  |
| Actuarial gain / (loss) on employee benefit obligations  |      | 347,063                                    | 2,011,863                                | 19,162,385                                 | 29,202,813                               |
| Deferred tax on actuarial gain / loss  |      | (52,059)                                   | (551,500)                                | (2,874,358)                                | (3,199,668)                              |
| <b>Total comprehensive income / (expense) for the year</b>   |      | <b>516,529,941</b>                         | <b>765,332,868</b>                       | <b>216,194,128</b>                         | <b>350,218,330</b>                       |
| <b>Attributable to :</b>   |      |  |  |  |  |
| Owners of the parent   |      | 516,529,941                                | 765,332,868                              | 216,194,128                                | 350,218,330                              |
| Non-controlling interest   |      | <b>516,529,941</b>                         | <b>765,332,868</b>                       | <b>216,194,128</b>                         | <b>350,218,330</b>                       |

The accounting policies and notes from 1 to 23 form an integral part of these financial statements.



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

|   | Note | Company<br>31.12.2022<br>Rs. | Group<br>31.12.2022<br>Rs. | Company<br>31.12.2021<br>Rs. | Group<br>31.12.2021<br>Rs. |
|---|------|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>Assets</b>   |      |                              |                            |                              |                            |
| <b>Non Current Assets</b>                                 |      |                              |                            |                              |                            |
| Property, plant and equipment                             | 10   | 2,569,653,360                | 4,127,557,252              | 2,511,331,896                | 4,318,629,112              |
| Capital work-in-progress                                  | 11   | 17,358,461                   | 19,795,361                 | -                            | -                          |
| Deferred tax asset  |      | -                            | -                          | 41,859,228                   | 41,859,228                 |
| Investment in subsidiary - Ole Springs Bottlers (Pvt) Ltd |      | 940,828,790                  | -                          | 940,828,790                  | -                          |
|   |      | <u>3,527,840,611</u>         | <u>4,147,352,613</u>       | <u>3,494,019,914</u>         | <u>4,360,488,340</u>       |
| <b>Current Assets</b>                                     |      |                              |                            |                              |                            |
| Inventories   | 12   | 1,162,618,057                | 1,480,023,606              | 638,099,201                  | 860,408,020                |
| Trade and other receivables                               | 13   | 791,335,528                  | 1,043,245,643              | 183,351,115                  | 585,297,737                |
| Amounts due from related parties                          | 21   | 731,377,536                  | -                          | 1,448,252,582                | 5,307,891                  |
| Fixed deposits with banks                                 | 15   | 906,998,582                  | 906,998,582                | 57,914,774                   | 261,496,948                |
| Cash and cash equivalents                                 | 14   | 166,880,590                  | 185,937,744                | 891,121,846                  | 944,973,044                |
|   |      | <u>3,759,210,293</u>         | <u>3,616,205,575</u>       | <u>3,218,739,518</u>         | <u>2,657,483,640</u>       |
| <b>Total Assets</b>                                       |      | <u>7,287,050,904</u>         | <u>7,763,558,188</u>       | <u>6,712,759,432</u>         | <u>7,017,971,980</u>       |
| <b>Equity and Liabilities</b>                             |      |                              |                            |                              |                            |
| <b>Equity</b>   |      |                              |                            |                              |                            |
| Stated capital  | 16   | 6,438,536,700                | 6,438,536,700              | 6,438,536,700                | 6,438,536,700              |
| Accumulated losses  |      | (193,684,816)                | (300,309,591)              | (710,214,757)                | (964,472,254)              |
| <b>Total Equity</b>                                       |      | <u>6,244,851,884</u>         | <u>6,138,227,109</u>       | <u>5,728,321,943</u>         | <u>5,474,064,446</u>       |
| <b>Non Current Liabilities</b>                            |      |                              |                            |                              |                            |
| Bottle deposits payable                                   | 17   | 61,127,342                   | 181,966,818                | 36,736,220                   | 165,963,992                |
| Retirement benefit obligations                            | 18   | 70,996,156                   | 99,181,460                 | 58,475,690                   | 84,672,785                 |
| Deferred tax liability                                    | 9.2  | 120,181,552                  | 362,664,966                | -                            | 127,380,247                |
|   |      | <u>252,305,050</u>           | <u>643,813,244</u>         | <u>95,211,910</u>            | <u>378,017,024</u>         |
| <b>Current Liabilities</b>                                |      |                              |                            |                              |                            |
| Trade and other payables                                  | 19   | 635,609,670                  | 801,555,284                | 839,255,354                  | 1,102,977,817              |
| Amounts due to related parties                            | 21   | 154,284,300                  | 179,962,551                | 49,970,225                   | 62,912,693                 |
| <b>Total Current Liabilities</b>                          |      | <u>789,893,970</u>           | <u>981,517,835</u>         | <u>889,225,579</u>           | <u>1,165,890,510</u>       |
| <b>Total Equity and Liabilities</b>                       |      | <u>7,287,050,904</u>         | <u>7,763,558,188</u>       | <u>6,712,759,432</u>         | <u>7,017,971,980</u>       |

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

*[Signature]*  
**Finance Officer**

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

*[Signature]*  
**Director**  
25 January 2023

**Director**  
25 January 2023

The accounting policies and notes from 1 to 23 form an integral part of these financial statements.



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|   | <b>Stated<br/>Capital<br/>Rs.</b> | <b>Accumulated<br/>Losses<br/>Rs.</b> | <b>Total<br/>Rs.</b> |
|---|-----------------------------------|---------------------------------------|----------------------|
| <b>Company</b>                                      |                                   |                                       |                      |
| Balance as at 01.01.2021                            | 6,438,536,700                     | (926,408,886)                         | 5,512,127,814        |
| Profit / (loss) for the year                        | -                                 | 199,906,101                           | 199,906,101          |
| Other comprehensive income / (loss) for the year    | -                                 | 16,288,027                            | 16,288,027           |
| <b>Balance as at 31.12.2021</b>                     | <b>6,438,536,700</b>              | <b>(710,214,757)</b>                  | <b>5,728,321,943</b> |
| Profit / (loss) for the year                        | -                                 | 516,234,938                           | 516,234,938          |
| Other comprehensive income / (loss) for the year    | -                                 | 295,003                               | 295,003              |
| <b>Balance as at 31.12.2022</b>                     | <b>6,438,536,700</b>              | <b>(193,684,816)</b>                  | <b>6,244,851,884</b> |
|   |                                   |                                       |                      |
|   | <b>Stated<br/>Capital<br/>Rs.</b> | <b>Accumulated<br/>Losses<br/>Rs.</b> | <b>Total<br/>Rs.</b> |
| <b>Group</b>  |                                   |                                       |                      |
| Balance as at 01.01.2021                            | 6,438,536,700                     | (1,398,999,088)                       | 5,039,537,612        |
| Profit / (loss) for the year                        | -                                 | 324,215,184                           | 324,215,184          |
| Deferred tax adjustment on revaluation gain on land | -                                 | 84,308,504                            | 84,308,504           |
| Other comprehensive income / (loss) for the year    | -                                 | 26,003,146                            | 26,003,146           |
| <b>Balance as at 31.12.2021</b>                     | <b>6,438,536,700</b>              | <b>(964,472,254)</b>                  | <b>5,474,064,446</b> |
| Deferred tax adjustment on revaluation gain on land | -                                 | (101,170,205)                         | (101,170,205)        |
| Profit / (loss) for the year                        | -                                 | 763,872,504                           | 763,872,504          |
| Other comprehensive income / (loss) for the year    | -                                 | 1,460,364                             | 1,460,364            |
| <b>Balance as at 31.12.2022</b>                     | <b>6,438,536,700</b>              | <b>(300,309,591)</b>                  | <b>6,138,227,109</b> |

The accounting policies and notes from 1 to 23 form an integral part of these financial statements.



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|  | Note        | Company<br>Year Ended<br>31.12.2022<br>Rs. | Group<br>Year Ended<br>31.12.2021<br>Rs. | Company<br>Year Ended<br>31.12.2021<br>Rs. | Group<br>Year Ended<br>31.12.2022<br>Rs. |
|--|-------------|--|--|--|--|
| <b>Cash Flows from Operating Activities</b>                      |             |  |  |  |  |
| Profit before tax  |             | 678,223,658                                | 939,294,747                              | 235,348,810                                | 500,547,775                              |
| <b>Adjustment for:</b>   |             |  |  |  |  |
| Depreciation   | 10.1 & 10.2 | 209,405,514                                | 365,485,495                              | 199,943,380                                | 360,386,662                              |
| Provision for bad and doubtful debts                             |             | 1,416,333                                  | 9,464,830                                | 191,258                                    | 871,269                                  |
| Asset Scrap loss   | 8           | 29,244,513                                 | 142,212,283                              | 8,516,699                                  | 29,285,355                               |
| Expiries and breakages   | 8 & 2       | 16,708,850                                 | 25,406,114                               | 6,908,953                                  | 11,102,974                               |
| Provision for inventory obsolescence                             | 8           | 34,852,635                                 | 55,719,977                               | -  | -  |
| Interest cots on gratuity  | 18          | 9,156,158                                  | 12,037,839                               | 5,185,123                                  | 7,753,292                                |
| Provision for gratuity   | 18          | 6,432,326                                  | 7,734,472                                | 6,795,901                                  | 7,921,554                                |
| Operating profit before working capital changes                  |             | 985,439,988                                | 1,557,355,757                            | 462,890,124                                | 917,868,880                              |
| <b>Working Capital Changes</b>                                   |             |  |  |  |  |
| (Increase) in inventories  |             | (576,080,342)                              | (700,741,677)                            | (133,862,702)                              | (73,533,634)                             |
| Increase in amounts due to related parties                       |             | 104,314,076                                | 117,049,859                              | 40,594,842                                 | 46,473,329                               |
| Decrease in amounts due from related parties                     |             | 716,875,046                                | 5,307,891                                | 395,236,555                                | 55,578,188                               |
| (increase)/decrease in accounts receivable                       |             | (609,400,746)                              | (467,412,709)                            | 20,543,439                                 | (51,030,080)                             |
| (Decrease)/increase in accounts payable                          |             | (179,254,562)                              | (285,419,708)                            | 472,050,241                                | 480,453,144                              |
| Cash generated from/ (used in) operations                        |             | 441,893,459                                | 226,139,414                              | 1,257,452,499                              | 1,375,809,827                            |
| Gratuity paid  | 18          | (2,720,956)                                | (3,251,774)                              | (6,063,728)                                | (8,981,168)                              |
| Cash generated from operations                                   |             | 439,172,503                                | 222,887,640                              | 1,251,388,771                              | 1,366,828,659                            |
| <b>Cash Flows from Investing Activities</b>                      |             |  |  |  |  |
| Acquisition of property, plant and equipment                     | 10.1 & 10.2 | (298,592,815)                              | (318,247,267)                            | (214,364,809)                              | (248,506,931)                            |
| Expenditure on capital work in progress                          | 11          | (17,358,461)                               | (19,795,361)                             | -  | -  |
| Proceeds on sale of property, plant and equipment                |             | 1,621,324                                  | 1,621,324                                | 10,708,016                                 | 10,707,992                               |
| Addition to fixed deposits with banks                            |             | (849,083,808)                              | (645,501,635)                            | (55,370,363)                               | (49,923,920)                             |
| Net cash used in investing activities                            |             | (1,163,413,761)                            | (981,922,940)                            | (259,027,156)                              | (287,722,859)                            |
| <b>Cash Flows from Financing Activities</b>                      |             |  |  |  |  |
| Repayment of borrowings  |             | -  | -  | (100,540,883)                              | (103,657,733)                            |
| Net cash flow from investing activities                          |             | -  | -  | (100,540,883)                              | (103,657,733)                            |
| Net (decrease)/increase in cash and cash equivalents             |             | (724,241,257)                              | (759,035,300)                            | 891,820,732                                | 975,448,067                              |
| Cash and cash equivalents at the beginning of the year (Note 14) |             | 891,121,846                                | 944,973,044                              | (698,886)                                  | (30,475,024)                             |
| Cash and cash equivalents at the end of the year (Note 14)       |             | <b>166,880,590</b>                         | <b>185,937,744</b>                       | <b>891,121,846</b>                         | <b>944,973,043</b>                       |

The accounting policies and notes from 1 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 2022**

**1. General**

**1.1 Reporting Entity**

Varun Beverages Lanka (Private) Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and its 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 25 January 2023.

**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 2022 includes Ole Springs Bottlers (Pvt) Ltd which is a subsidiary of the company.



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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 comprehensive income 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 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.



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**2.4 Expenditure Recognition**

Expenses are recognized in the comprehensive income on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditures 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 the statement of comprehensive income 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 comprehensive income 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 comprehensive income. 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.



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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 comprehensive income. 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 comprehensive income 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              |
| Furniture and fittings | 10              |
| Motor vehicles         | 14.29           |
| Trade equipment        | 12.5            |
| Office equipment       | 25              |
| Buildings              | 3.34            |
| Plant and machinery    | 4.75            |
| Bottles and crates     | 12.5            |

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

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



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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 comprehensive income.

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

**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 Equivalents**

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

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



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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.

**Bottle Deposit Payable**

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

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

**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 comprehensive income statement in the period which it relates. 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 comprehensive income as in the periods during which services are rendered by employees.

**Employees' Provident Fund**

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

**Employees' Trust Fund**

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





**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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.

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 18.

**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.



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|  | Company<br>Year Ended<br>31.12.2022<br>Rs. | Group<br>Year Ended<br>31.12.2022<br>Rs. | Company<br>Year Ended<br>31.12.2021<br>Rs. | Group<br>Year Ended<br>31.12.2021<br>Rs. |
|--|--|--|--|--|
| <b>4. Revenue</b>                                  |  |  |  |  |
| Local sales  | 7,576,004,744                              | 9,894,996,447                            | 3,912,423,266                              | 5,899,650,155                            |
| Export sales                                       | 19,130,453                                 | 21,140,153                               | 105,962,426                                | 109,674,206                              |
| Trade discounts                                    | (76,171,440)                               | (240,353,265)                            | (84,311,385)                               | (260,324,343)                            |
|  | <u>7,518,963,756</u>                       | <u>9,675,783,336</u>                     | <u>3,934,074,307</u>                       | <u>5,749,000,019</u>                     |
| Social Security Contribution Levy                  | (37,997,311)                               | (47,728,917)                             | -  | -  |
| Excise duty  | (531,832,081)                              | (714,521,155)                            | (428,560,254)                              | (572,844,499)                            |
|  | <u>6,949,134,364</u>                       | <u>8,913,533,264</u>                     | <u>3,505,514,053</u>                       | <u>5,176,155,520</u>                     |
| <b>5. Cost of Finished Goods Manufactured</b>      |  |  |  |  |
| Finished goods at the at the beginning of the year | 97,403,013                                 | 128,647,006                              | 75,148,394                                 | 119,679,645                              |
| Finished goods purchase                            | 47,748,806                                 | 4,626,781                                | -  | 5,239,038                                |
| Factory cost transferred (Note 5.1)                | 5,177,136,019                              | 6,141,444,253                            | 2,255,876,836                              | 2,964,541,242                            |
| Finished goods at the end of the                   | (376,803,024)                              | (421,341,621)                            | (97,403,013)                               | (128,647,006)                            |
|  | <u>4,945,484,814</u>                       | <u>5,853,376,420</u>                     | <u>2,233,622,217</u>                       | <u>2,960,812,919</u>                     |
| <b>5.1 Factory Cost Transferred</b>                |  |  |  |  |
| Raw materials at the beginning of the year         | 369,445,899                                | 508,094,998                              | 276,278,593                                | 462,747,269                              |
| Raw materials purchase                             | 4,235,977,528                              | 4,875,185,802                            | 1,753,618,607                              | 2,110,778,469                            |
| Raw materials at the end of the                    | (431,864,593)                              | (652,376,463)                            | (369,445,899)                              | (508,094,998)                            |
| Raw materials consumed                             | <u>4,173,558,834</u>                       | <u>4,730,904,337</u>                     | <u>1,660,451,300</u>                       | <u>2,065,430,740</u>                     |
| Production overheads (Note 5.2)                    | 1,003,577,184                              | 1,410,539,917                            | 595,425,535                                | 899,110,502                              |
|  | <u>5,177,136,019</u>                       | <u>6,141,444,253</u>                     | <u>2,255,876,836</u>                       | <u>2,964,541,242</u>                     |
| <b>5.2 Production Overheads</b>                    |  |  |  |  |
| Salaries   | 131,229,894                                | 157,768,866                              | 105,983,951                                | 132,374,767                              |
| Wages  | 20,218,691                                 | 74,506,043                               | 11,543,976                                 | 42,243,101                               |
| Overtime   | 79,775,996                                 | 124,887,798                              | 41,594,026                                 | 52,563,145                               |
| Bonus  | 17,498,093                                 | 21,630,746                               | 15,569,724                                 | 19,040,019                               |
| Allowance  | 15,615,075                                 | 16,625,877                               | 5,907,949                                  | 6,185,981                                |
| Employees' Provident Fund                          | 16,568,634                                 | 19,768,425                               | 13,383,638                                 | 16,560,164                               |
| Employees' Trust Fund                              | 4,142,158                                  | 4,942,106                                | 3,345,909                                  | 4,140,041                                |
| Staff welfare                                      | 7,702,986                                  | 8,066,536                                | 2,333,104                                  | 2,343,184                                |
| Medical  | 2,822,266                                  | 3,079,340                                | 1,936,616                                  | 2,151,810                                |
| Terminal gratuity                                  | 2,387,350                                  | 3,209,537                                | 2,575,874                                  | 3,261,948                                |
| Motor vehicle fuel                                 | 192,657,192                                | 206,389,386                              | 48,218,546                                 | 49,595,463                               |
| Chemicals  | 64,634,058                                 | 93,877,762                               | 26,890,020                                 | 41,241,108                               |
| Lab consumables                                    | -  | 1,985,177                                | -  | 1,771,886                                |
| Lab testing charges                                | 8,925,242                                  | 8,925,242                                | 4,308,255                                  | 4,308,255                                |
| Tea and flooding                                   | 15,003,717                                 | 15,003,717                               | 13,995,062                                 | 13,995,062                               |
| Staff uniforms                                     | -  | -  | -  | 1,941,868                                |
| Electricity  | 155,403,134                                | 219,139,222                              | 92,868,525                                 | 130,589,296                              |
| Postage and courier charges                        | 1,575,674                                  | 1,575,674                                | 959,609                                    | 959,609                                  |
| Telephone  | 258,536                                    | 1,324,353                                | 119,673                                    | 1,095,997                                |
| General insurance                                  | 6,051,828                                  | 9,089,343                                | 3,415,087                                  | 5,533,225                                |
| Printing and stationery                            | 2,816,643                                  | 2,816,643                                | 961,380                                    | 961,380                                  |
| Security charges                                   | 5,510,718                                  | 15,099,610                               | 5,802,222                                  | 12,554,603                               |
| Motor vehicle fuel                                 | -  | 82,282                                   | -  | 267,900                                  |
| Depreciation                                       |  |  |  |  |
| - Factory building                                 | -  | 3,585,351                                | -  | 3,585,351                                |
| - Plant and machinery                              | 109,221,450                                | 132,357,188                              | 106,951,328                                | 130,049,374                              |
| - Office equipment                                 | -  | 28,501                                   | -  | 40,892                                   |
| - Furniture and fittings                           | -  | 105,604                                  | -  | 83,143                                   |
| - Motor vehicles and forklift                      | -  | 940,870                                  | -  | 940,870                                  |
| - Computers  | -  | 43,635                                   | -  | 73,714                                   |
| - Bottles and crates                               | -  | 60,815,307                               | -  | 87,997,885                               |
| Building repairs and maintenance                   | 4,664,799                                  | 13,634,534                               | 22,134,269                                 | 28,663,252                               |
| Equipment maintenance                              | 135,085,364                                | 184,977,557                              | 63,396,791                                 | 100,566,208                              |
| Travelling and transport                           | 3,259,765                                  | 3,259,765                                | 1,230,001                                  | 1,230,001                                |
| Loading charges                                    | -  | 450,000                                  | -  | 200,000                                  |
|  | <u>1,003,577,184</u>                       | <u>1,410,539,917</u>                     | <u>595,425,535</u>                         | <u>899,110,502</u>                       |



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|   | Company<br>Year Ended<br>31.12.2022<br>Rs. | Group<br>Year Ended<br>31.12.2022<br>Rs. | Company<br>Year Ended<br>31.12.2021<br>Rs. | Group<br>Year Ended<br>31.12.2021<br>Rs. |
|---|--|--|--|--|
| <b>6. Other Income</b>  |  |  |  |  |
| Foreign services income   | 768,188,307                                | 768,188,307                              | 226,932,210                                | 226,932,210                              |
| Scrap sales   | 6,712,678                                  | 21,023,349                               | 6,148,258                                  | 18,751,465                               |
| Miscellaneous income  | 79,000                                     | 79,000                                   | 13,889                                     | 13,889                                   |
| Interest income   | 254,952,223                                | 256,783,264                              | 6,974,357                                  | 17,723,583                               |
|   | <u>1,029,932,208</u>                       | <u>1,046,073,920</u>                     | <u>240,068,713</u>                         | <u>263,421,148</u>                       |
| <b>7. Profit Before Tax is Stated after Charging all Expenses Including the Following:</b>                                    |  |  |  |  |
| Personnel cost  | 556,045,284                                | 715,308,929                              | 411,536,089                                | 539,056,474                              |
| Defined contribution plan costs - EPF &ETF  | 61,391,144                                 | 67,952,412                               | 49,854,991                                 | 56,704,301                               |
| Provision for gratuity  | 9,156,158                                  | 7,734,472                                | 6,795,901                                  | 7,921,554                                |
| Bonus   | 52,757,809                                 | 58,443,424                               | 35,490,614                                 | 40,963,572                               |
| Depreciation  | 209,405,514                                | 365,485,495                              | 199,943,380                                | 360,386,662                              |
| Insurance   | 11,704,110                                 | 14,741,625                               | 7,188,964                                  | 9,307,102                                |
| Auditor's fee   | 2,036,958                                  | 3,298,484                                | 1,750,950                                  | 2,831,514                                |
| <b>8. Finance Cost and Other Costs</b>  |  |  |  |  |
| Bank overdraft interest   | 33,083,260                                 | 36,737,261                               | 3,492,590                                  | 4,238,746                                |
| Asset scrap loss  | 29,244,513                                 | 142,212,283                              | 8,516,699                                  | 29,285,355                               |
| Loans and customer's guarantee interest   | 2,229,057                                  | 5,158,552                                | -  | 3,118,367                                |
| Expiries and breakages  | -  | 8,697,264                                | 6,908,953                                  | 11,102,974                               |
| Impairment of inventory   | 34,852,635                                 | 55,719,977                               | -  | -  |
| Bank charges  | 15,757,925                                 | 19,990,133                               | 1,682,025                                  | 1,917,352                                |
| Exchange loss   | 260,058,683                                | 278,759,954                              | 29,667,091                                 | 40,514,203                               |
| Interest on gratuity  | 9,156,158                                  | 12,037,839                               | 5,185,123                                  | 7,753,292                                |
|   | <u>384,382,232</u>                         | <u>559,313,264</u>                       | <u>55,452,480</u>                          | <u>97,930,288</u>                        |
| <b>9. Taxation</b>  |  |  |  |  |
| <b>Income tax expenses</b>  |  |  |  |  |
| Deferred tax expense / (benefit)  | 162,040,780                                | 175,973,742                              | 38,317,067                                 | 179,532,258                              |
| Deferred tax charge against other comprehensive income  | (52,059)                                   | (551,500)                                | (2,874,358)                                | (3,199,668)                              |
| Income tax expenses   | -  | -  | -  | -  |
| Income tax payment for previous year  | -  | -  | -  | -  |
|   | <u>161,988,720</u>                         | <u>175,422,243</u>                       | <u>35,442,710</u>                          | <u>176,332,591</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   | 678,223,658                                | 939,294,747                              | 235,348,810                                | 500,547,775                              |
| Allowable credits   | (503,175,076)                              | (429,326,743)                            | (205,218,840)                              | (470,417,804)                            |
| Non- deductible expenses  | 295,776,626                                | 783,488,389                              | 229,448,243                                | 229,448,243                              |
| Investment income   | 254,952,223                                | 273,796,491                              | 6,974,357                                  | 6,974,357                                |
| Tax loss claimed  | (725,777,431)                              | (1,567,252,883)                          | (266,552,571)                              | (266,552,570)                            |
| Tax loss removed for tax holiday  | -  | -  | -  | -  |
| 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"



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**9.2 Deferred tax balances**

|                                 | <b>Impairment of<br/>Inventory</b> | <b>Property,<br/>Plant &amp;<br/>Equipment</b> | <b>Retirement<br/>Benefit<br/>Obligation</b> | <b>Bad Debt<br/>Provision</b> | <b>Unused Tax<br/>Losses</b> | <b>Total</b>  |
|---------------------------------|------------------------------------|--|--|-------------------------------|------------------------------|---------------|
|                                 | <b>Rs.</b>                         | <b>Rs.</b>                                     | <b>Rs.</b>                                   | <b>Rs.</b>                    | <b>Rs.</b>                   | <b>Rs.</b>    |
| <b>Company</b>                  |                                    |  |  |                               |                              |               |
| Balance as at 1 January 2021    | -                                  | (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    |                                    | 3,396,066                                      | (1,598,893)                                  | (131,355)                     | (39,982,886)                 | (38,317,067)  |
| Balance as at 31 December 2021  | -                                  | (309,828,601)                                  | 8,771,354                                    | 2,603,573                     | 340,312,902                  | 41,859,228    |
| Balance as at 1 January 2022    | -                                  | (309,828,601)                                  | 8,771,354                                    | 2,603,573                     | 340,312,902                  | 41,859,228    |
| Recognised in profit or loss    | 5,227,895                          | (3,467,169)                                    | 1,878,070                                    | 139,753                       | (165,819,328)                | (162,040,780) |
| Balance as at 31 December 2022  | 5,227,895                          | (313,295,770)                                  | 10,649,423                                   | 2,743,326                     | 174,493,575                  | (120,181,552) |

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.

|                                 | <b>Impairment of<br/>Inventory</b> | <b>Property,<br/>Plant &amp;<br/>Equipment</b> | <b>Retirement<br/>Benefit<br/>Obligation</b> | <b>Bad Debt<br/>Provision</b> | <b>Unused Tax<br/>Losses</b> | <b>Total</b>  |
|---------------------------------|------------------------------------|--|--|-------------------------------|------------------------------|---------------|
|                                 |                                    | <b>Rs.</b>                                     | <b>Rs.</b>                                   | <b>Rs.</b>                    | <b>Rs.</b>                   | <b>Rs.</b>    |
| <b>Group</b>                    |                                    |  |  |                               |                              |               |
| Balance as at 1 January 2021    | -                                  | (761,501,392)                                  | 21,023,392                                   | 41,033,952                    | 709,146,781                  | 9,702,733     |
| Recognised in changes in equity | -                                  | 84,308,504                                     |  |                               |                              | 84,308,504    |
| Recognised in profit or loss    | -                                  | 97,102,693                                     | (7,536,561)                                  | (13,943,768)                  | (255,154,620)                | (179,532,256) |
| Balance as at 31 December 2021  | -                                  | (580,090,195)                                  | 13,486,831                                   | 27,090,184                    | 453,992,161                  | (85,521,019)  |
| Balance as at 1 January 2022    | -                                  | (580,090,195)                                  | 13,486,831                                   | 27,090,184                    | 453,992,161                  | (85,521,019)  |
| Recognized in changes in equity |                                    | (101,170,205)                                  |  |                               |                              | (101,170,205) |
| Recognised in profit or loss    | 11,488,098                         | (27,135,829)                                   | 5,618,184                                    | 15,005,810                    | (180,950,004)                | (175,973,742) |
| Balance as at 31 December 2022  | 11,488,098                         | (708,396,229)                                  | 19,105,015                                   | 42,095,994                    | 273,042,157                  | (362,664,966) |

Deferred tax of the subsidiary has been calculated at the rate of 30% (31.12.2021 - 18%) 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.15,285,630.





**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|  | Company<br>31.12.2022<br>Rs.                      | Group<br>31.12.2022<br>Rs. | Company<br>31.12.2021<br>Rs. | Group<br>31.12.2021<br>Rs.                  |
|--|---|----------------------------|------------------------------|---|
| <b>10. Property, Plant and Equipment</b>                       |   |                            |                              |   |
| Freehold property, plant and equipment<br>(Note 10.1 and 10.2) | 2,569,653,360                                     | 4,127,557,252              | 2,511,331,896                | 4,318,629,112                               |
|  | <u>2,569,653,360</u>                              | <u>4,127,557,252</u>       | <u>2,511,331,896</u>         | <u>4,318,629,112</u>                        |
| <b>10.1 Freehold Property, Plant and Equipment</b>             |   |                            |                              |   |
| <b>Company</b>   |   |                            |                              |   |
|  | Balance at the<br>Beginning of<br>the Year<br>Rs. | Additions<br>Rs.           | Reclassification<br>Rs.      | Disposals/<br>Write off<br>Rs.              |
|  |   |                            |                              | Balance at the<br>End of the<br>Year<br>Rs. |
| <b>Cost</b>  |   |                            |                              |   |
| Buildings  | 907,551,735                                       | 8,011,832                  | -                            | -   |
| Computers  | 20,935,594  | 3,325,700                  | -                            | (8,195,587)                                 |
| Furniture and fittings   | 11,503,896  | 9,063,499                  | 553,566                      | (3,559,687)                                 |
| Machinery and other equipment                                  | 2,256,959,244                                     | 127,349,464                | -                            | -   |
| Motor vehicles   | 211,407,686                                       | -                          | -                            | -   |
| Office equipment   | 16,276,640  | 2,620,638                  | (553,566)                    | (10,981,711)                                |
| Bottle and crates  | 145,541,814                                       | 50,906,701                 | (4,251,707)                  | (48,261,587)                                |
| Trade equipment  | 612,223,333                                       | 97,314,982                 | 4,251,707                    | (54,557,600)                                |
| Total  | <u>4,182,399,941</u>                              | <u>298,592,815</u>         | <u>-</u>                     | <u>(125,556,173)</u>                        |
| <b>Accumulated Depreciation</b>                                |   |                            |                              |   |
| Buildings  | 229,454,710                                       | 30,187,700                 | -                            | -   |
| Computers  | 12,369,649  | 3,450,327                  | -                            | (8,161,770)                                 |
| Furniture and fittings   | 3,740,151   | 1,267,218                  | 330,647                      | (2,923,180)                                 |
| Machinery and other equipment                                  | 794,320,718                                       | 109,221,450                | -                            | -   |
| Motor vehicles   | 189,626,285                                       | 7,051,205                  | -                            | -   |
| Office equipment   | 12,652,909  | 1,357,628                  | (330,647)                    | (10,439,739)                                |
| Bottle and crates  | 37,905,507  | 14,197,933                 | -                            | (28,090,867)                                |
| Trade equipment  | 390,998,117                                       | 42,672,053                 | -                            | (45,074,781)                                |
| Total  | <u>1,671,068,046</u>                              | <u>209,405,514</u>         | <u>-</u>                     | <u>(94,690,336)</u>                         |
| <b>Written Down Value</b>                                      | <u>2,511,331,895</u>                              |                            |                              | <u>2,569,653,360</u>                        |



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**10.2 Freehold Property, Plant and Equipment**

| Group                           | Balance at the<br>Beginning of<br>the Year<br>Rs. | Additions<br>Rs.   | Reclassification<br>Rs. | Disposals/<br>Write off<br>Rs. | Balance at the<br>End of the<br>Year<br>Rs. |
|---------------------------------|---|--------------------|-------------------------|--------------------------------|---|
| <b>Cost</b>                     |   |                    |                         |                                |   |
| Land                            | 972,314,280                                       |                    |                         |                                | 972,314,280                                 |
| Buildings                       | 1,051,578,931                                     | 8,011,832          | -                       | -                              | 1,059,590,763                               |
| Computers                       | 25,646,990  | 3,325,700          | -                       | (8,195,587)                    | 20,777,103                                  |
| Furniture and fittings          | 17,241,322  | 9,695,354          | 553,566                 | (3,559,687)                    | 23,930,555                                  |
| Machinery and other equipment   | 2,742,952,050                                     | 127,442,089        | -                       | -                              | 2,870,394,138                               |
| Motor vehicles                  | 240,985,236                                       | -                  | -                       | -                              | 240,985,236                                 |
| Office equipment                | 19,444,231  | 2,620,638          | (553,566)               | (10,981,711)                   | 10,529,591                                  |
| Bottle and crates               | 1,502,061,826                                     | 69,836,683         | (4,251,707)             | (352,541,664)                  | 1,215,105,138                               |
| Trade equipment                 | 939,476,698                                       | 97,314,982         | 4,251,707               | (166,373,115)                  | 874,670,272                                 |
| <b>Total</b>                    | <b>7,511,701,563</b>                              | <b>318,247,278</b> | <b>-</b>                | <b>(541,651,765)</b>           | <b>7,288,297,076</b>                        |
| <b>Accumulated Depreciation</b> |   |                    |                         |                                |   |
| Buildings                       | 290,184,858                                       | 33,948,148         | -                       | -                              | 324,133,005                                 |
| Computers                       | 16,870,900  | 3,566,079          | -                       | (8,161,770)                    | 12,275,209                                  |
| Furniture and fittings          | 8,196,918   | 1,459,225          | 330,647                 | (2,923,180)                    | 7,063,610                                   |
| Machinery and other equipment   | 1,015,266,383                                     | 132,357,188        | -                       | -                              | 1,147,623,571                               |
| Motor vehicles                  | 216,098,249                                       | 8,264,271          | -                       | -                              | 224,362,521                                 |
| Office equipment                | 15,187,747  | 1,642,634          | (330,647)               | (10,439,739)                   | 6,059,994                                   |
| Bottle and crates               | 1,091,338,841                                     | 75,013,240         | -                       | (247,924,705)                  | 918,427,375                                 |
| Trade equipment                 | 539,928,555                                       | 109,234,748        | -                       | (128,368,763)                  | 520,794,540                                 |
| <b>Total</b>                    | <b>3,193,072,450</b>                              | <b>365,485,532</b> | <b>-</b>                | <b>(397,818,158)</b>           | <b>3,160,739,824</b>                        |
| <b>Written Down Value</b>       | <b>4,318,629,112</b>                              |                    |                         |                                | <b>4,127,557,252</b>                        |

**11. Capital Work-in-Progress**

**11.1 Company**

| Description         | Balance at the<br>beginning<br>of the year<br>Rs. | Additions<br>Rs. | Transfers<br>Rs. | Balance<br>at the end of<br>the year<br>Rs. |
|---------------------|---|------------------|------------------|---|
| Buildings           | -   | 10,752,537       | -                | 10,752,537                                  |
| Plant and machinery | -   | 6,605,924        | -                | 6,605,924                                   |
|                     | -   | 17,358,461       | -                | 17,358,461                                  |

**11.2 Groups**

|                     |   |            |   |            |
|---------------------|---|------------|---|------------|
| Buildings           | - | 13,189,437 | - | 13,189,437 |
| Plant and machinery | - | 6,605,924  | - | 6,605,924  |
|                     | - | 19,795,361 | - | 19,795,361 |



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|  | Company<br>31.12.2022<br>Rs. | Group<br>31.12.2022<br>Rs. | Company<br>31.12.2021<br>Rs. | Group<br>31.12.2021<br>Rs. |
|--|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>12. Inventories</b>                         |                              |                            |                              |                            |
| Finished goods                                 | 376,803,024                  | 421,341,621                | 97,403,013                   | 128,647,006                |
| Raw materials                                  | 431,864,593                  | 652,376,463                | 369,445,899                  | 508,094,998                |
| Chemicals and fuel                             | 34,934,177                   | 53,762,152                 | 21,933,465                   | 34,794,901                 |
| Goods in transit                               | 177,987,477                  | 190,826,603                | 6,854,577                    | 7,743,871                  |
| Spare parts                                    | 175,881,422                  | 217,436,745                | 142,462,247                  | 181,127,245                |
| Less: Impairment of Spare parts                | (34,852,635)                 | (55,719,977)               | -                            | -                          |
|  | <u>1,162,618,057</u>         | <u>1,480,023,606</u>       | <u>638,099,201</u>           | <u>860,408,020</u>         |
| <b>13. Trade and Other Receivables</b>         |                              |                            |                              |                            |
| Trade debtors                                  | 521,897,004                  | 853,478,252                | 121,503,677                  | 626,375,913                |
| Less: Impairment provision for trade debtors   | (18,288,839)                 | (149,464,397)              | (17,357,155)                 | (153,393,879)              |
|  | <u>503,608,164</u>           | <u>704,013,855</u>         | <u>104,146,522</u>           | <u>472,982,034</u>         |
| Other receivables                              | 210,437,849                  | 229,072,704                | 25,224,279                   | 29,132,065                 |
| Deposits and prepayments                       | 65,995,012                   | 81,372,996                 | 33,785,843                   | 45,508,004                 |
| Staff loans and festival advances              | 5,894,995                    | 6,607,540                  | 2,482,306                    | 3,184,428                  |
| VAT receivable                                 | -                            | -                          | 12,312,658                   | 12,312,658                 |
| Income tax receivables                         | 5,399,507                    | 22,178,548                 | 5,399,507                    | 22,178,548                 |
|  | <u>791,335,528</u>           | <u>1,043,245,643</u>       | <u>183,351,115</u>           | <u>585,297,737</u>         |
| <b>14. Cash and Cash Equivalents</b>           |                              |                            |                              |                            |
| Standard Chartered Bank - Fort Branch          | 1,942,638                    | 5,586,846                  | 41,431,098                   | 43,328,588                 |
| Nations Trust Bank PLC                         | 6,510,978                    | 9,729,284                  | 147,132                      | 304,138                    |
| Nations Trust Bank PLC-USD                     | 167,587                      | 167,587                    | 12,242                       | 12,242                     |
| Hatton National Bank - Kaduwela                | 3,128,829                    | 7,508,852                  | 8,383,834                    | 32,507,921                 |
| HSBC-Head Office                               | 6,813,966                    | 6,813,966                  |                              |                            |
| Sampath Bank                                   | 882,225                      | 882,225                    | 312,743                      | 312,743                    |
| Commercial Bank of Ceylon PLC                  | 794,989                      | 7,004,665                  | 17,678,736                   | 34,212,645                 |
| Commercial Bank of Ceylon PLC-USD              | 1,024,894                    | 1,024,894                  | 29,231                       | 29,231                     |
| People's Bank - Hanwella                       | -                            | 458,418                    | -                            | 10,534,252                 |
| People's Bank - Corporate Division             | 574,534                      | 692,410                    | 1,020,833                    | 1,042,156                  |
| Standard Chartered Bank - Fort Branch (USD)    | 112,993,055                  | 112,993,055                | 191,341,586                  | 191,341,586                |
| Saving AC - Hatton National Bank               | 3,349,483                    | 3,349,483                  | 624,533,066                  | 624,533,066                |
| Marginal AC - Commercial Bank of Ceylon PLC    | 24,931,798                   | 24,931,798                 | 2,769,000                    | 2,769,000                  |
| Cash in hand                                   | 3,765,616                    | 4,794,261                  | 3,462,347                    | 4,045,477                  |
|  | <u>166,880,590</u>           | <u>185,937,744</u>         | <u>891,121,846</u>           | <u>944,973,043</u>         |
| <b>15. Fixed Deposits in Banks</b>             |                              |                            |                              |                            |
| Fixed deposits - Nations Trust Bank PLC        | 29,079,404                   | 29,079,404                 | 57,914,774                   | 166,266,173                |
| Fixed deposits - Commercial Bank of Ceylon PLC | 521,082,192                  | 521,082,192                | -                            | 4,011,459                  |
| Fixed deposit - Hatton National Bank PLC       | 356,836,986                  | 356,836,986                | -                            | 91,219,316                 |
|  | <u>906,998,582</u>           | <u>906,998,582</u>         | <u>57,914,774</u>            | <u>261,496,948</u>         |
| <b>16. Stated Capital</b>                      |                              |                            |                              |                            |
| <b>Issued and fully paid shares</b>            |                              |                            |                              |                            |
|  | Value of a shares            | 10                         | 10                           | 10                         |
| <b>Ordinary shares</b>                         | No. of shares                | 643,853,670                | 643,853,670                  | 643,853,670                |
|  | Total value                  | <u>6,438,536,700</u>       | <u>6,438,536,700</u>         | <u>6,438,536,700</u>       |



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|   | Company<br>31.12.2022<br>Rs. | Group<br>31.12.2022<br>Rs. | Company<br>31.12.2021<br>Rs. | Group<br>31.12.2021<br>Rs. |
|---|------------------------------|----------------------------|------------------------------|----------------------------|
| <b>17. Bottle Deposits Payable</b>  |                              |                            |                              |                            |
| Deposits against assets   | 42,177,342                   | 150,676,756                | 34,986,220                   | 136,678,111                |
| Dealership deposits   | 18,950,000                   | 31,290,061                 | 1,750,000                    | 29,285,881                 |
|   | <u>61,127,342</u>            | <u>181,966,818</u>         | <u>36,736,220</u>            | <u>165,963,992</u>         |
| <b>18. Retirement Benefit Obligations</b>   |                              |                            |                              |                            |
| Balance at the beginning of the year  | 58,475,690                   | 84,672,786                 | 69,134,974                   | 107,181,920                |
| Current service cost  | 9,156,158                    | 7,734,472                  | 6,795,901                    | 7,921,554                  |
| Interest charge for the year  | 6,432,326                    | 12,037,839                 | 5,185,123                    | 7,753,292                  |
|   | <u>74,064,174</u>            | <u>104,445,097</u>         | <u>81,115,998</u>            | <u>122,856,766</u>         |
| (Gains)/ losses arising from changes in actuarial valuation   | (347,063)                    | (2,011,863)                | (19,162,385)                 | (29,202,813)               |
| Payments received from those which were transferred during the period                               | -                            | -                          | 2,585,805                    | -                          |
| Payments during the year  | <u>(2,720,956)</u>           | <u>(3,251,774)</u>         | <u>(6,063,728)</u>           | <u>(8,981,168)</u>         |
| Balance at the end of the year  | <u>70,996,156</u>            | <u>99,181,460</u>          | <u>58,475,690</u>            | <u>84,672,785</u>          |
| <b>The following assumptions were used in determining the post employment benefit obligations :</b> |                              |                            |                              |                            |
| Expected future salary increments   | 18%                          | 18%                        | 6%                           | 6%                         |
| Discount rate   | 25%                          | 25% & 26%                  | 11%                          | 11%                        |
| Staff turnover rate   | 3%                           | 3%                         | 3%                           | 3%                         |
| Retirement age  | 60 Years                     | 60 Years                   | 60 Years                     | 60 Years                   |
| <b>19. Trade and Other Payables</b>   |                              |                            |                              |                            |
| Trade payables  | 181,128,156                  | 199,682,565                | 497,158,548                  | 579,728,367                |
| Stamp duty  | 94,450                       | 119,375                    | 53,900                       | 94,500                     |
| Excise duty   | 109,238,814                  | 136,692,980                | 109,848,286                  | 154,534,308                |
| Accrued and other payables  | 151,803,753                  | 258,176,452                | 72,221,596                   | 189,787,731                |
| VAT payable   | 21,621,223                   | 35,160,635                 | -                            | 18,859,883                 |
| Other creditors   | 171,723,274                  | 171,723,277                | 159,973,026                  | 159,973,029                |
|   | <u>635,609,670</u>           | <u>801,555,284</u>         | <u>839,255,354</u>           | <u>1,102,977,817</u>       |





**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**20. 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 parties |                            | Amount due to related parties |                            |
|---|---------------------------------|----------------------------|-------------------------------|----------------------------|
|   | Company<br>31.12.2022<br>Rs.    | Group<br>31.12.2022<br>Rs. | Company<br>31.12.2022<br>Rs.  | Group<br>31.12.2022<br>Rs. |
| Ole Springs Bottlers (Pvt) Ltd - Subsidiary | 731,377,536                     | -                          | -                             | -                          |
| Varun Beverages Ltd-Parent Company          | -                               | -                          | 60,614,597                    | 86,292,848                 |
| Devyani Foods Industries (Kenya) Ltd        | -                               | -                          | -                             | -                          |
| <b>Fellow Subsidiaries</b>                  |                                 |                            |                               |                            |
| Lunarmech Technologies (Pvt) Ltd            | -                               | -                          | 93,669,704                    | 93,669,704                 |
|   | <u>731,377,536</u>              | <u>-</u>                   | <u>154,284,300</u>            | <u>179,962,551</u>         |

|                                     | Amount due from related parties |                            | Amount due to related parties |                            |
|-------------------------------------|---------------------------------|----------------------------|-------------------------------|----------------------------|
|                                     | Company<br>31.12.2021<br>Rs.    | Group<br>31.12.2021<br>Rs. | Company<br>31.12.2021<br>Rs.  | Group<br>31.12.2021<br>Rs. |
| Ole Springs Bottlers (Pvt) Ltd      | 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                  | -                             | -                          |
| <b>Fellow Subsidiaries</b>          |                                 |                            |                               |                            |
| Varun Beverages (Zambia) Limited    | -                               | -                          | 41,504,521                    | 48,615,814                 |
| Lunarmech Technologies (Pvt) Ltd    | -                               | -                          | 49,970,224                    | 62,912,692                 |
|                                     | <u>1,448,252,582</u>            | <u>5,307,891</u>           | <u>49,970,224</u>             | <u>62,912,692</u>          |



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

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

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

|   | <b>2022</b>   | <b>2021</b>   |
|---|---------------|---------------|
|   | <b>Rs.</b>    | <b>Rs.</b>    |
| <b><u>Company</u></b>                                       |               |               |
| <b>Ole Springs Bottlers (Pvt) Ltd-Subsidiary</b>            |               |               |
| Sales of goods  | 3,063,832,387 | 3,100,383,820 |
| Purchase of goods   | 116,689,374   | 25,075,677    |
| Payments/ settlements                                       | 3,632,631,652 | 3,228,151,827 |
| Land lease expenses   | 3,546,840     | 3,343,680     |
| Discounts and expenses                                      | 54,763,261    | 209,394,175   |
| Other transactions  | 32,231,585    | 28,508,977    |
| <b>Varun Beverages Ltd, India -Parent Company</b>           |               |               |
| Purchase of spare parts and raw materials                   | 1,068,215,737 | 4,515,104     |
| Sales   | -             | 26,685,750    |
| Export receipts   | -             | 26,685,750    |
| Software license fee  | 19,309,909    | 10,218,560    |
| Payments/ settlements                                       | 1,086,714,505 | 14,680,365    |
| <b>Varun Beverages Zambia Ltd-Fellow Subsidiary</b>         |               |               |
| Export sales  | 12,400,444    | -             |
| Payments received for export sales                          | (16,497,000)  | 40,546,039    |
| <b>Varun Beverages Zimbabwe (Pvt) Ltd-Fellow Subsidiary</b> |               |               |
| Sales   | -             | 64,069,229    |
| Payments received for export sales                          | -             | 64,069,229    |
| <b>Lunarmech Technologies (Pvt) Ltd-Fellow Subsidiary</b>   |               |               |
| Purchase  | 236,103,405   | 87,503,758    |
| Payments  | 227,355,456   | 46,902,917    |
| <b>Devyani Food International (Pvt) Ltd</b>                 |               |               |
| Export sales  | -             | 15,207,446    |
| Payments received for export sales                          | (5,208,450)   | 30,400,862    |
| <b><u>Group</u></b>   |               |               |
| <b>Varun Beverages Ltd, India -Parent Company</b>           |               |               |
| Purchase of spare parts and raw materials                   | 1,255,811,037 | 31,002,214    |
| Sales   | -             | 26,685,750    |
| Export receipts   | -             | 26,685,750    |
| Software license fee  | 19,309,909    | 10,218,560    |
| Payments / settlements                                      | 1,274,180,727 | 43,003,123    |
| <b>Varun Beverages Zambia Ltd-Fellow Subsidiary</b>         |               |               |
| Export sales  | 12,400,444    | -             |
| Payments received for export sales                          | (16,497,000)  | 40,546,039    |
| <b>Varun Beverages Zimbabwe (Pvt) Ltd-Fellow Subsidiary</b> |               |               |
| Sales   | -             | 64,069,229    |
| Export receipts   | -             | 64,069,229    |
| <b>Lunarmech Technologies (Pvt) Ltd-Fellow Subsidiary</b>   |               |               |
| Purchases   | 236,103,405   | 94,624,673    |
| Payments  | 240,386,988   | 46,902,917    |
| <b>Devyani Food International (Pvt) Ltd</b>                 |               |               |
| Sales   | -             | 15,207,446    |
| Payments received for export sales                          | (5,208,450)   | 30,400,862    |



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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 compensations paid to key management personnel during the year other than the following:

|                      | <b>Company<br/>Year Ended<br/>31.12.2022<br/>Rs.</b> | <b>Group<br/>Year Ended<br/>31.12.2022<br/>Rs.</b> | <b>Company<br/>Year Ended<br/>31.12.2021<br/>Rs.</b> | <b>Group<br/>Year Ended<br/>31.12.2021<br/>Rs.</b> |
|----------------------|--|--|--|--|
| Directors emoluments | 96,104,229   | 96,104,229   | 36,815,124   | 40,698,798   |
|                      | <u>96,104,229</u>                                    | <u>96,104,229</u>                                  | <u>36,815,124</u>                                    | <u>40,698,798</u>                                  |

**22. Capital Commitments and Contingencies**

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 of Ole Springs Bottlers (Pvt) Ltd for the year of assessment 2015/2016 for VAT & NBT for the amounts are Rs.1,005,445,128 & Rs. 141,345,604 respectively.

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 assessments for VAT for the quarter ended 31.3.2019 on its subsidiary Ole Springs Bottlers (Pvt) Ltd for Rs. 9,779,050/-.

The Department of Inland Revenue has issued assessments for VAT for the quarter ended 30.9.2019 on its subsidiary Ole Springs Bottlers (Pvt) Ltd for Rs. 12,506,631/-

The Department of Inland Revenue has issued 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 these assessments.

The Department of Inland Revenue has issued 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 zeero for the company and subsidiary amount is Rs 47,976,000

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



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**23. Events after the Reporting Period and Disclosure on Current Economic Crisis.**

**23.1 Events after the Reporting Period**

There were no significant events after the balance sheet date which require adjustments to or disclosures in the financial statements other than the following:

**23.2 Disclosure on current economic crisis.**

The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR). The depletion of foreign reserves has put restrictions on imports and affected supplies.

The company/ Group has taken the following measures to ensure it continues its operations as a going concern.

1. Company / Group has increased MRP (Maximum Retail Price) for its products in order to cover up the Input/overhead cost increase.
2. Despite of MRP (Maximum Retail Price) increase, the growth momentum is maintained at decent level.
3. Company / Group has sufficient cash flows to manage the business without any borrowings.
4. For import of raw materials, banks has provided continuous support due to long association with them. Company has also obtained approval for import of Raw Materials under Indian Credit Line,
5. Company / Group is able to source Raw/Packing materials on favourable credit terms through Parent Company.

The management of the company / group continues to monitor the potential impact to the continuity of the business. Accordingly, macroeconomic variables are evaluated while making assumptions and judgments when preparing financial statements.





**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**

**DETAILED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|                                    | Company<br>Year Ended<br>31.12.2022<br>Rs. | Group<br>Year Ended<br>31.12.2022<br>Rs. | Company<br>Year Ended<br>31.12.2021<br>Rs. | Group<br>Year Ended<br>31.12.2021<br>Rs. |
|------------------------------------|--|--|--|--|
| <b>1. Administrative Expenses</b>  |  |  |  |  |
| Salaries - staff                   | 61,106,687                                 | 67,068,812                               | 41,305,145                                 | 50,246,819                               |
| Wages                              | 1,825,230                                  | 4,089,251                                | 2,168,984                                  | 3,487,721                                |
| Overtime                           | 2,015,423                                  | 3,383,049                                | 5,326,286                                  | 6,993,620                                |
| Staff training expenses            | -  | -  | -  | -  |
| Bonus                              | 17,191,115                                 | 17,889,896                               | 4,179,740                                  | 5,016,536                                |
| Compensation                       | -  | -  | -  | -  |
| Tea and food                       | 3,632,105                                  | 17,603,070                               | 1,499,002                                  | 6,122,712                                |
| Medical expenses                   | 4,108,462                                  | 4,884,470                                | 13,068,682                                 | 13,578,777                               |
| Terminal gratuity                  | 1,111,660                                  | 1,296,368                                | 1,003,896                                  | 1,248,400                                |
| Employees' Provident Fund          | 7,973,520                                  | 8,818,374                                | 5,811,024                                  | 7,030,035                                |
| Employees' Trust Fund              | 2,013,401                                  | 2,224,615                                | 1,452,755                                  | 1,757,508                                |
| Lease rental                       | 3,168,000                                  | -  | 3,096,000                                  | -  |
| Foreign travelling                 | 4,695,883                                  | 4,897,179                                | 1,025,309                                  | 1,062,106                                |
| External auditor's remuneration    | 2,036,958                                  | 3,298,484                                | 1,750,950                                  | 2,831,514                                |
| Internal auditor's remuneration    | 2,810,413                                  | 2,810,413                                | 2,230,324                                  | 2,230,324                                |
| Telephone                          | 2,737,410                                  | 3,168,392                                | 709,220                                    | 2,510,287                                |
| Printing and stationery            | 2,254,601                                  | 7,842,773                                | 1,061,573                                  | 3,865,887                                |
| Postage and telegrams              | -  | 7,045                                    | -  | 6,040                                    |
| Stamp duty                         | 132,500                                    | 294,075                                  | 301,466                                    | 441,966                                  |
| Repairs and maintenance - vehicles | 4,746,251                                  | 4,746,251                                | 1,823,393                                  | 1,823,393                                |
| Depreciation - Building            | 30,187,700                                 | 30,362,759                               | 29,917,874                                 | 30,092,972                               |
| - Furniture and fittings           | 1,267,218                                  | 1,353,621                                | 903,872                                    | 971,898                                  |
| - Office equipment                 | 1,357,628                                  | 1,614,133                                | 2,733,797                                  | 3,101,826                                |
| - Motor vehicles                   | 7,051,205                                  | 7,323,401                                | 7,346,393                                  | 7,618,589                                |
| - Computer and software            | 3,450,327                                  | 3,522,443                                | 2,419,891                                  | 2,541,719                                |
| Computer maintenance               | 25,251,364                                 | 27,566,964                               | 11,149,263                                 | 12,674,838                               |
| Fees and penalties                 | -  | -  | -  | 9,500                                    |
| Motor vehicle insurance            | -  | 96,318                                   | 13,080                                     | 240,780                                  |
| Staff welfare                      | 14,719,110                                 | 14,798,702                               | 3,816,558                                  | 3,922,983                                |
| Rent and accommodation charges     | 6,842,840                                  | 6,842,840                                | 3,000,136                                  | 3,000,136                                |
| Courier charges                    | 3,774,580                                  | 3,774,580                                | 4,840,328                                  | 4,840,328                                |
| Staff recruitment                  | 101,105                                    | 101,105                                  | 402,100                                    | 402,100                                  |
| Subscriptions and periodicals      | 2,823,377                                  | 3,440,741                                | 1,217,865                                  | 1,774,264                                |
| Staff Incentives                   | 7,427,747                                  | 7,427,747                                | -  | -  |
| Electricity charges                | 1,045,827                                  | 1,045,827                                | 904,207                                    | 984,603                                  |
| Staff insurance                    | 5,652,282                                  | 5,652,282                                | 3,773,877                                  | 3,773,877                                |
| Other allowance to staff           | 8,382,477                                  | 9,792,006                                | 7,124,261                                  | 8,204,012.62                             |
| Legal and professional charges     | 6,957,364                                  | 8,490,851                                | 4,571,867                                  | 7,290,907.00                             |
| Travelling and transport           | 5,300,890                                  | 7,524,812                                | 724,490                                    | 2,703,359                                |
| Other taxes                        | 5,609,721                                  | 5,609,721                                | 322,605                                    | 343,946                                  |
| Sundry balances written off        | 653,009                                    | 1,185,785                                | (180,904)                                  | (180,904)                                |
| Water                              | 68,424                                     | 68,424                                   | 77,065                                     | 86,523                                   |
|                                    | <u>261,464,478</u>                         | <u>301,898,245</u>                       | <u>172,892,373</u>                         | <u>204,651,901</u>                       |



**VARUN BEVERAGES LANKA (PRIVATE) LIMITED**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|   | Company<br>Year Ended<br>31.12.2022<br>Rs. | Group<br>Year Ended<br>31.12.2022<br>Rs. | Company<br>Year Ended<br>31.12.2021<br>Rs. | Group<br>Year Ended<br>31.12.2021<br>Rs. |
|---|--|--|--|--|
| <b>2. Selling and distribution expenses</b> |  |  |  |  |
| Salaries - staff                            | 161,241,058                                | 170,771,286                              | 132,327,249                                | 139,733,949                              |
| Wages                                       | 15,843,890                                 | 25,136,368                               | 13,203,203                                 | 49,286,683                               |
| Overtime                                    | 14,350,648                                 | 17,626,711                               | 9,330,850                                  | 11,470,327                               |
| Bonus                                       | 18,068,601                                 | 18,922,782                               | 15,741,150                                 | 16,907,017                               |
| Employees' Provident Fund                   | 24,554,745                                 | 25,759,114                               | 20,689,332                                 | 21,773,243                               |
| Employees' Trust Fund                       | 6,138,686                                  | 6,439,778                                | 5,172,332                                  | 5,443,309                                |
| Medical expenses                            | 6,931,939                                  | 7,052,355                                | 492,946                                    | 503,375                                  |
| Conference and meeting expenses             | 1,171,955                                  | 1,171,955                                | 706,884                                    | 706,884                                  |
| Terminal gratuity                           | 2,933,316                                  | 3,228,566                                | 3,216,131                                  | 3,411,207                                |
| Telephone                                   | 4,529,793                                  | 4,529,793                                | 3,505,792                                  | 3,505,792                                |
| Printing and stationery                     | 7,583,768                                  | 7,583,768                                | 1,485,523                                  | 1,485,523                                |
| Sales promotions and discounts              | 687,282,960                                | 1,064,475,594                            | 449,149,506                                | 928,853,482                              |
| Leakage and breakages                       | 16,708,850                                 | 16,708,850                               | -  | -  |
| Tea and food                                | 23,800,369                                 | 24,246,281                               | 15,082,421                                 | 16,665,807                               |
| Other allowances to staff                   | 52,822,692                                 | 53,444,868                               | 42,844,469                                 | 44,470,361                               |
| Staff incentives                            | 143,534,548                                | 145,930,555                              | 84,900,184                                 | 85,697,891                               |
| Rent and accommodation expenses             | 10,096,722                                 | 10,636,722                               | 7,409,905                                  | 8,489,905                                |
| Staff welfare                               | 4,761,859                                  | 4,761,859                                | 1,319,486                                  | 1,350,549                                |
| Travelling expenses                         | 13,003,280                                 | 13,021,766                               | 7,275,802                                  | 7,325,820                                |
| Transport expenses                          | 257,301,723                                | 349,560,184                              | 55,445,897                                 | 84,246,048                               |
| Foreign travelling                          | 2,923,935                                  | 2,923,935                                | 1,315,402                                  | 1,315,402                                |
| Motor vehicle maintenance and repairs       | 40,191,369                                 | 45,783,689                               | 30,076,427                                 | 34,378,950                               |
| Motor vehicle fuel                          | 54,255,750                                 | 70,614,500                               | 17,325,513                                 | 31,523,416                               |
| Staff recruitment charges                   | 35,000                                     | 35,000                                   | -  | -  |
| Export handling charges                     | 9,021,104                                  | 9,021,104                                | 22,014,411                                 | 22,014,411                               |
| Contract outlet expenses                    | 44,677,182                                 | 44,677,182                               | 47,524,866                                 | 47,524,866                               |
| Repair and maintenance                      | 56,050                                     | 56,050                                   | -  | -  |
| Bad debts written off                       | 1,416,333                                  | 9,464,830                                | 191,258                                    | 871,269                                  |
| Depreciation - trade equipment              | 56,869,986                                 | 123,432,682                              | 49,670,225                                 | 93,288,428                               |
| Trade equipment maintenance                 | 27,403,281                                 | 28,706,382                               | 10,849,720                                 | 13,389,869                               |
|   | <u>1,709,511,391</u>                       | <u>2,305,724,508</u>                     | <u>1,048,266,886</u>                       | <u>1,675,633,785</u>                     |



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**FINANCIAL STATEMENTS**  
**TOGETHER WITH AUDITOR'S REPORT**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2022**



## **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 2022, 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 2022, 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*

**SJMS ASSOCIATES**  
Chartered Accountants  
Colombo  
25 January 2023



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|  | Note | Year ended<br>31.12.2022<br>Rs. | Year ended<br>31.12.2021<br>Rs. |
|--|------|---------------------------------|---------------------------------|
| Revenue  |      | 4,862,533,052                   | 4,564,598,173                   |
| Cost of sales  |      | <u>(3,809,808,608)</u>          | <u>(3,647,271,972)</u>          |
| Gross profit   |      | 1,052,724,444                   | 917,326,201                     |
| Other income   | 4    | 19,309,711                      | 26,448,434                      |
| Administrative expenses  |      | (43,601,807)                    | (34,855,528)                    |
| Selling and distribution expenses  |      | (596,213,076)                   | (627,366,908)                   |
| Profit from operations   | 5    | <u>432,219,272</u>              | <u>281,552,200</u>              |
| Finance and other costs  | 6    | (174,931,031)                   | (42,477,808)                    |
| Profit before tax  |      | <u>257,288,241</u>              | <u>239,074,392</u>              |
| Income tax   | 7    | (13,433,522)                    | (139,407,913)                   |
| <b>Profit for the year</b>   |      | <u>243,854,718</u>              | <u>99,666,479</u>               |
| <b>Other comprehensive income / (expenses) not to be reclassified to income statement in subsequent period</b> |      |                                 |                                 |
| Actuarial gain / (loss) on employee benefit obligations  |      | 1,664,800                       | 10,040,428                      |
| Deferred tax on actuarial gain/(loss)  |      | (499,440)                       | (1,807,277)                     |
| <b>Total comprehensive income for the year</b>   |      | <u>245,020,078</u>              | <u>107,899,630</u>              |

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.




**OLE SPRINGS BOTTLERS (PVT) LTD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

|                                     | Note | 31.12.2022<br>Rs.    | 31.12.2021<br>Rs.    |
|-------------------------------------|------|----------------------|----------------------|
| <b>Assets</b>                       |      |                      |                      |
| <b>Non current assets</b>           |      |                      |                      |
| Property, plant and equipment       | 8    | 1,179,903,890        | 1,429,297,215        |
| Capital work-in progress            |      | 2,436,900            | -                    |
| Investment property                 | 9    | 378,000,000          | 378,000,000          |
|                                     |      | <u>1,560,340,790</u> | <u>1,807,297,215</u> |
| <b>Current assets</b>               |      |                      |                      |
| Inventories                         | 10   | 316,509,078          | 225,195,198          |
| Trade and other receivables         | 11   | 236,532,131          | 390,224,459          |
| Deposits and prepayments            | 12   | 15,377,984           | 11,722,163           |
| Fixed deposits with banks           | 13   | -                    | 203,582,174          |
| Cash and cash equivalents           |      | 19,057,154           | 53,851,197           |
|                                     |      | <u>587,476,346</u>   | <u>884,575,191</u>   |
| <b>Total assets</b>                 |      | <u>2,147,817,137</u> | <u>2,691,872,407</u> |
| <b>Equity and liabilities</b>       |      |                      |                      |
| Stated capital                      | 14   | 802,872,070          | 802,872,070          |
| Accumulated loss                    |      | 30,435,476           | (113,414,398)        |
|                                     |      | <u>833,307,546</u>   | <u>689,457,672</u>   |
| <b>Non current liabilities</b>      |      |                      |                      |
| Deposits payable                    | 15   | 120,839,475          | 129,227,773          |
| Retirement benefit obligations      | 16   | 28,185,303           | 26,197,096           |
| Deferred tax liability              | 7.3  | 242,483,415          | 127,380,248          |
|                                     |      | <u>391,508,193</u>   | <u>282,805,117</u>   |
| <b>Current liabilities</b>          |      |                      |                      |
| Trade and other payables            | 18   | 165,945,610          | 263,722,459          |
| Amounts due to related parties      | 20   | 757,055,788          | 1,455,887,159        |
| <b>Total current liabilities</b>    |      | <u>923,001,399</u>   | <u>1,719,609,618</u> |
| <b>Total equity and liabilities</b> |      | <u>2,147,817,137</u> | <u>2,691,872,407</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  
25 January 2023



.....  
Director  
25 January 2023

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.

**OLE SPRINGS BOTTLERS (PVT) LTD**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|   | Stated capital<br>Rs.     | Accumulated<br>loss<br>Rs. | Total<br>Rs.              |
|---|---------------------------|----------------------------|---------------------------|
| <b>Balance as at 1.01.2021</b>                              | 802,872,070               | (305,622,532)              | 497,249,538               |
| 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 on revaluation gain on land         | -                         | 84,308,504                 | 84,308,504                |
| <b>Balance as at 31.12.2021</b>                             | <u>802,872,070</u>        | <u>(113,414,398)</u>       | <u>689,457,672</u>        |
| <br><b><i>Total comprehensive income for the period</i></b> |                           |                            |                           |
| Profit for the year   | -                         | 243,854,718                | 243,854,718               |
| Other comprehensive income for the year                     | -                         | 1,165,360                  | 1,165,360                 |
| Deferred tax adjustment on revaluation gain on land         | -                         | (101,170,205)              | (101,170,205)             |
| <b>Balance as at 31.12.2022</b>                             | <u><u>802,872,070</u></u> | <u><u>30,435,476</u></u>   | <u><u>833,307,546</u></u> |

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.





**OLE SPRINGS BOTTLERS (PVT) LTD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|  | Note | Year Ended<br>31.12.2022<br>Rs. | Year Ended<br>31.12.2021<br>Rs. |
|--|------|---------------------------------|---------------------------------|
| <b>Cash flows from operating activities</b>                  |      |                                 |                                 |
| Profit before tax  |      | 257,288,241                     | 239,074,392                     |
| <i>Adjustments for:</i>                                      |      |                                 |                                 |
| Depreciation   | 8.1  | 156,080,018                     | 160,443,281                     |
| Asset scrapped   | 6    | 112,967,770                     | 20,768,656                      |
| Breakages  | 6    | -                               | 4,194,022                       |
| Provision for gratuity                                       | 16   | 4,183,827                       | 3,693,822                       |
| Operating profit before working capital changes              |      | <u>530,519,856</u>              | <u>428,174,173</u>              |
| Decrease /(increase) in inventories                          |      | (91,313,880)                    | 86,453,634                      |
| Decrease/(increase) in trade and other receivables           |      | 153,692,324                     | (68,377,257)                    |
| Decrease/(increase) in deposits and prepayments              |      | (3,655,820)                     | 675,621                         |
| Increase/(decrease) in trade and other payables              |      | (106,165,144)                   | 5,211,013                       |
| (Decrease) in amounts due to related parties                 |      | (698,831,371)                   | (333,779,880)                   |
| Cash generated from/(used in) operations                     |      | <u>(215,754,035)</u>            | <u>118,357,304</u>              |
| Gratuity paid  | 16   | <u>(530,819)</u>                | <u>(2,917,440)</u>              |
| Cash flows from/(used in) operating activities               |      | <u>(216,284,854)</u>            | <u>115,439,864</u>              |
| <b>Cash flows from investing activities</b>                  |      |                                 |                                 |
| Acquisition of property, plant and equipment                 | 8.1  | (19,654,463)                    | (34,142,122)                    |
| Expenditure in capital working progress                      |      | (2,436,900)                     | -                               |
| (Investment)/withdrawal of fixed deposits with banks         |      | 203,582,174                     | 5,446,443                       |
| Net cash flows from/ (utilized in) investing activities      |      | <u>181,490,811</u>              | <u>(28,695,679)</u>             |
| <b>Cash flows from financing activities</b>                  |      |                                 |                                 |
| Net movement in borrowings                                   |      | -                               | (3,116,850)                     |
| Net cash flows utilized in financing activities              |      | <u>-</u>                        | <u>(3,116,850)</u>              |
| Net increase/(decrease) in cash and cash equivalents         |      | (34,794,043)                    | 83,627,335                      |
| Cash and cash equivalents at the beginning of the year       |      | 53,851,197                      | (29,776,138)                    |
| Cash and cash equivalents at the end of the year             |      | <u>19,057,154</u>               | <u>53,851,197</u>               |
| Analysis of cash and cash equivalents at the end of the year |      |                                 |                                 |
| Cash in hand and cash at bank                                |      | 19,057,154                      | 53,851,197                      |
| Bank overdrafts  |      | -                               | -                               |
|  |      | <u>19,057,154</u>               | <u>53,851,197</u>               |

The accounting policies and notes from 1 to 21 form an integral part of these financial statements.



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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 are 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 25 January 2023.

**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 comprehensive income statement after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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 has 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 comprehensive income 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 comprehensive 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 comprehensive income. 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.



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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 comprehensive income 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 which is as follows:

| <b>Assets</b>          | <b>Rate (%)</b> |
|------------------------|-----------------|
| Computers              | 25              |
| Furniture and fittings | 10              |
| Motor vehicles         | 14.29           |
| Trade equipment        | 12              |
| Office equipment       | 25              |
| Buildings              | 3.34            |
| Plant and machinery    | 4.75            |
| Bottles and crates     | 12.5            |

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within '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.



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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 comprehensive income.

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

**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 comprehensive income.

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

**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 comprehensive income 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





**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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.



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|  | <b>2022</b>        | <b>2021</b>        |
|--|--------------------|--------------------|
|  | <b>Rs.</b>         | <b>Rs.</b>         |
| <b>4. Other income</b>   |                    |                    |
| Scrap sales  | 14,310,671         | 12,603,208         |
| Rent income  | 3,168,000          | 3,096,000          |
| Interest income  | 1,831,041          | 10,749,227         |
|  | <u>19,309,711</u>  | <u>26,448,434</u>  |
| <b>5. Profit before tax is stated after charging all expenses including the following:</b>                         |                    |                    |
| Personnel cost   | 42,031,326         | 42,739,190         |
| Defined contribution plan costs - EPF &ETF   | 6,561,267          | 6,849,310          |
| Provision for gratuity   | 1,302,146          | 1,125,653          |
| Bonus  | 5,685,615          | 5,472,958          |
| Depreciation   | 156,080,018        | 160,443,281        |
| Auditor's fees - audit related   | 1,261,526          | 1,080,564          |
| <b>6. Finance and other costs</b>  |                    |                    |
| Bank overdraft interest  | 3,654,001          | 746,156            |
| Bank charges   | 4,232,208          | 235,327            |
| Exchange loss  | 18,701,271         | 10,847,112         |
| Assets scrapped  | 112,967,770        | 20,768,656         |
| Impairment of inventory  | 20,867,342         | -                  |
| Cash Guarantee Interest  | 2,260,783          | -                  |
| Breakages  | 8,697,263          | 4,194,022          |
| Loan interest  | 668,712            | 3,118,367          |
| Interest charge on gratuity  | 2,881,680          | 2,568,169          |
|  | <u>174,931,031</u> | <u>42,477,808</u>  |
| <b>7. Taxation</b>   |                    |                    |
| <b>7.1 Income tax expense / (benefit)</b>  |                    |                    |
| Deferred tax expense / (benefit)   | 13,932,963         | 141,215,190        |
| Deferred tax on actuarial gain/loss  | (499,440)          | (1,807,277)        |
|  | <u>13,433,522</u>  | <u>139,407,913</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   | 257,288,241        | 239,074,392        |
| Allowable credits  | (103,478,352)      | (84,089,432)       |
| Non - deductible expenses  | 302,763,426        | 184,948,337        |
| Taxable profit   | 456,573,315        | 339,933,298        |
| Income from investments  | 4,999,041          | 13,845,227         |
| Tax loss claimed   | (461,572,355)      | (13,845,227)       |
| Tax profit / (loss) for the period of assessment   | <u>-</u>           | <u>-</u>           |



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|                                 | <b>Impairment of<br/>Inventory</b> | <b>Property, plant<br/>&amp; equipment</b> | <b>Impairment of<br/>trade debtors</b> | <b>Retirement<br/>benefit<br/>obligations</b> | <b>Unused tax loss</b> | <b>Total</b>  |
|---------------------------------|------------------------------------|--|--|---|------------------------|---------------|
|                                 | <b>Rs.</b>                         | <b>Rs.</b>                                 | <b>Rs.</b>                             | <b>Rs.</b>                                    | <b>Rs.</b>             | <b>Rs.</b>    |
| <b>7.3 Deferred tax</b>         |                                    |  |  |   |                        |               |
| Balance as at 1 January 2021    | -                                  | (354,570,098)                              | 24,486,610                             | 4,715,477                                     | 113,679,259            | (211,688,752) |
| Recognized in profit or loss    | -                                  | 84,308,504                                 | -                                      | -   | -                      | 84,308,504    |
| Balance as at 31 December 2021  | -                                  | (270,261,594)                              | 24,486,610                             | 4,715,477                                     | 113,679,259            | (127,380,248) |
| Recognized in profit or loss    | 6,260,203                          | (23,668,660)                               | 14,866,057                             | 3,740,114                                     | (15,130,676)           | (13,932,963)  |
| Recognized in changes in equity | -                                  | (101,170,205)                              | -                                      | -   | -                      | (101,170,205) |
| Balance as at 31 December 2022  | 6,260,203                          | (395,100,459)                              | 39,352,667                             | 8,455,591                                     | 98,548,583             | (242,483,415) |

Deferred tax has been calculated at the rate of 30% (31.12.2021 - 18%) 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.15,285,630.



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



|   | 31.12.2022<br>Rs.    | 31.12.2021<br>Rs.    |
|---|----------------------|----------------------|
| <b>8. Property, plant and equipment</b>           |                      |                      |
| Freehold property, plant and equipment (Note 8.1) | 1,179,903,890        | 1,429,297,215        |
|   | <u>1,179,903,890</u> | <u>1,429,297,215</u> |

**8.1 Freehold property, plant and equipment**

| Cost                 | Balance as at<br>01.01.2021<br>Rs. | Additions/<br>transfers<br>Rs. | Disposals/<br>written off<br>Rs. | Balance as at<br>31.12.2022<br>Rs. |
|----------------------|------------------------------------|--------------------------------|----------------------------------|------------------------------------|
| Land                 | 594,314,280                        | -                              | -                                | 594,314,280                        |
| Buildings            | 144,027,196                        | -                              | -                                | 144,027,196                        |
| Plant and machinery  | 485,992,806                        | 92,625                         | -                                | 486,085,431                        |
| Office equipment     | 3,167,590                          | -                              | -                                | 3,167,590                          |
| Furniture & fittings | 5,737,425                          | 631,856                        | -                                | 6,369,281                          |
| Computers            | 4,711,396                          | -                              | -                                | 4,711,396                          |
| Trade equipment      | 350,847,061                        | -                              | (111,815,515)                    | 239,031,547                        |
| Motor vehicles       | 29,577,550                         | -                              | -                                | 29,577,550                         |
| Bottles and crates   | 990,251,217                        | 18,929,982                     | (304,280,077)                    | 704,901,122                        |
| Total                | <u>2,608,626,521</u>               | <u>19,654,463</u>              | <u>(416,095,591)</u>             | <u>2,212,185,392</u>               |

| Accumulated depreciation | Balance as at<br>01.01.2021<br>Rs. | Depreciation<br>charged<br>Rs. | Disposals/<br>written off<br>Rs. | Balance as at<br>31.12.2022<br>Rs. |
|--------------------------|------------------------------------|--------------------------------|----------------------------------|------------------------------------|
| Buildings                | 60,730,148                         | 3,760,448                      | -                                | 64,490,596                         |
| Plant and machinery      | 220,945,664                        | 23,135,738                     | -                                | 244,081,402                        |
| Office equipment         | 2,534,838                          | 285,005                        | -                                | 2,819,844                          |
| Furniture and fittings   | 4,456,768                          | 192,006                        | -                                | 4,648,774                          |
| Computers                | 4,525,126                          | 115,751                        | -                                | 4,640,877                          |
| Trade equipment          | 193,175,904                        | 66,562,695                     | (83,293,983)                     | 176,444,617                        |
| Motor vehicles           | 26,471,964                         | 1,213,066                      | -                                | 27,685,030                         |
| Bottles and crates       | 666,488,894                        | 60,815,307                     | (219,833,839)                    | 507,470,362                        |
| Total                    | <u>1,179,329,305</u>               | <u>156,080,018</u>             | <u>(303,127,822)</u>             | <u>1,032,281,502</u>               |

|                       |                      |                      |
|-----------------------|----------------------|----------------------|
| <b>Net book value</b> | <u>1,429,297,215</u> | <u>1,179,903,890</u> |
|-----------------------|----------------------|----------------------|

**Capital Work-in Progress**

|           | Balance as at<br>01.01.2021<br>Rs. | Additions<br>Rs. | Transfers<br>Rs. | Balance as at<br>31.12.2022<br>Rs. |
|-----------|------------------------------------|------------------|------------------|------------------------------------|
| Buildings | -                                  | 2,436,900        | -                | 2,436,900                          |
|           | <u>-</u>                           | <u>2,436,900</u> | <u>-</u>         | <u>2,436,900</u>                   |

**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|   |                      | <b>2022</b>        | <b>2021</b>        |
|---|----------------------|--------------------|--------------------|
|   |                      | <b>Rs.</b>         | <b>Rs.</b>         |
| <b>9. Investment property</b>                 |                      |                    |                    |
| Land  |                      | 378,000,000        | 378,000,000        |
| <b>10. Inventories</b>                        |                      |                    |                    |
| Finished goods                                |                      | 43,642,126         | 34,130,371         |
| Raw materials                                 |                      | 220,511,870        | 138,649,099        |
| Chemicals and fuel                            |                      | 18,827,975         | 10,821,104         |
| Spare parts                                   |                      | 41,555,323         | 40,705,330         |
| Less: Impairment of Spare parts               |                      | (20,867,342)       | -                  |
| Goods in transit                              |                      | 12,839,126         | 889,294            |
|   |                      | <u>316,509,078</u> | <u>225,195,198</u> |
| <b>11. Trade and other receivables</b>        |                      |                    |                    |
| Trade debtors                                 |                      | 331,581,248        | 504,872,234        |
| Less: Impairment of trade debtors             |                      | (131,175,558)      | (136,036,724)      |
|   |                      | <u>200,405,690</u> | <u>368,835,510</u> |
| Other receivables                             |                      | 18,634,855         | 3,907,786          |
| Tax receivables                               |                      | 16,779,041         | 16,779,041         |
| Staff loans and festival advances             |                      | 712,544            | 702,122            |
|   |                      | <u>236,532,131</u> | <u>390,224,459</u> |
| <b>12. Deposits and prepayments</b>           |                      |                    |                    |
| Security deposits and prepayments             |                      | 15,377,984         | 11,722,163         |
|   |                      | <u>15,377,984</u>  | <u>11,722,163</u>  |
| <b>13. Fixed deposits with banks</b>          |                      |                    |                    |
| Fixed deposit - Commercial Bank of Ceylon PLC |                      | -                  | 4,011,459          |
| Fixed deposit - Nations Trust Bank PLC        |                      | -                  | 108,351,399        |
| Fixed deposit - Hatton National Bank PLC      |                      | -                  | 91,219,316         |
|   |                      | <u>-</u>           | <u>203,582,174</u> |
| <b>14. Stated capital</b>                     | <b>No. of shares</b> |                    |                    |
| Fully paid ordinary shares                    | 126                  | 1,260              | 1,260              |
| Fully paid Class "A" ordinary shares          | 80,287,081           | 802,870,810        | 802,870,810        |
|   |                      | <u>802,872,070</u> | <u>802,872,070</u> |
| <b>15. Deposit payables</b>                   |                      |                    |                    |
| Deposits against assets                       |                      | 108,499,414        | 101,691,892        |
| Dealership deposits                           |                      | 12,340,061         | 27,535,881         |
|   |                      | <u>120,839,475</u> | <u>129,227,773</u> |





**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|   | <b>2022</b>       | <b>2021</b>       |
|---|-------------------|-------------------|
|   | <b>Rs.</b>        | <b>Rs.</b>        |
| <b>16. Retirement benefit obligations</b> |                   |                   |
| Balance at the beginning of the year      | 26,197,096        | 38,046,947        |
| Gratuity charge for the year              | 1,302,146         | 1,125,653         |
| Interest charge for the year              | 2,881,680         | 2,568,169         |
| Payments made during the year             | (530,819)         | (2,917,440)       |
| Present value of employee transferred*    | -                 | (2,585,805)       |
| Actuarial (gain) / loss                   | (1,664,800)       | (10,040,428)      |
| Balance at the end of the year            | <u>28,185,303</u> | <u>26,197,096</u> |

The following assumptions were used in determining the post employment benefit obligations.

|                                  |          |          |
|----------------------------------|----------|----------|
| Expected future salary increment | 18%      | 6%       |
| Discount rate                    | 26%      | 11%      |
| Retirement age                   | 60 years | 60 years |
| Employee turnover ratio          | 3%       | 3%       |

**17. Borrowings**

**Securities pledged for short term loans and bank overdrafts**

**Name of the bank and nature of the security**

|                               |  |
|-------------------------------|--|
| Commercial Bank of Ceylon PLC | General terms and conditions relating to short term loan / import loan and Corporate guarantee of Varun Beverages Lanka (Pvt) Ltd. |
| Standard Chartered Bank       | Primary concurrent mortgage over stock and receivable for Rs. 450Mn, Located at 140, Low Level Road, Embulgama Ranala.             |

|                                     | <b>31.12.2022</b>  | <b>31.12.2021</b>  |
|-------------------------------------|--------------------|--------------------|
|                                     | <b>Rs.</b>         | <b>Rs.</b>         |
| <b>18. Trade and other payables</b> |                    |                    |
| Trade payables                      | 18,554,409         | 82,569,819         |
| Stamp duty                          | 24,925             | 40,600             |
| Excise duty                         | 27,454,167         | 44,686,023         |
| Value Added Tax                     | 13,539,411         | 18,859,883         |
| Accrued and other payables          | 106,372,699        | 117,566,134        |
|                                     | <u>165,945,610</u> | <u>263,722,459</u> |



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**19. Related party transactions**

**19.1 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.

|   | 31.12.2022<br>Rs. | 31.12.2021<br>Rs. |
|---|-------------------|-------------------|
| <b>19.2 Amounts due to related parties</b>            |                   |                   |
| Varun Beverages Lanka (Pvt) Ltd ( Parent)             | 731,377,537       | 1,442,944,691     |
| Varun Beverages Ltd (Intermediate parent)             | 25,678,251        | 5,831,175         |
| Lunarmech Technologies (Pvt) Ltd. (Fellow Subsidiary) | -                 | 7,111,293         |
|   | 757,055,788       | 1,455,887,159     |

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

|   | Period ended<br>31.12.2022<br>Rs. | Period ended<br>31.12.2021<br>Rs. |
|---|-----------------------------------|-----------------------------------|
| <b>Varun Beverages Lanka (Pvt) Ltd ( Parent)</b>            |                                   |                                   |
| Purchase of goods   | 3,063,832,387                     | 3,100,383,820                     |
| Sale of raw materials                                       | 116,689,374                       | 25,075,677                        |
| Settlements / payments                                      | 3,632,631,652                     | 3,228,151,827                     |
| Discounts and expenses                                      | 54,763,261                        | 209,394,175                       |
| Other   | 32,231,585                        | 28,508,977                        |
| Land lease income   | 3,546,840                         | 3,343,680                         |
| <b>Varun Beverages Ltd - India (Intermediate Parent)</b>    |                                   |                                   |
| Purchase of finished goods and raw materials                | 187,595,299                       | 26,487,110                        |
| Settlements   | 187,466,222                       | 28,322,758                        |
| <b>Lunarmech Technologies (PVT) Ltd (Fellow Subsidiary)</b> |                                   |                                   |
| Purchase goods  | -                                 | 7,120,915                         |
| Settlements   | 13,031,532                        | -                                 |

**19.4 Remuneration to key management personnel**

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



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**20. Capital commitments and contingencies**

Estimated amount of contract remaining to be executed on capital account not provided for (net of advance) Rs. 47,976,000/-

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 appealed against these assessments and settlements are since pending.

The Department of Inland Revenue has issued assessment for NBT for the quarter ended 30.06.2016 for Rs. 1,866,224. The company has appealed against this assessment and settlements are since pending.

The Department of Inland Revenue has issued assessments for VAT for the year 2013 for Rs. 412,010,752. The company has appealed against this assessment and settlements are since pending.

The Department of Inland Revenue has issued assessment for NBT for the year 2013 for Rs. 64,941,434. The company has appealed against this assessment and settlements are since pending.

The Department of Inland Revenue has issued an assessment for VAT for the quarter ended 30.6.2017 for Rs. 4,215,822. The company has appealed against this assessment and settlements are since pending.

The Department of Inland Revenue has issued an assessment for VAT for the quarter ended 30.9.2019 for Rs. 12,506,631. The company has appealed against this assessment and settlements are since pending.

The Department of Inland Revenue has issued an assessment for VAT for the quarter ended 31.3.2019 for Rs. 9,779,050. The company has appealed against this assessment and settlements are since pending.

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.

**21. Events after the reporting period and disclosure on current economic crisis**

**21.1 Events after the reporting period**

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

Subsequent to the reporting date, Sri Lanka government has proposed major tax reforms for the manufacturing sector, consequently tax rate will be increased from 18 % to 30 % in subsidiary company. However, this has no impact to the company due to this tax reform as there is an agreed 15 % income tax rate with the BOI.



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**21.2 Disclosure on current economic crisis**

The Monetary Board of the Central Bank of Sri Lanka (CBSL) has decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR). The depletion of foreign reserves has put restrictions on imports which has affected supplies.

The company has taken the following measures to ensure it continues with its operations as a going concern.

1. Company has increased Maximum Rental Price (MRP) for its products in order to cover up the input/overhead cost increase.
2. Despite of MRP increase, the growth momentum is maintained at decent level.
3. Company has sufficient cash flows to manage the business without any borrowings.
4. For import of raw materials, banks has provided continuous support due to company's long association with the bank. Company has also obtained approval for import of raw materials under Indian Credit Line,
5. Company is able to source Raw/ Packing materials on favourable credit terms with the Parent Company.

The management of the company continues to monitor the potential impact to the continuity of the business. Accordingly, macroeconomic variables are evaluated while making assumptions and judgments when preparing financial statements.



**OLE SPRINGS BOTTLERS (PVT) LTD**

**DETAILED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|  | <b>2022</b>                 | <b>2021</b>                 |
|--|-----------------------------|-----------------------------|
|  | <b>Rs.</b>                  | <b>Rs.</b>                  |
| <b>1. Revenue</b>                                  |                             |                             |
| Local sales  | 5,217,125,856               | 4,881,183,595               |
| Export sales                                       | 2,009,700                   | 3,711,781                   |
| Trade discounts                                    | <u>(164,181,825)</u>        | <u>(176,012,958)</u>        |
|  | 5,054,953,732               | 4,708,882,418               |
| <br>Social Security Contribution Leavy (SSCL)      | <br>(9,731,606)             | <br>-                       |
| Excise duty  | <u>(182,689,074)</u>        | <u>(144,284,245)</u>        |
|  | <u><u>4,862,533,052</u></u> | <u><u>4,564,598,173</u></u> |
| <br><b>2. Cost of sales</b>                        |                             |                             |
| Finished goods at the beginning of the year        | 34,130,371                  | 73,542,193                  |
| Finished goods purchased during the year           | 2,197,711,912               | 2,749,297,867               |
| Factory cost transferred ( <i>Schedule 2.1</i> )   | <u>1,621,608,451</u>        | <u>858,562,283</u>          |
|  | 3,853,450,734               | 3,681,402,343               |
| Finished goods at the end of the year              | <u>(43,642,126)</u>         | <u>(34,130,371)</u>         |
|  | <u><u>3,809,808,608</u></u> | <u><u>3,647,271,972</u></u> |
| <br><b>2.1 Cost of finished goods manufactured</b> |                             |                             |
| Raw materials at the beginning the year            | 138,649,099                 | 186,468,676                 |
| Raw materials purchased during the year            | 1,296,508,490               | 507,057,739                 |
| Raw materials at the end of the year               | <u>(220,511,870)</u>        | <u>(138,649,099)</u>        |
| Raw materials consumed during the year             | 1,214,645,719               | 554,877,316                 |
| Production overheads ( <i>Schedule 2.2</i> )       | <u>406,962,732</u>          | <u>303,684,967</u>          |
|  | <u><u>1,621,608,451</u></u> | <u><u>858,562,283</u></u>   |



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|                                  | <b>2022</b>        | <b>2021</b>        |
|----------------------------------|--------------------|--------------------|
|                                  | <b>Rs.</b>         | <b>Rs.</b>         |
| <b>2.2 Production overheads</b>  |                    |                    |
| Salaries                         | 26,538,972         | 26,390,816         |
| Wages                            | 54,287,352         | 30,699,125         |
| Overtime                         | 45,111,802         | 10,969,119         |
| Bonus                            | 4,132,653          | 3,470,295          |
| Allowance                        | 1,010,802          | 278,032            |
| Employees' Provident Fund        | 3,199,791          | 3,176,526          |
| Employees' Trust Fund            | 799,948            | 794,131            |
| Staff welfare                    | 363,550            | 10,080             |
| Medical                          | 257,074            | 215,194            |
| Terminal gratuity                | 822,187            | 686,074            |
| Fuel                             | 13,732,194         | 1,376,917          |
| Chemicals                        | 29,243,704         | 14,351,088         |
| Lab consumables                  | 1,985,177          | 1,771,886          |
| Staff uniforms                   | -                  | 1,941,868          |
| Electricity                      | 63,736,088         | 37,720,772         |
| Telephone                        | 1,065,817          | 976,323            |
| General insurance                | 3,037,515          | 2,118,138          |
| Security charges                 | 9,588,891          | 6,752,381          |
| Motor vehicle fuel               | 82,282             | 267,900            |
| Depreciation - Factory building  | 3,585,351          | 3,585,351          |
| - Plant and machinery            | 23,135,738         | 23,098,046         |
| - Office equipment               | 28,501             | 40,892             |
| - Furniture and fittings         | 105,604            | 83,143             |
| - Motor vehicles and forklift    | 940,870            | 940,870            |
| - Computers                      | 43,635             | 73,714             |
| - Bottles and crates             | 60,815,307         | 87,997,885         |
| Building repairs and maintenance | 8,969,736          | 6,528,983          |
| Equipment maintenance            | 49,892,193         | 37,169,416         |
| Loading charges                  | 450,000            | 200,000            |
|                                  | <u>406,962,732</u> | <u>303,684,967</u> |



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|                                   | <b>2022</b>       | <b>2021</b>       |
|-----------------------------------|-------------------|-------------------|
|                                   | <b>Rs.</b>        | <b>Rs.</b>        |
| <b>3. Administrative expenses</b> |                   |                   |
| Salaries - staff                  | 5,962,125         | 8,941,674         |
| Wages                             | 2,264,021         | 1,318,737         |
| Overtime                          | 1,367,627         | 1,667,334         |
| Allowance                         | 1,409,529         | 1,079,752         |
| Bonus                             | 698,781           | 836,796           |
| Sundry balances written off       | 532,779           | -                 |
| Employees' Provident Fund         | 844,854           | 1,219,011         |
| Employees' Trust Fund             | 211,214           | 304,753           |
| Medical expenses                  | 776,008           | 510,095           |
| Staff welfare                     | 79,592            | 106,425           |
| Terminal gratuity                 | 184,709           | 244,503           |
| Tea and food                      | 13,970,965        | 4,623,711         |
| External auditor's remuneration   | 1,261,526         | 1,080,564         |
| Electricity                       | -                 | 80,397            |
| Telephone                         | 430,983           | 1,801,067         |
| Printing and stationery           | 5,588,172         | 2,804,315         |
| Postage and telegrams             | 7,045             | 6,040             |
| Stamp duty                        | 161,575           | 140,500           |
| Depreciation - Building           | 175,098           | 175,098           |
| - Furniture and fittings          | 86,403            | 68,026            |
| - Office equipment                | 256,505           | 368,029           |
| - Motor vehicles                  | 272,196           | 272,196           |
| - Computer & Software             | 72,116            | 121,828           |
| Computer maintenance              | 2,315,600         | 1,525,575         |
| Fees and penalties                | -                 | 9,500             |
| Motor vehicle insurance           | 96,318            | 227,700           |
| Foreign travelling                | 201,296           | 36,797            |
| Consultancy fees                  | 326,632           | 1,831,620         |
| Legal fees                        | 1,206,855         | 887,420           |
| Subscriptions and periodicals     | 617,363           | 556,399           |
| Water                             | -                 | 9,458             |
| Motor vehicle fuel                | 976,276           | 1,048,043         |
| Other tax                         | -                 | 21,341            |
| Travelling and transport          | 1,247,646         | 930,826           |
|                                   | <u>43,601,807</u> | <u>33,850,351</u> |



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|   | <b>2022</b>        | <b>2021</b>        |
|---|--------------------|--------------------|
|   | <b>Rs.</b>         | <b>Rs.</b>         |
| <b>4. Selling and distribution expenses</b> |                    |                    |
| Salaries - staff                            | 9,530,229          | 7,406,700          |
| Wages                                       | 9,292,478          | 36,083,479         |
| Staff welfare                               | -                  | 31,063             |
| Other allowance to staff                    | 622,176            | 1,625,892          |
| Overtime                                    | 3,276,063          | 2,139,477          |
| Bonus                                       | 854,181            | 1,165,867          |
| Staff incentives                            | 2,396,007          | 797,707            |
| Employees' Provident Fund                   | 1,204,369          | 1,083,911          |
| Employees' Trust Fund                       | 301,092            | 270,978            |
| Terminal gratuity                           | 295,250            | 195,076            |
| Medical expenses                            | 120,416            | 10,429             |
| Motor vehicle fuel                          | 16,358,750         | 14,197,904         |
| Freight expenses                            | 52,620             | 57,539             |
| Tea and food                                | 445,912            | 1,583,386          |
| Discounts and claims                        | 377,192,634        | 479,703,977        |
| Rent expenses                               | 540,000            | 1,080,000          |
| Bad debt write off                          | 8,048,497          | 680,012            |
| Motor vehicle maintenance and repairs       | 5,592,320          | 4,302,522          |
| Transport charges                           | 92,205,841         | 28,742,612         |
| Trade equipment maintenance                 | 1,303,060          | 2,540,156          |
| Travelling                                  | 18,486             | 50,018             |
| Depreciation - trade equipment              | 66,562,696         | 43,618,203         |
|   | <u>596,213,076</u> | <u>627,366,908</u> |



**OLE SPRINGS BOTTLERS (PVT) LTD**  
**DETAILED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

|   | <b>31.12.2022</b>  | <b>31.12.2021</b>  |
|---|--------------------|--------------------|
|   | <b>Rs.</b>         | <b>Rs.</b>         |
| <b>5. Cash at bank and cash in hand</b> |                    |                    |
| <b>Cash at bank</b>                     |                    |                    |
| Commercial Bank of Ceylon               | 6,209,676          | 16,533,909         |
| People's Bank - Hanwella                | 458,418            | 10,534,252         |
| Hatton National Bank - Kaduwela         | 4,380,023          | 24,124,087         |
| Standard Chartered Bank - Fort Branch 3 | 3,644,208          | 1,897,489          |
| Nations Trust Bank PLC                  | 3,218,306          | 157,006            |
| People's Bank - International           | 117,877            | 21,324             |
| Cash in hand                            | 1,028,645          | 583,130            |
|   | <u>19,057,154</u>  | <u>53,851,197</u>  |
| <b>6. Accrued and other payables</b>    |                    |                    |
| Other payables                          | 105,860,711        | 117,131,884        |
| Auditor's remuneration                  | 511,988            | 434,250            |
|   | <u>106,372,699</u> | <u>117,566,134</u> |



**VARUN  
BEVERAGES  
MOROCCO S.A**

**GENERAL REPORT OF  
AUDIT  
For the year ended 31  
December 2022**



**Ahmed CHAHBI**  
**Expert Comptable DPLE**  
**Commissaire aux comptes**

421, Bd Abdelmoumen 4<sup>ème</sup> étage N° 16  
Casablanca Maroc  
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**VARUN BEVERAGES MOROCCO S.A**  
**Bouskoura Casablanca**

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|--|
| <p><b>GENERAL REPORT OF AUDIT</b><br/><b>For the year ended 31 December 2022</b></p> |
|--|

Shareholders,

Accordance with the terms of our accord by your General Meeting, we audited the financial statements of the company **VARUN BEVERAGES MOROCCO S.A** attached, which comprise the balance sheet and the statement of income and expenses for the year ended 31 December 2022. These financial statements show an amount of equity to 312.052.859,29 MAD and include a profit of 17.357.075,41 MAD.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on the financial statements**

We certify that the statements referred to in the first paragraph above are regular and sincere and fairly, in all material respects, fairly the result of operations for the year then ended, the financial position and assets of the company **VARUN BEVERAGES MOROCCO S.A** at 31 December 2022 in accordance with accounting standards admitted in Morocco.



**Ahmed CHAHBI**  
**Expert Comptable DPLE**  
**Commissaire aux comptes**

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### **Specific verifications and information**

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

**Ahmed CHAHBI**

**Casablanca January 18, 2023**

**M. Ahmed CHAHBI**  
EXPERT COMPTABLE DPLE  
421, Bd Abdelmoumen 4<sup>ème</sup> étage N° 16  
CASABLANCA





Ahmed CHAHBI  
Expert Comptable DPLE  
Commissaire aux comptes

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**VARUN  
BEVERAGES  
MOROCCO S.A**

**FINANCIAL STATEMENTS  
For the year ended 31  
December 2022**

Tableau n°1

**BILAN (ACTIF)**

Société VARUN BEVERAGES MOROCCO S.A

EXERCICE CLOS LE 31/12/2022

|   | ACTIF  | EXERCICE                |                                 |                       | Net<br>31/12/2021     |
|---|--|-------------------------|---------------------------------|-----------------------|-----------------------|
|   |  | Brut                    | Amortissements<br>et Provisions | Net<br>31/12/2022     |                       |
| A<br>C<br>T<br>I<br>F<br><br>I<br>M<br>M<br>O<br>B<br>I<br>L<br>I<br>S<br>E | <b>IMMOBILISATION EN NON VALEUR (a)</b>                          | <b>9 049 879,40</b>     | <b>5 214 008,97</b>             | <b>3 835 870,43</b>   | <b>5 385 863,03</b>   |
|   | Frais préliminaires  |                         |                                 |                       |                       |
|   | Charges à répartir sur plusieurs exercices                       | 9 049 879,40            | 5 214 008,97                    | 3 835 870,43          | 5 385 863,03          |
|   | Primes de remboursement des obligations                          |                         | -                               |                       |                       |
|   | <b>IMMOBILISATIONS INCORPORELLES (b)</b>                         | <b>35 941,00</b>        | <b>35 941,00</b>                |                       | <b>778,55</b>         |
|   | Immobilisations en recherche et développement                    |                         |                                 |                       |                       |
|   | Brevets, marques, droits et valeurs similaires                   | 35 941,00               | 35 941,00                       |                       | 778,55                |
|   | Fonds commercial   |                         |                                 |                       |                       |
|   | Autres immobilisations incorporelles                             |                         | -                               |                       |                       |
|   | <b>IMMOBILISATIONS CORPORELLES (c)</b>                           | <b>716 978 509,12</b>   | <b>304 949 169,88</b>           | <b>412 029 339,24</b> | <b>461 227 084,61</b> |
|   | Terrains   | 79 059 094,10           |                                 | 79 059 094,10         | 77 177 368,65         |
|   | Constructions  | 91 966 700,85           | 30 100 693,64                   | 61 866 007,21         | 64 417 937,28         |
|   | Installations techniques, matériel et outillage                  | 515 511 856,54          | 251 831 103,64                  | 263 680 752,90        | 315 423 976,54        |
|   | Matériel de transport  | 18 967 212,19           | 17 858 809,91                   | 1 108 402,28          | 1 068 546,64          |
|   | Mobiliers, matériel de bureau et aménagements divers             | 8 555 380,96            | 5 158 562,69                    | 3 396 818,27          | 3 139 255,51          |
|   | Autres immobilisations corporelles                               |                         |                                 |                       |                       |
|   | Immobilisations corporelles en cours                             | 2 918 264,48            |                                 | 2 918 264,48          |                       |
|   | <b>IMMOBILISATIONS FINANCIERES (d)</b>                           | <b>2 900 942,28</b>     |                                 | <b>2 900 942,28</b>   | <b>2 716 972,28</b>   |
|   | Prêts immobilisés  |                         |                                 |                       |                       |
| A<br>C<br>T<br>I<br>F<br><br>C<br>I<br>R<br>C<br>U<br>L<br>A<br>N<br>T      | Autres créances financières                                      | 2 900 942,28            |                                 | 2 900 942,28          | 2 716 972,28          |
|   | Titres de participation  |                         | -                               |                       |                       |
|   | Autres titres immobilisés  |                         |                                 |                       |                       |
|   | <b>ECARTS DE CONVERSION - ACTIF (e)</b>                          | <b>14 296 847,72</b>    |                                 | <b>14 296 847,72</b>  |                       |
|   | Diminution des créances immobilisées                             |                         |                                 |                       |                       |
|   | Augmentation des dettes de finance                               | 14 296 847,72           |                                 | 14 296 847,72         |                       |
|   | <b>TOTAL I ( a+b+c+d+e)</b>                                      | <b>743 262 119,52</b>   | <b>310 199 119,85</b>           | <b>433 062 999,67</b> | <b>469 330 698,47</b> |
|   | <b>STOCKS (f)</b>  | <b>195 354 431,30</b>   |                                 | <b>195 354 431,30</b> | <b>111 164 297,73</b> |
|   | Marchandises   | 39 463 587,46           |                                 | 39 463 587,46         | 29 405 249,00         |
|   | Matières et fournitures consommables                             | 112 674 176             | -                               | 112 674 176,18        | 53 151 089,76         |
| A<br>C<br>T<br>I<br>F<br><br>C<br>I<br>R<br>C<br>U<br>L<br>A<br>N<br>T      | Produits en cours  |                         |                                 |                       |                       |
|   | Produits interm. et produits resid.                              |                         |                                 |                       |                       |
|   | Produits finis   | 43 216 668              |                                 | 43 216 668            | 28 607 959            |
|   | <b>CREANCES DE L'ACTIF CIRCULANT (g)</b>                         | <b>190 925 914,36</b>   | <b>7 473 481,29</b>             | <b>183 452 433,07</b> | <b>122 117 443,91</b> |
|   | Fournis. débiteurs, avances et acomptes                          | 8 495 920,92            |                                 | 8 495 920,92          | 7 414 763,57          |
|   | Clients et comptes rattachés                                     | 126 833 336,37          | 7 473 481,29                    | 119 359 855,08        | 73 737 334,27         |
|   | Personnel  | 1 195 924,48            |                                 | 1 195 924,48          | 1 173 095,71          |
|   | Etat   | 28 820 301,14           |                                 | 28 820 301,14         | 19 002 935,57         |
|   | Comptes d'associés   |                         |                                 |                       |                       |
|   | Autres débiteurs   | 1 127,18                |                                 | 1 127,18              | 1 127,18              |
| T<br>R<br>E<br>S<br>O<br>R<br>.   | Compte de régularisation actif                                   | 25 579 304,27           |                                 | 25 579 304,27         | 20 788 187,61         |
|   | <b>TITRES ET VALEUR DE PLACEMENT (h)</b>                         |                         |                                 |                       |                       |
|   | <b>ECART DE CONVERSION - ACTIF (i)</b><br>(Eléments circulants ) | <b>1 035 606,29</b>     |                                 | <b>1 035 606,29</b>   | <b>308 362,49</b>     |
|   | <b>TOTAL II ( f+g+h+i)</b>                                       | <b>387 315 951,95</b>   | <b>7 473 481,29</b>             | <b>379 842 470,66</b> | <b>233 590 104,13</b> |
| T<br>R<br>E<br>S<br>O<br>R<br>.   | <b>TRESORERIE - ACTIF</b>  | <b>7 101 389,00</b>     |                                 | <b>7 101 389,00</b>   | <b>3 640 164,28</b>   |
|   | Chèques et valeurs à encaisser                                   | 6 032 146,08            |                                 | 6 032 146,08          | 2 985 764,52          |
|   | Banques, T.G & CP  | 871 293,43              |                                 | 871 293,43            | 622 764,77            |
|   | Caisses, régies d'avances et accreditifs                         | 197 949                 |                                 | 197 949,49            | 31 634,99             |
|   | <b>TOTAL III</b>   | <b>7 101 389,00</b>     |                                 | <b>7 101 389,00</b>   | <b>3 640 164,28</b>   |
|   | <b>TOTAL GENERAL I+II+III</b>                                    | <b>1 137 679 460,47</b> | <b>317 672 601,14</b>           | <b>820 006 859,33</b> | <b>706 560 966,88</b> |

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

Tableau n°1

**BILAN ( PASSIF )**

Société VARUN BEVERAGES MOROCCO S.A

EXERCICE CLOS LE 31/12/2022

|   | PASSIF  | Exercice<br>31/12/2022 | Exercice<br>31/12/2021 |
|---|---|------------------------|------------------------|
|   | <b>CAPITAUX PROPRES</b>   |                        |                        |
|   | Capital social ou personnel (1)                                 | 869 638 000,00         | 869 638 000,00         |
|   | moins: Actionnaires, capital souscrit non appele dont vers..    |                        |                        |
|   | Moins : Capital appelé  |                        |                        |
|   | Moins : Dont versé  |                        |                        |
| F | Prime d'émission, de fusion, d'apport                           |                        |                        |
| I | Ecart de reevaluation   |                        |                        |
| N | Reserve legale  |                        |                        |
| A | Autres reserves   |                        |                        |
| N | Report à nouveau (2)  | -574 942 216,12        | -579 413 107,84        |
|   | Résultat net en instance d'affectation (2)                      |                        |                        |
| C | Resultat net de l'exercice (2)                                  | 17 357 075,41          | 4 470 891,72           |
| E | <b>TOTAL DES CAPITAUX PROPRES (a)</b>                           | <b>312 052 859,29</b>  | <b>294 695 783,88</b>  |
| M | <b>CAPITAUX PROPRES ASSIMILES (b)</b>                           |                        |                        |
| E | Subventions d'investissement                                    |                        |                        |
| N | Provisions reglementees   |                        |                        |
| T | CAPITAUX PROPRES ASSIMILES (Ajout) -                            |                        |                        |
| P | <b>DETTES DE FINANCEMENT (c)</b>                                | <b>211 983 942,29</b>  | <b>200 336 208,98</b>  |
| E | Emprunts obligataires   |                        |                        |
| R | Autres dettes de financement                                    | 211 983 942,29         | 200 336 208,98         |
| M | DETTES DE FINANCEMENT (Ajout) -                                 |                        |                        |
| A | <b>PROVISIONS DURABLES POUR RISQUES ET CHARGES (d)</b>          | <b>14 296 847,72</b>   |                        |
| N | Provisions pour charges   |                        |                        |
| E | Provisions pour risques   | 14 296 847,72          |                        |
| N | <b>ECARTS DE CONVERSION - PASSIF (e)</b>                        |                        | <b>839 186,71</b>      |
| T | Augmentation des creances immobilisees                          |                        |                        |
|   | Diminution des dettes de financement                            | -                      | 839 186,71             |
|   | <b>TOTAL I ( a+b+c+d+e )</b>                                    | <b>538 333 649,30</b>  | <b>495 871 179,57</b>  |
| P | <b>DETTES DU PASSIF CIRCULANT (f)</b>                           | <b>229 437 857,34</b>  | <b>177 240 288,70</b>  |
| A | Fournisseurs et comptes rattaches                               | 182 440 220,77         | 134 167 392,41         |
| S | Clients crediteurs, avances et acomptes                         | 7 008 618,25           | 11 212 538,37          |
| S | Personnel   | 359 392,33             | 258 406,85             |
| I | Organismes sociaux  | 3 367 897,38           | 2 673 956,33           |
| F | Etat  | 28 332 799,34          | 24 615 447,71          |
|   | Comptes d'associes  | 6 892 153,73           | 3 457 401,37           |
| C | Autres creances   |                        |                        |
| I | Comptes de regularisation - passif                              | 1 036 775,54           | 855 145,66             |
| R | <b>AUTRES PROVISIONS POUR RISQUES ET CHARGES (g)</b>            | <b>1 035 606,29</b>    | <b>308 362,49</b>      |
| C | <b>ECARTS DE CONVERSION - PASSIF (h)( Elements circulants )</b> | <b>152 286,04</b>      | <b>240 100,72</b>      |
| U | <b>TOTAL II ( f+g+h )</b>                                       | <b>230 625 749,67</b>  | <b>177 788 751,91</b>  |
| T | <b>TRESORERIE PASSIF</b>  | <b>51 047 460,36</b>   | <b>32 901 035,40</b>   |
| R | Credits d'escompte  | 5 087 914,39           | 5 517 981,23           |
| E | Credit de tresorerie  |                        |                        |
| S | Banques ( soldes crediteurs )                                   | 45 959 545,97          | 27 383 054,17          |
|   | <b>TOTAL III</b>  | <b>51 047 460,36</b>   | <b>32 901 035,40</b>   |
|   | <b>TOTAL I+II+III</b>   | <b>820 006 859,33</b>  | <b>706 560 966,88</b>  |

(1) Capital personnel debiteur

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

Tableau n°2

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

Société VARUN BEVERAGES MOROCCO S.A

EXERCICE CLOS LE 31/12/2022

| EXERCICE CLOS LE 31/12/2022                              |                               |   |                              |   |  |  |
|--|-------------------------------|---|------------------------------|---|--|--|
|  |                               |   | OPERATIONS                   |   | Totaux de<br>L'exercice<br>31/12/2022<br>3 = 1 + 2 | Totaux de<br>L'exercice<br>31/12/2021<br>3 = 1 + 2 |
|  |                               |   | Propres à<br>L'exercice<br>1 | Concernant les<br>exercices précédents<br>2 |  |  |
| E<br>X<br>P<br>L<br>O<br>I<br>T<br>A<br>T<br>I<br>O<br>N | I                             | PRODUITS D'EXPLOITATION   |                              |   |  |  |
|  |                               | Ventes de marchandises  | 94 303 502,20                |   | 94 303 502,20                                      | 37 237 556,18                                      |
|  |                               | Ventes de biens et services produits                              | 842 503 074,05               |   | 842 503 074,05                                     | 536 433 397,78                                     |
|  |                               | Variation de stock de produits                                    | 14 608 708,69                |   | 14 608 708,69                                      | 6 416 591,32                                       |
|  |                               | Immobilisations produites pour l'Ese p/elle-même                  |                              |   |  |  |
|  |                               | Subvention d'exploitation   |                              |   |  | 6 620 389,75                                       |
|  |                               | Autres produits d'exploitation                                    |                              |   |  |  |
|  |                               | Reprises d'exploitation; transfert de charges                     | -                            |   |  |  |
|  |                               | TOTAL I   | 951 415 284,94               |   | 951 415 284,94                                     | 586 707 935,03                                     |
|  | II                            | CHARGES D'EXPLOITATION  |                              |   |  |  |
|  |                               | Achats revendus de marchandises                                   | 89 990 802,88                |   | 89 990 802,88                                      | 33 308 265,75                                      |
|  |                               | Achat consommables de matières et de fournitures                  | 367 800 551,34               |   | 367 800 551,34                                     | 206 209 134,84                                     |
|  |                               | Autres charges externes   | 242 158 804,54               |   | 242 158 804,54                                     | 173 948 317,87                                     |
|  |                               | Impôts et taxes   | 66 085 710,54                |   | 66 085 710,54                                      | 40 120 361,26                                      |
|  |                               | Charges de personnel  | 78 490 769,46                |   | 78 490 769,46                                      | 66 917 535,94                                      |
|  |                               | Autres charges d'exploitation                                     |                              |   |  |  |
|  |                               | Dotations d'exploitation  | 43 787 391,84                |   | 43 787 391,84                                      | 40 068 544,26                                      |
|  |                               | TOTAL II  | 888 314 030,60               |   | 888 314 030,60                                     | 560 572 159,92                                     |
|  | III                           | RESULTAT D'EXPLOITATION ( I - II )                                |                              |   | 63 101 254,34                                      | 26 135 775,11                                      |
| F<br>I<br>N<br>A<br>N<br>C<br>I<br>E<br>R                | IV                            | PRODUITS FINANCIERS   |                              |   |  |  |
|  |                               | Produits des titres de participation et autres titres immobilisés |                              |   |  |  |
|  |                               | Gains de change   | 1 150 876,09                 |   | 1 150 876,09                                       | 1 991 879,83                                       |
|  |                               | Intérêts et autres produits financiers                            |                              |   |  |  |
|  |                               | Reprises financières; transfert de charges                        | 308 362                      |   | 308 362,49   | 214 017,59   |
|  |                               | TOTAL IV  | 1 459 238,58                 |   | 1 459 238,58                                       | 2 205 897,42                                       |
|  | V                             | CHARGES FINANCIERES   |                              |   |  |  |
|  |                               | Charges d'intérêts  | 12 104 909,37                |   | 12 104 909,37                                      | 8 010 514,16                                       |
|  |                               | Pertes de changes   | 5 456 241,39                 |   | 5 456 241,39                                       | 3 208 111,74                                       |
|  |                               | Autres charges financières  |                              |   |  |  |
|  |                               | Dotations financières   | 15 332 454,01                |   | 15 332 454,01                                      | 308 362,49   |
|  |                               | TOTAL V   | 32 893 604,77                |   | 32 893 604,77                                      | 11 526 988,39                                      |
|  | VI                            | RESULTAT FINANCIER ( IV - V )                                     |                              |   | -31 434 366,19                                     | -9 321 090,97                                      |
| VII  | RESULTAT COURANT ( III - VI ) |   |                              | 31 666 888,15                               | 16 814 684,14                                      |  |

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

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

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





Tableau n°2

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

Société VARUN BEVERAGES MOROCCO S.A

|  |      |  | OPERATIONS                   |   | Totaux de<br>L'exercice<br>31/12/2022<br>3 = 1 + 2 | Totaux de<br>L'exercice<br>31/12/2021<br>3 = 1 + 2 |
|--|------|--|------------------------------|---|--|--|
|  |      |  | Propres à<br>L'exercice<br>1 | Concernant les<br>exercices précédents<br>2 |  |  |
|  | VII  | <b>RESULTAT COURANT ( Report )</b>                 |                              |   | <b>31 666 888,15</b>                               | <b>16 814 684,14</b>                               |
| N<br>O<br>N<br>C<br>O<br>U<br>R<br>A<br>N<br>T | VIII | <b>PRODUITS NON COURANTS</b>                       |                              |   |  |  |
|  |      | Produits des cessions d'immobilisations            | 38 621 491,41                |   | 38 621 491,41                                      | 881 760,88   |
|  |      | Subventions d'équilibre                            |                              |   |  |  |
|  |      | Reprises sur subventions d'investissement          |                              |   |  |  |
|  |      | Autres produits non courants                       | 215 220,56                   |   | 215 220,56   |  |
|  |      | Reprises non courantes; transferts de charges      |                              |   |  |  |
|  |      | <b>TOTAL VIII</b>                                  | <b>38 836 711,97</b>         |   | <b>38 836 711,97</b>                               | <b>881 760,88</b>                                  |
|  | IX   | <b>CHARGES NON COURANTES</b>                       |                              |   |  |  |
|  |      | Valeurs nettes d'amort. des Immo cédées            | 49 208 232,30                |   | 49 208 232,30                                      | 5 262 580,35                                       |
|  |      | Subventions accordées                              |                              |   |  |  |
|  |      | Autres charges non courantes                       | 189 309,72                   |   | 189 309,72   | 5 078 365,72                                       |
|  |      | Dotations non courantes aux amortiss. et provision |                              |   |  |  |
|  |      | <b>TOTAL IX</b>                                    | <b>49 397 542,02</b>         |   | <b>49 397 542,02</b>                               | <b>10 340 946,07</b>                               |
|  | X    | <b>RESULTAT NON COURANT ( VIII- IV )</b>           |                              |   | <b>-10 560 830,05</b>                              | <b>-9 459 185,19</b>                               |
|  | XI   | <b>RESULTAT AVANT IMPOTS ( VII+ X )</b>            |                              |   | <b>21 106 058,10</b>                               | <b>7 355 498,95</b>                                |
|  | XII  | <b>IMPOTS SUR LES RESULTATS</b>                    |                              |   | <b>3 748 982,69</b>                                | <b>2 884 607,23</b>                                |
|  | XIII | <b>RESULTAT NET ( XI - XII )</b>                   |                              |   | <b>17 357 075,41</b>                               | <b>4 470 891,72</b>                                |
|  | XIV  | <b>TOTAL DES PRODUITS ( I + IV + VIII )</b>        |                              |   | <b>991 711 235,49</b>                              | <b>589 795 593,33</b>                              |
|  | XV   | <b>TOTAL DES CHARGES ( II + V + IX + XII )</b>     |                              |   | <b>974 354 160,08</b>                              | <b>585 324 701,61</b>                              |
|  | XVI  | <b>RESULTAT NET ( XIV - XV )</b>                   |                              |   | <b>17 357 075,41</b>                               | <b>4 470 891,72</b>                                |

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



Tableau n°1

## Balance Sheet (Assets)

VARUN BEVERAGES MOROCCO

EXERCISE CLOSED ON 31/12/2022

| Assets  | EXERCICE         |                |                | PREVIOUS YEAR  |
|---|------------------|----------------|----------------|----------------|
|   | Gross            | Depreciations  | Net            | Net            |
|   |                  | and provisions | 31/12/2022     | 31/12/2021     |
| <b>PROPERTY VALUE IN NO (a)</b>                               | 9 049 879,40     | 5 214 008,97   | 3 835 870,43   | 5 385 863,03   |
| Preliminary expenses  |                  |                |                |                |
| Expences Deferred   | 9 049 879,40     | 5 214 008,97   | 3 835 870,43   | 5 385 863,03   |
| Bond redemption premiums                                      |                  |                |                |                |
| <b>INTANGIBLE ASSETS (b)</b>                                  | 35 941,00        | 35 941,00      |                | 778,55         |
| Capital Research & Development                                |                  |                |                |                |
| Patents, trademarks, rights, and similar                      | 35 941,00        | 35 941,00      |                | 778,55         |
| goodwill  |                  |                |                |                |
| Other intangible assets                                       |                  |                |                |                |
| <b>PROPERTY &amp; EQUIPMENT (c)</b>                           | 716 978 509,12   | 304 949 169,88 | 412 029 339,24 | 461 227 084,61 |
| Land  | 79 059 094,10    |                | 79 059 094,10  | 77 177 368,65  |
| Constructions   | 91 966 700,85    | 30 100 693,64  | 61 866 007,21  | 64 417 937,28  |
| Plant, machinery and equipment                                | 515 511 856,54   | 251 831 103,64 | 263 680 752,90 | 315 423 976,54 |
| Transportation Equipment                                      | 18 967 212,19    | 17 858 809,91  | 1 108 402,28   | 1 068 546,64   |
| Furniture, office equipment & facilities various              | 8 555 380,96     | 5 158 562,69   | 3 396 818,27   | 3 139 255,51   |
| Other tangible assets   |                  |                |                |                |
| Assets under construction and Asset in progress               | 2 918 264,48     |                | 2 918 264,48   |                |
| <b>FINANCIAL ASSETS (d)</b>                                   | 2 900 942,28     |                | 2 900 942,28   | 2 716 972,28   |
| Term loans  |                  |                |                |                |
| Other financial receivables                                   | 2 900 942,28     |                | 2 900 942,28   | 2 716 972,28   |
| Equity securities   |                  |                |                |                |
| Other investments   |                  |                |                |                |
| <b>TRANSLATION ADJUSTMENTS - ASSETS (e)</b>                   | 14 296 847,72    |                | 14 296 847,72  |                |
| Decrease in nonperforming loans                               |                  |                |                |                |
| Increase in borrowings  | 14 296 847,72    |                | 14 296 847,72  |                |
| <b>TOTAL I (a+b+c+d+e)</b>                                    | 743 262 119,52   | 310 199 119,85 | 433 062 999,67 | 469 330 698,47 |
| <b>STOCKS (f)</b>   | 195 354 431,30   |                | 195 354 431,30 | 111 164 297,73 |
| Trading Goods   | 39 463 587,46    |                | 39 463 587,46  | 29 405 249,00  |
| Consumable raw materials and supplies                         | 112 674 176,18   |                | 112 674 176,18 | 53 151 089,76  |
| Work in progress  |                  |                |                |                |
| Intermediate products and residual products                   |                  |                |                |                |
| Finished goods  | 43 216 668       |                | 43 216 668     | 28 607 959     |
| <b>CURRENT ASSETS (g)</b>                                     | 190 925 914,36   | 7 473 481,29   | 183 452 433,07 | 122 117 443,91 |
| Supplier receivables, advances                                | 8 495 920,92     |                | 8 495 920,92   | 7 414 763,57   |
| Accounts receivable   | 126 833 336,37   | 7 473 481,29   | 119 359 855,08 | 73 737 334,27  |
| Staff and Employees   | 1 195 924,48     |                | 1 195 924,48   | 1 173 095,71   |
| State and taxes   | 28 820 301,14    |                | 28 820 301,14  | 19 002 935,57  |
| Accounts associated & Account of shareholder                  |                  |                |                |                |
| Other receivables   | 1 127,18         |                | 1 127,18       | 1 127,18       |
| Accrued Assets & Prepaid Exp                                  | 25 579 304,27    |                | 25 579 304,27  | 20 788 187,61  |
| <b>SECURITIES AND INVESTMENT SECURITIES (h)</b>               |                  |                |                |                |
| <b>Exchange difference- ASSETS (i)</b><br>(Circulating items) | 1 035 606,29     |                | 1 035 606,29   | 308 362,49     |
| <b>TOTAL II (f+g+h+i)</b>                                     | 387 315 951,95   | 7 473 481,29   | 379 842 470,66 | 233 590 104,13 |
| <b>CASH - ASSETS</b>  | 7 101 389,00     |                | 7 101 389,00   | 3 640 164,28   |
| Checks and cash values ...                                    | 6 032 146,08     |                | 6 032 146,08   | 2 985 764,52   |
| Bank T.G. and C.C.P.  | 871 293,43       |                | 871 293,43     | 622 764,77     |
| Cash, Imprest and flow  | 197 949,49       |                | 197 949,49     | 31 634,99      |
| <b>TOTAL III</b>  | 7 101 389,00     |                | 7 101 389,00   | 3 640 164,28   |
| <b>TOTAL GENERAL I+II+III</b>                                 | 1 137 679 460,47 | 317 672 601,14 | 820 006 859,33 | 706 560 966,88 |

VARUN BEVERAGES MOROCCO

Z.I. Botuskouba 27182 BP 408 - Casablanca

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CNSS: 8634976 - Patente: 32019099

ICE: 001534847000053



**Balance Sheet (Liabilities)****VARUN BEVERAGES MOROCCO**

EXERCISE CLOSED ON 31/12/2022

| Liabilities   | Exercise<br>31/12/2022 | Exercise<br>PREVIOUS YEAR<br>31/12/2021 |
|---|------------------------|---|
| <b>EQUITY</b>   |                        |   |
| Capital   | 869 638 000,00         | 869 638 000,00                          |
| fewer shareholders, subscribed capital uncalled                   |                        |   |
| called capital  |                        |   |
| which paid .....  |                        |   |
| Premium, merger, contribution                                     |                        |   |
| Revaluation   |                        |   |
| Legal reserve   |                        |   |
| Other reserves  |                        |   |
| Retained earnings (2)& Accumulation of losses and gains           | -574 942 216,12        | -579 413 107,84                         |
| Net results pending allocation (2)                                |                        |   |
| Net profit for the year (2)                                       | 17 357 075,41          | 4 470 891,72                            |
| <b>TOTAL Equity (a)</b>   | <b>312 052 859,29</b>  | <b>294 695 783,88</b>                   |
| <b>ALLIED CAPITAL (b)</b>   |                        |   |
| Investment grants   |                        |   |
| Regulated provisions  |                        |   |
| Donations   |                        |   |
| <b>DEBT FINANCING ( c)</b>  | <b>211 983 942,29</b>  | <b>200 336 208,98</b>                   |
| Bonds   |                        |   |
| Other borrowings  | 211 983 942,29         | 200 336 208,98                          |
| Others Debt Financing   |                        |   |
| <b>SUSTAINABLE PROVISIONS FOR LIABILITIES AND CHARGES (d)</b>     | <b>14 296 847,72</b>   |   |
| Provisions for charges  |                        |   |
| Provisions for risks  | 14 296 847,72          |   |
| <b>Exchange difference- Liabilities (e)</b>                       |                        | <b>839 186,71</b>                       |
| Increase in nonperforming loans                                   |                        |   |
| Decrease in borrowings  | -                      | 839 186,71                              |
| <b>TOTAL I ( a+b+c+d+e )</b>                                      | <b>538 333 649,30</b>  | <b>495 871 179,57</b>                   |
| <b>DEBT FOR CURRENT LIABILITIES</b>                               | <b>229 437 857,34</b>  | <b>177 240 288,70</b>                   |
| Accounts payable  | 182 440 220,77         | 134 167 392,41                          |
| Customers payable, advance payments                               | 7 008 618,25           | 11 212 538,37                           |
| Staff and Employees   | 359 392,33             | 258 406,85                              |
| Social security   | 3 367 897,38           | 2 673 956,33                            |
| State and Taxes   | 28 332 799,34          | 24 615 447,71                           |
| Accounts associated&Account of shareholder                        | 6 892 153,73           | 3 457 401,37                            |
| Other creditors   |                        |   |
| Adjustment accounts - liabilities (Interest Payable)              | 1 036 775,54           | 855 145,66                              |
| <b>OTHER PROVISIONS FOR LIABILITIES AND CHARGES(EXCHANGE) (g)</b> | <b>1 035 606,29</b>    | <b>308 362,49</b>                       |
| Exchange difference- Liabilities (Circulating items)              | 152 286,04             | 240 100,72                              |
| <b>TOTAL II ( f+g+h )</b>   | <b>230 625 749,67</b>  | <b>177 788 751,91</b>                   |
| <b>CASH - LIABILITIES</b>   | <b>51 047 460,36</b>   | <b>32 901 035,40</b>                    |
| Discount credits  | 5 087 914,39           | 5 517 981,23                            |
| Credits CASH  |                        |   |
| Banking regulation(credit balance)                                | 45 959 545,97          | 27 383 054,17                           |
| <b>TOTAL III</b>  | <b>51 047 460,36</b>   | <b>32 901 035,40</b>                    |
| <b>TOTAL I+II+III</b>   | <b>820 006 859,33</b>  | <b>706 560 966,88</b>                   |

VARUN BEVERAGES MOROCCO

Z.I. Bouskoura 27182 BP 408 - Casa

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CNSS: 8634976

ICE: 001534847000053

(1) Capital personnel débiteur

(2) Bénéficiaire (+) . déficitaire (-)

**PROFIT & LOSS****VARUN BEVERAGES MOROCCO**

EXERCISE CLOSED IN 31/12/2022

|     |   |  | OPERATIONS            |                   | Totals of<br>the exercise<br>31/12/2022<br>3 = 1 + 2 | Totals of<br>the exercise<br>PREVIOUS YEAR<br>31/12/2021 |
|-----|---|--|-----------------------|-------------------|--|--|
|     |   |  | Relating to the year  | for earlier years |  |  |
|     |   |  | 1                     | 2                 |  |  |
| I   | <b>OPERATING INCOME</b>                             |  |                       |                   |  |  |
|     | Sales of Trading goods (Turnover trading)           |  | 94 303 502,20         |                   | 94 303 502,20  | 37 237 556,18  |
|     | Sales goods&services produced &Turnover Manufact    |  | 842 503 074,05        |                   | 842 503 074,05                                       | 536 433 397,78   |
|     | Change in product inventory (+ -) I& stock          |  | 14 608 708,69         |                   | 14 608 708,69  | 6 416 591,32   |
|     | Asset Produced by the company itself                |  |                       |                   |  |  |
|     | Operating subsidies                                 |  |                       |                   |  | 6 620 389,75   |
|     | Other operating income                              |  |                       |                   |  |  |
|     | Operating Provision Reversed, transfers charges     |  |                       |                   |  |  |
|     | <b>TOTAL I</b>                                      |  | <b>951 415 284,94</b> |                   | <b>951 415 284,94</b>                                | <b>586 707 935,03</b>                                    |
| II  | <b>OPERATING EXPENSES</b>                           |  |                       |                   |  |  |
|     | Purchases resold merchandise &Trading goods         |  | 89 990 802,88         |                   | 89 990 802,88  | 33 308 265,75  |
|     | Purchases consumed raw materials and supplies       |  | 367 800 551,34        |                   | 367 800 551,34                                       | 206 209 134,84   |
|     | Other external expenses                             |  | 242 158 804,54        |                   | 242 158 804,54                                       | 173 948 317,87   |
|     | Taxes   |  | 66 085 710,54         |                   | 66 085 710,54  | 40 120 361,26  |
|     | Staff costs   |  | 78 490 769,46         |                   | 78 490 769,46  | 66 917 535,94  |
|     | Other operating expenses                            |  |                       |                   |  |  |
|     | Operating allowances &Depreciation                  |  | 43 787 392            |                   | 43 787 391,84  | 40 068 544,26  |
|     | <b>TOTAL II</b>                                     |  | <b>888 314 030,60</b> |                   | <b>888 314 030,60</b>                                | <b>560 572 159,92</b>                                    |
| III | <b>OPERATING INCOME ( I - II )</b>                  |  |                       |                   | <b>63 101 254,34</b>                                 | <b>26 135 775,11</b>                                     |
| IV  | <b>FINANCIAL PRODUCTS</b>                           |  |                       |                   |  |  |
|     | Income from equity securities and other investments |  |                       |                   |  |  |
|     | Foreign exchange gains                              |  | 1 150 876,09          |                   | 1 150 876,09   | 1 991 879,83   |
|     | Interest and other financial products               |  |                       |                   |  |  |
|     | Financial times, transfers charges                  |  | 308 362               |                   | 308 362,49   | 214 017,59   |
|     | <b>TOTAL IV</b>                                     |  | <b>1 459 238,58</b>   |                   | <b>1 459 238,58</b>                                  | <b>2 205 897,42</b>                                      |
| V   | <b>FINANCIAL CHARGES</b>                            |  |                       |                   |  |  |
|     | Interest expense                                    |  | 12 104 909,37         |                   | 12 104 909,37  | 8 010 514,16   |
|     | Foreign exchange loss                               |  | 5 456 241,39          |                   | 5 456 241,39   | 3 208 111,74   |
|     | Other financial charges                             |  |                       |                   |  |  |
|     | Provision exchange loss                             |  | 15 332 454,01         |                   | 15 332 454,01  | 308 362,49   |
|     | <b>TOTAL V</b>                                      |  | <b>32 893 604,77</b>  |                   | <b>32 893 604,77</b>                                 | <b>11 526 988,39</b>                                     |
| VI  | <b>FINANCIAL RESULTS ( IV - V )</b>                 |  |                       |                   | <b>-31 434 366,19</b>                                | <b>-9 321 090,97</b>                                     |
| VII | <b>CURRENT INCOME ( III - VI )</b>                  |  |                       |                   | <b>31 666 888,15</b>                                 | <b>16 814 684,14</b>                                     |



Tableau n°2

**PROFIT & LOSS****VARUN BEVERAGES MOROCCO**

EXERCISE CLOSED ON 31/12/2022

|  |      |  | OPERATIONS                |                        | Totals of<br>The exercise<br>31/12/2022<br>3 = 1 + 2 | Totals of<br>L'exercice<br>PREVIOUS YEAR<br>31/12/2021 |
|--|------|--|---------------------------|------------------------|--|--|
|  |      |  | Relating to the year<br>1 | for earlier years<br>2 |  |  |
|  | VII  | CURRENT RESULT( Report )                               |                           |                        | 31 666 888,15  | 16 814 684,14  |
|  | VIII | NO-CURRENT RESULT                                      |                           |                        |  |  |
|  |      | Proceeds from sale of Asset                            | 38 621 491,41             |                        | 38 621 491,41  | 881 760,88   |
|  |      | Balancing subsidy                                      |                           |                        |  |  |
|  |      | Reversal of capital grants                             |                           |                        |  |  |
|  |      | Other No-current income                                | 215 220,56                |                        | 215 220,56   |  |
|  |      | Non-current times, transfers charges                   |                           |                        |  |  |
|  |      | <b>TOTAL VIII</b>                                      | <b>38 836 711,97</b>      |                        | <b>38 836 711,97</b>                                 | <b>881 760,88</b>                                      |
|  | IX   | NO-RECURRING EXPENSES                                  |                           |                        |  |  |
|  |      | Net value of depreciation assets sold                  | 49 208 232,30             |                        | 49 208 232,30  | 5 262 580,35   |
|  |      | Grants   |                           |                        |  |  |
|  |      | Other non-current expenses                             | 189 309,72                |                        | 189 309,72   | 5 078 365,72   |
|  |      | Allocations to non-current amortization and provisions |                           |                        |  |  |
|  |      | <b>TOTAL IX</b>  | <b>49 397 542,02</b>      |                        | <b>49 397 542,02</b>                                 | <b>10 340 946,07</b>                                   |
|  | X    | NO-CURRENT INCOME ( VIII- IV )                         |                           |                        | -10 560 830,05                                       | -9 459 185,19  |
|  | XI   | PROFIT AND LOSS BEFORE TAXES ( VII+ X )                |                           |                        | 21 106 058,10  | 7 355 498,95   |
|  | XII  | INCOME TAX   |                           |                        | 3 748 982,69   | 2 884 607,23   |
|  | XIII | NET PROFIT AND LOSS ( XI - XII )                       |                           |                        | 17 357 075,41  | 4 470 891,72   |

|  |     |                                     |  |  |                |                |
|--|-----|-------------------------------------|--|--|----------------|----------------|
|  | XIV | TOTAL INCOME ( I + IV + VIII )      |  |  | 991 711 235,49 | 589 795 593,33 |
|  | XV  | TOTAL EXPENSES( II + V + IX + XII ) |  |  | 974 354 160,08 | 585 324 701,61 |
|  | XVI | NET PROFIT AND LOSS ( XIV - XV )    |  |  | 17 357 075,41  | 4 470 891,72   |

VARUN BEVERAGES MOROCCO

Z.I. Bousskoura 27182 BP 408 - Casa

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IF: 40248666 - RC: 229711

CNSS: 8634976 - Patente: 32019099

ICE: 001534847000053

**VARUN BEVERAGES (ZAMBIA) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



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**CONTENTS**

|  | <b>PAGE</b> |
|--|-------------|
| Company information  | 1           |
| Report of the directors  | 2           |
| Statement of directors' responsibilities   | 3           |
| Report of the independent auditor  | 4 - 6       |
| Financial statements:  |             |
| Statement of profit or loss and retained earnings                                    | 7           |
| Statement of financial position  | 8           |
| Statement of cash flows  | 9           |
| Notes  | 10 - 20     |
| <b>The following page do not form an integral part of these financial statements</b> |             |
| Schedule of other operating expenditure  | 21          |

**COMPANY INFORMATION**

|  |   |
|--|---|
| <b>BOARD OF DIRECTORS</b>                                    | <ul style="list-style-type: none"><li>: Mr. Rajnish Gupta</li><li>: Mr. Shankar Krishnan Iyer</li><li>: Mr. Satyanarayan Sharma</li><li>: Mr. Sanjiv Kumar Jetly - (Resigned on 15th February 2023)</li><li>: Mr. Rajendra Kumar Dubey- (Resigned on 28th November 2022)</li><li>: Mr. Subhasis Rath (Appointed on 31st January 2023)</li></ul> |
| <b>SHAREHOLDERS</b>  | <ul style="list-style-type: none"><li>: 90.00% - Varun Beverages Limited, India</li><li>: 8.22% - Capital Infrastructure Ltd -Seychelles</li><li>: 1.68% - Africa Bottling Company Limited</li><li>: 0.1% - Rajnish Gupta</li></ul>   |
| <b>REGISTERED OFFICE AND<br/>PRINCIPAL PLACE OF BUSINESS</b> | <ul style="list-style-type: none"><li>: Plot No. 37426 Mungwi Road</li><li>: Heavy Industrial Area</li><li>: P.O. Box 30007</li><li>: Lusaka</li><li>: Zambia</li></ul>   |
| <b>INDEPENDENT AUDITOR</b>                                   | <ul style="list-style-type: none"><li>: PKF Zambia Chartered Accountants</li><li>: P.O. Box 31290</li><li>: Lusaka</li><li>: Zambia</li></ul>   |
| <b>COMPANY SECRETARY</b>                                     | <ul style="list-style-type: none"><li>: PKF Consulting Zambia Limited</li><li>: P.O. Box 31290</li><li>: Lusaka</li><li>: Zambia</li></ul>  |
| <b>PRINCIPAL BANKERS</b>                                     | <ul style="list-style-type: none"><li>: Zambia National Commercial Bank Plc.</li><li>: Indo-Zambia Bank Limited</li><li>: Standard Chartered Bank Zambia Plc.</li><li>: First Capital Bank Limited</li></ul>  |
| <b>LEGAL ADVISORS</b>  | <ul style="list-style-type: none"><li>: Apton &amp; Partners Legal Practitioners and Commissioners for Oaths</li><li>: Plot No.25992 Parliament Village</li><li>: Off Kwacha Road, Olympia Park</li><li>: P.O. Box 10101</li><li>: Lusaka</li><li>: Zambia</li></ul>  |
| <b>ULTIMATE PARENT</b>                                       | <ul style="list-style-type: none"><li>: Varun Beverages Limited, India</li></ul>  |

## REPORT OF THE DIRECTORS

The directors submit their report and the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of the Company.

### PRINCIPAL ACTIVITIES

The Company manufactures and distributes carbonated soft drinks and bottled drinking water.

| RESULTS             | 2022<br>ZMW | 2021<br>ZMW |
|---------------------|-------------|-------------|
| Profit before tax   | 28,865,714  | 133,048,169 |
| Tax (charge)        | -           | -           |
| Profit for the year | 28,865,714  | 133,048,169 |

### DIRECTORS

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

### INDEPENDENT AUDITOR

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

### OTHER

In accordance with Section 106 of the Companies Act, 2017 the board of directors also report that during the year:

- the company made donations amounting to ZMW NIL (2021: ZMW Nil);
- Director's remuneration amounted to ZMW 11,938,011 (2021: ZMW 15,480,652 );
- Auditor's remuneration amounted to ZMW 358,238 (2021: 302,000)

### BY ORDER OF THE BOARD

  
\_\_\_\_\_  
DIRECTOR

LUSAKA

17/03/2023

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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The *Zambian Companies Act, 2017* requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company; that disclose, with reasonable accuracy, the financial position of the Company and that enable them to prepare financial statements of Company that comply with the *International Financial Reporting Standards for Small and Medium-sized Entities* and the requirements of *Zambian Companies Act, 2017*. The directors are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the financial statements in accordance with the *International Financial Reporting Standards for Small and Medium-sized Entities* and in the manner required *Zambian Companies Act, 2017*. They also accept responsibility for:

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

The Directors are of the opinion that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with *International Financial Reporting Standards for Small and Medium-sized Entities* and the requirements of the *Zambian Companies Act, 2017*.

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

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

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

Approved by the board of directors on 17/03/ 2023 signed on its behalf by:

  
\_\_\_\_\_

Mr. Subhasis Rath

\_\_\_\_\_

Mr. Satyanarayan Sharma



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

### **Opinion**

We have audited the financial statements of Varun Beverages (Zambia) Limited set out on pages 7 to 21, which comprise the statement of financial position as at 31 December 2022, the statement of profit or loss and retained earnings, 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 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard and the Companies Act, 2017.

### **Basis for Opinion**

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

### **Other information**

The directors are responsible for the other information. The other information comprises the Company information, report of the directors and the schedule of expenditure but does not include the financial statements and our report of the independent auditor thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Directors for the Financial Statements**

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

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

**Responsibilities of Directors for the Financial Statements (continued)**

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

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

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

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

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

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

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




**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF VARUN BEVERAGES  
(ZAMBIA) LIMITED (CONTINUED)****Report on other legal and regulatory requirements**

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

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

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

PKF ZAMBIA  
Chartered Accountants  
LUSAKA

  
Thulile Kavimba Mumba

17 MARCH 2023

AR/LSK/012/23

**STATEMENT OF PROFIT OR LOSS AND RETAINED EARNINGS**

|   | Notes | 2022<br>ZMW              | 2021<br>ZMW               |
|---|-------|--------------------------|---------------------------|
| Revenue                                       | 3     | 888,355,327              | 773,583,072               |
| Cost of sales                                 | 4     | <u>(570,249,773)</u>     | <u>(457,999,695)</u>      |
| <b>Gross profit</b>                           |       | 318,105,555              | 315,583,377               |
| Other operating income                        | 5     | 7,385,343                | 246,174                   |
| Administrative expenses                       |       | (46,368,603)             | (27,320,255)              |
| Selling and distribution expenses             |       | (80,526,123)             | (70,387,140)              |
| Employment costs                              |       | (92,033,965)             | (79,452,836)              |
| Depreciation on property, plant and equipment | 9     | <u>(34,810,067)</u>      | <u>(32,386,771)</u>       |
| <b>Operating profit</b>                       | 6     | 71,752,139               | 106,282,550               |
| Finance costs                                 | 7     | <u>(42,886,425)</u>      | <u>26,765,618</u>         |
| <b>Profit before tax</b>                      |       | 28,865,714               | 133,048,168               |
| Tax charge                                    | 8     | <u>-</u>                 | <u>-</u>                  |
| <b>Profit for the year</b>                    |       | <u><u>28,865,714</u></u> | <u><u>133,048,168</u></u> |
| <b>Retained earnings</b>                      |       |                          |                           |
| At start of year                              |       | 19,195,782               | (113,852,386)             |
| Profit for the year                           |       | <u>28,865,714</u>        | <u>133,048,168</u>        |
| At end of year                                |       | <u><u>48,061,496</u></u> | <u><u>19,195,782</u></u>  |


The notes on pages 10 to 20 form an integral part of these financial statements.

Report of the independent auditor - pages 4 to 6.

**STATEMENT OF FINANCIAL POSITION**

|   |       | As at 31 December  |                    |
|---|-------|--------------------|--------------------|
|   | Notes | 2022<br>ZMW        | 2021<br>ZMW        |
| <b>Non-current assets</b>                               |       |                    |                    |
| Property, plant and equipment                           | 9     | 377,025,234        | 347,210,327        |
|   |       | <u>377,025,234</u> | <u>347,210,327</u> |
| <b>Current assets</b>                                   |       |                    |                    |
| Inventories   | 10    | 127,319,474        | 138,358,850        |
| Trade and other receivables                             | 11    | 152,876,804        | 90,215,773         |
| Cash and cash equivalents                               | 12    | 5,243,805          | 9,607,918          |
|   |       | <u>285,440,083</u> | <u>238,182,541</u> |
|   |       | <u>662,465,317</u> | <u>585,392,868</u> |
| <b>EQUITY</b>   |       |                    |                    |
| Share capital   | 13    | 207,890,000        | 207,890,000        |
| Retained earnings                                       |       | 48,061,496         | 19,195,782         |
| <b>Equity attributable to the owners of the company</b> |       | <u>255,951,496</u> | <u>227,085,782</u> |
| <b>Non-current liabilities</b>                          |       |                    |                    |
| Borrowings  | 15    | 176,014,266        | 162,400,434        |
|   |       | <u>176,014,266</u> | <u>162,400,434</u> |
| <b>Current liabilities</b>                              |       |                    |                    |
| Trade and other payables                                | 14    | 159,393,927        | 130,626,827        |
| Borrowings  | 15    | 71,105,628         | 65,279,825         |
|   |       | <u>230,499,555</u> | <u>195,906,652</u> |
|   |       | <u>662,465,317</u> | <u>585,392,868</u> |

The financial statements on pages 7 to 20 were approved and authorised for issue by the board of Directors on 17/03/2023 and were signed on its behalf by:

 DIRECTOR

\_\_\_\_\_  
DIRECTOR

The notes on pages 10 to 20 form an integral part of these financial statements.

Report of the independent auditor - pages 4 to 6.

**STATEMENT OF CASH FLOWS**

|  | Notes | 2022<br>ZMW  | 2021<br>ZMW  |
|--|-------|--------------|--------------|
| <b>Cash flows from operating activities</b>                      |       |              |              |
| Profit before tax  |       | 28,865,714   | 133,048,168  |
| <b>Adjustments for:</b>  |       |              |              |
| Depreciation on property, plant and equipment                    | 9     | 34,810,067   | 32,386,771   |
| Interest expense   | 7     | 21,274,269   | 17,078,850   |
| Foreign exchange (losses)/profit                                 | 7     | 20,593,527   | (43,844,468) |
| Net cash from operations before working capital changes          |       | 105,543,577  | 138,669,321  |
| Changes in working capital:                                      |       |              |              |
| - (Decrease) /increase in inventories                            |       | 11,039,376   | (57,460,829) |
| - Increase in trade and other receivables                        |       | (62,661,031) | (13,908,952) |
| - Increase/(decrease) in trade and other payables                |       | 28,767,099   | (14,714,827) |
| Interest paid  |       | (21,274,269) | (17,078,850) |
| Net cash from operating activities after working capital changes |       | 61,414,753   | 35,505,863   |
| <b>Cash flows from investing activities</b>                      |       |              |              |
| Cash paid for purchase of property, plant and equipment          | 9     | (76,129,113) | (41,983,081) |
| Proceeds from disposal of property, plant and equipment          |       | 11,504,138   | 5,600,375    |
| Net cash (used in)/generated from investing activities           |       | (64,624,975) | (36,382,706) |
| <b>Cash flows from financing activities</b>                      |       |              |              |
| Proceeds/(re-payment) of borrowings                              |       | 19,439,636   | (40,460,566) |
| Net cash from/(used in) financing activities                     |       | 19,439,636   | (40,460,566) |
| Increase/decrease in cash and cash equivalents                   |       | 16,229,414   | (41,337,409) |
| <b>Movement in cash and cash equivalents</b>                     |       |              |              |
| At start of year   |       | 9,607,918    | 7,100,859    |
| Increase in cash and cash equivalents                            |       | 16,229,414   | (41,337,409) |
| Effect of exchange rate changes                                  | 7     | (20,593,527) | 43,844,468   |
| Total cash at end of the year                                    | 12    | 5,243,805    | 9,607,918    |

The notes on pages 10 to 20 form an integral part of these financial statements.

Report of the independent auditor - pages 4 to 6.

## NOTES

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

### 1) General Information

The Company manufactures and distributes carbonated soft drinks and bottled drinking water.

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

### 2) Significant accounting policies

#### a) Basis of preparation

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

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

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

#### Going concern

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

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

#### b) Key sources of estimation uncertainty

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

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



**NOTES (CONTINUED)**

**2) Significant accounting policies (continued)**

**b) Key sources of estimation uncertainty (continued)**

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

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

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

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

**d) Revenue recognition**

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

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

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

**e) Property, plant and equipment**

All property, plant and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

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

Depreciation is calculated on straight line method to write down value (WDV) the cost of each asset, to its residual value, over its estimated useful life using the following annual rates:

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



**NOTES (CONTINUED)**

**2) Significant accounting policies (continued)**

**e) Property, plant and equipment (continued)**

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

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

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

**f) Financial assets**

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

**g) Financial liabilities**

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

**h) Cash and cash equivalents**

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

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

**i) Inventories**

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

**j) Borrowings**

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

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

**k) Borrowing costs**

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

**NOTES (CONTINUED)**

**2) Significant accounting policies (continued)**

**l) Translation of foreign currencies**

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

**m) Leases**

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

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

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

**n) Employee benefit obligations**

**Gratuity**

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

**Pension obligations**

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

**Accrued leave**

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

**o) Impairment of non-financial assets other than inventories**

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

**NOTES (CONTINUED)**

**2) Significant accounting policies (continued)**

**p) Current and deferred income tax**

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

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

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

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

**q) Share capital**

Ordinary shares are classified as equity.

**r) Comparatives**

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

**NOTES (CONTINUED)**

|   | <b>2022<br/>ZMW</b> | <b>2021<br/>ZMW</b> |
|---|---------------------|---------------------|
| <b>3. Revenue</b>   |                     |                     |
| Carbonated soft drinks  | 480,783,886         | 372,276,135         |
| Bottled drinking water  | 61,837,199          | 49,535,328          |
| Other sales - Trading   | 60,073,784          | 139,754,263         |
| Scrap sales   | 990,863             | 947,505             |
| Sale of raw material  | 40,624,146          | 1,335,346           |
| Sale of dairy   | 249,272,623         | 230,585,864         |
| Trade discount  | (5,227,174)         | (20,851,370)        |
|   | <u>888,355,327</u>  | <u>773,583,072</u>  |
| <b>4. Cost of sales</b>   |                     |                     |
| Consumption of raw materials  | <u>570,249,773</u>  | <u>457,999,695</u>  |
|   | <u>570,249,773</u>  | <u>457,999,695</u>  |
| <b>5. Other operating income</b>  |                     |                     |
| Profit on disposal of property, plant and equipment                               | 6,093,125           | 246,174             |
| Sale account  | <u>1,292,218</u>    | <u>-</u>            |
|   | <u>7,385,343</u>    | <u>246,174</u>      |
| <b>6. Operating profit</b>  |                     |                     |
| The following items have been charged/(credited) in arriving at operating profit: |                     |                     |
| Depreciation on property, plant and equipment (Note 9)                            | 34,810,067          | 32,386,771          |
| Auditor's remuneration  | 358,238             | 302,000             |
| Directors' emoluments   | 11,938,011          | 15,480,652          |
| Trade receivables - impairment  | -                   | 672,607             |
| Staff costs   |                     |                     |
| - Salaries and wages  | 77,951,202          | 65,657,785          |
| - Pension   | 3,630,224           | 4,456,025           |
| - Other staff cost  | <u>10,452,539</u>   | <u>9,314,026</u>    |
| <b>7. Finance costs</b>   |                     |                     |
| Net foreign exchange losses   | 20,593,527          | (43,844,468)        |
| Interest expense:   |                     |                     |
| - holding company   | 8,040,662           | 4,325,573           |
| - others  | 13,233,607          | 12,753,277          |
| Corporate guarantee   | <u>1,018,629</u>    | <u>-</u>            |
|   | <u>42,886,425</u>   | <u>(26,765,618)</u> |



**NOTES (CONTINUED)**

| 8. Tax       | 2022<br>ZMW | 2021<br>ZMW |
|--------------|-------------|-------------|
| Current tax  | -           | -           |
| Deferred tax | -           | -           |
|              | <u>-</u>    | <u>-</u>    |
|              | <u>-</u>    | <u>-</u>    |

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

- From the year 2018 to 2022, the company will pay tax at the rate of 0%.
- From 2023 to 2025 the company will pay tax on 50% of its taxable profits.
- From 2026 to 2027 the company will pay tax on 75% of its taxable profits.
- From 2028 the company will pay tax on 100% of its taxable profits.

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

**9. Property, plant and equipment**

|                     | Land and<br>buildings<br>ZMW | Plant and<br>machinery<br>ZMW | Motor<br>vehicles<br>ZMW | Furniture<br>and fittings<br>ZMW | Total<br>ZMW       |
|---------------------|------------------------------|-------------------------------|--------------------------|----------------------------------|--------------------|
| <b>Cost</b>         |                              |                               |                          |                                  |                    |
| At start of year    | 142,421,306                  | 335,038,785                   | 30,217,812               | 1,831,142                        | 509,509,045        |
| Additions           | 2,876,677                    | 72,033,972                    | 990,764                  | 227,700                          | 76,129,113         |
| Disposals           | (471,832)                    | (33,917,584)                  | (808,871)                | (525,701)                        | (35,723,987)       |
| At end of year      | <u>144,826,152</u>           | <u>373,155,173</u>            | <u>30,399,705</u>        | <u>1,533,142</u>                 | <u>549,914,170</u> |
| <b>Depreciation</b> |                              |                               |                          |                                  |                    |
| At start of year    | 10,624,275                   | 126,397,014                   | 23,862,303               | 1,415,126                        | 162,298,718        |
| Charge for the year | 2,215,537                    | 29,803,356                    | 2,714,190                | 76,984                           | 34,810,067         |
| Disposals           | (44,083)                     | (22,970,691)                  | (737,641)                | (467,434)                        | (24,219,850)       |
| At end of year      | <u>12,795,729</u>            | <u>133,229,680</u>            | <u>25,838,852</u>        | <u>1,024,676</u>                 | <u>172,888,936</u> |
| Net book value      |                              |                               |                          |                                  |                    |
| 31 December 2022    | <u>132,030,423</u>           | <u>239,925,493</u>            | <u>4,560,853</u>         | <u>508,465</u>                   | <u>377,025,234</u> |
| 31 December 2021    | <u>131,797,031</u>           | <u>208,641,771</u>            | <u>6,355,509</u>         | <u>416,016</u>                   | <u>347,210,327</u> |

|  | 2022<br>ZMW        | 2021<br>ZMW        |
|--|--------------------|--------------------|
| <b>10. Inventories</b>   |                    |                    |
| Finished goods   | 20,792,500         | 44,128,560         |
| Consumables and advertising materials  | 24,456,647         | 56,255,583         |
| Raw materials  | 82,070,327         | 37,974,707         |
|  | <u>127,319,474</u> | <u>138,358,850</u> |
| <b>11. Trade and other receivables</b>   |                    |                    |
| <b>Current</b>   |                    |                    |
| Trade receivables  | 107,763,487        | 76,579,056         |
| Less: provision for impairment   | -                  | (672,607)          |
| Net trade receivables  | 83,138,206         | 75,906,449         |
| Prepayments and other receivables  | 45,113,317         | 8,300,614          |
| Receivables from related parties (Note 16)   | 24,625,281         | 6,008,710          |
|  | <u>152,876,804</u> | <u>90,215,773</u>  |
|  | <u>152,876,804</u> | <u>90,215,773</u>  |
| <b>12. Cash and cash equivalents</b>   |                    |                    |
| Cash and bank balances   | <u>5,243,805</u>   | <u>9,607,918</u>   |
| For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following: |                    |                    |
| Cash and bank balances   | <u>5,243,805</u>   | <u>9,607,918</u>   |
| <b>13. Share capital</b>   |                    |                    |
| <b>Authorised, issued and fully paid</b>   |                    |                    |
| 207,890,000 (2021: 207,890,000) Ordinary shares of ZMW 10 each   | <u>207,890,000</u> | <u>207,890,000</u> |
| <b>14. Trade and other payables</b>  |                    |                    |
| <b>Current</b>   |                    |                    |
| Trade payables   | 61,451,809         | 17,958,667         |
| Payables to related parties (Note 16)  | 30,538,851         | 27,221,809         |
| Security deposits  | 29,154,283         | 26,058,231         |
| Other payables and accruals  | 38,248,984         | 59,388,118         |
|  | <u>159,393,927</u> | <u>130,626,824</u> |
| <b>Total trade and other payables</b>  | <u>159,393,927</u> | <u>130,626,824</u> |
| <b>Security deposits</b>   |                    |                    |
| Security deposits relate to amounts paid by distributors for empty containers and surety.                      |                    |                    |



**NOTES (CONTINUED)**

|  | <b>2022<br/>ZMW</b>       | <b>2021<br/>ZMW</b>       |
|--|---------------------------|---------------------------|
| <b>15. Borrowings</b>                    |                           |                           |
| <b>Non-current</b>                       |                           |                           |
| Loans from related parties (Note 16 (v)) | 176,014,266               | 162,400,434               |
| Loans from directors (Note 16)           | -                         | -                         |
|  | <u>176,014,266</u>        | <u>162,400,434</u>        |
| <b>Current</b>                           |                           |                           |
| Loans from related parties (Note 16)     | -                         | -                         |
| Interest payable                         | 10,582,036                | 2,641,276                 |
| Bank overdrafts                          | 60,523,592                | 62,638,549                |
|  | <u>71,105,628</u>         | <u>65,279,825</u>         |
| <b>Total borrowings</b>                  | <u><u>247,119,894</u></u> | <u><u>227,680,258</u></u> |

**Borrowings from HQ**

The unsecured loans are interest free and have no specific repayment terms except the loan from Varun Beverages Limited which is repayable as per the terms of the respective agreement i.e.

Loan - 1 Principal amount \$ 0 with interest rate one month Libor plus 4%

Loan - 2 Principal amount \$ 9,655,198 with interest rate Three month Libor plus 2 %

**Bank overdrafts**

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

INDO Zambia Bank - The overdraft facility with a limit of ZMW 54,810,000 will attract interest at fixed rate of 17% per annum comprising the Bank of Zambia Policy Rate of 9% and Bank Margin of 8%.

First Capital Bank - The overdraft facility with a limit of USD 3,350,000. The facility is charged at a variable rate of 3% above the Bank's normal rate (Currently at 7% per annum) making an effective rate of 7.5% per annum charged on the daily outstanding balance and recovered monthly.

The overdrafts are secured by:

INDO Zambia Bank

- i) Debenture creating a fixed and floating charge over the entire present and future assets of the borrower;
- ii) Legal mortgage over the Remaining Extent of Stand No 37426, Mungwi Road, owned by the borrower;
- iii) Assignment of receivables under the borrower's contracts.

First Capital Bank

- i) First legal mortgage securing the sum of United States Dollars Two Million Three Hundred Fifty Thousand only (USD 2,350,000) plus interest over subdivision 'A' of Stand No.37426, Lusaka registered in the name of Varun Beverages Zambia Limited. The property has an Open Market Value of Zambian Kwacha One Hundred Million only (ZMW 100,000,000) as valued by Fairworld Properties Limited on 17 April 2020.

**NOTES (CONTINUED)**

**16. Related party transactions and balances**

The Company is controlled by Varun Beverages Limited, registered in India, which owns 90% of the Company's shares.

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

|  | 2022<br>ZMW         | 2021<br>ZMW          |
|--|---------------------|----------------------|
| <b>i) Sale of goods and services</b>                   |                     |                      |
| - Other related parties                                | 225,693,252         | 111,801,819          |
|  | <u>225,693,252</u>  | <u>111,801,819</u>   |
| <b>ii) Purchase of goods and services</b>              |                     |                      |
| - Other related parties                                | (69,468,783)        | (127,909,976)        |
|  | <u>(69,468,783)</u> | <u>(127,909,976)</u> |
| <b>iii) Receivables from related parties (Note 11)</b> |                     |                      |
| - Other related parties                                | 24,625,281          | 6,008,710            |
|  | <u>24,625,281</u>   | <u>6,008,710</u>     |
| <b>iv) Payables to related parties (Note 14)</b>       |                     |                      |
| - Other related parties                                | 30,538,851          | 27,221,809           |
|  | <u>30,538,851</u>   | <u>27,221,809</u>    |
| <b>Non-current</b>                                     |                     |                      |
| <b>v) loans from related parties (Note 15)</b>         |                     |                      |
| - Parent   | 176,014,266         | 162,400,434          |
|  | <u>176,014,266</u>  | <u>162,400,434</u>   |
| <b>Current</b>   |                     |                      |
| - Loans from related parties                           |                     |                      |
| - Interest payable                                     | 10,582,036          | 2,641,276            |
|  | <u>10,582,036</u>   | <u>2,641,276</u>     |

The unsecured loans are interest free and have no specific repayment terms except the loan from Varun Beverages Limited which is repayable as per the terms of the respective agreement i.e.

Loan - 1 Principal amount \$ 0 with interest rate one month Libor plus 4%

Loan - 2 Principal amount \$ 9,655,198 with interest rate Three month Libor plus 2 %

**NOTES (CONTINUED)**

|  | <b>2022<br/>ZMW</b> | <b>2021<br/>ZMW</b> |
|--|---------------------|---------------------|
| <b>17. Related party transactions and balances</b> |                     |                     |
| <b>vi) Key management compensation</b>             | <u>13,738,666</u>   | <u>17,150,927</u>   |
|  | <u>13,738,666</u>   | <u>17,150,927</u>   |

**18. Events after the end of the reporting date**

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

**19. Presentation currency**

The financial statements are presented in Zambian Kwacha.

**SCHEDULE OF EXPENDITURE**

|  | <b>2022<br/>ZMW</b> | <b>2021<br/>ZMW</b> |
|--|---------------------|---------------------|
| <b>1 SELLING AND DISTRIBUTION EXPENSES</b>     |                     |                     |
| Freight expense                                | 43,794,191          | 35,358,565          |
| Load/unload - Plant                            | 1,733,236           | 1,492,337           |
| Secondary vehicle expense                      | 3,801,670           | 1,471,127           |
| Vehicle expense                                | 10,035,464          | 6,978,003           |
| Export handling charges                        | 4,759,350           | 6,470,317           |
| Price/physical differences                     | 94,212              | (727)               |
| Bad debts                                      | 1,644,204           | 8,068               |
| Publicity materials                            | 3,875,439           | 7,953,334           |
| Merchandiser expense                           | 3,402,023           | 3,751,180           |
| Sales promotion                                | 5,320,340           | 4,628,041           |
| Sponsor of events                              | 10,000              | -                   |
| Exercise duty on sale                          | 2,055,994           | 2,276,893           |
| <b>Total selling and distribution expenses</b> | <b>80,526,123</b>   | <b>70,387,140</b>   |
| <b>2 ADMINISTRATIVE EXPENSES</b>               |                     |                     |
| <b>Employment:</b>                             |                     |                     |
| Salaries and wages                             | 70,429,005          | 73,081,576          |
| Overtime                                       | 2,187,965           | 2,117,149           |
| Bonus  | 629,019             | 558,791             |
| Employer Napsa                                 | 2,040,983           | 1,769,540           |
| Gratuity expense                               | 3,419,825           | 4,378,310           |
| Skills Development Levy                        | 391,534             | 354,582             |
| Staff transport                                | 4,422               | 77,473              |
| Notice pay                                     | 17,346              | 231,475             |
| Staff incentives                               | 2,250,928           | 1,415,542           |
| Leave encashment                               | 210,399             | 77,715              |
| Staff recruitment                              | -                   | 25,000              |
| Guest house expenses                           | 521,623             | 504,914             |
| Festival expense                               | 235,015             | 214,535             |
| Labour charges hired                           | 5,502,774           | 4,689,979           |
| Education expense                              | 320,532             | 705,765             |
| Workers compensation                           | 887,846             | 36,000              |
| Staff welfare                                  | 343,299             | 436,836             |
| Staff uniform                                  | 625,098             | 539,335             |
| NHIMA  | 624,479             | 659,644             |
| Medical expenses                               | 1,278,293           | 1,432,017           |
| Staff training                                 | 21,080              | -                   |
| Funeral expenses                               | 92,500              | 95,000              |
| Management fees                                | -                   | (13,948,343)        |
| <b>Total employment costs</b>                  | <b>92,033,965</b>   | <b>79,452,836</b>   |
| <b>Other administrative expenses:</b>          |                     |                     |
| Auditor's remuneration                         | 554,192             | 844,732             |
| Insurance expense                              | 1,401,012           | 1,029,024           |
| Postage and courier                            | 40,544              | 121,862             |
| TA / DA fixed Zambia                           | 1,271,483           | 1,352,733           |
| Scrap losses                                   | 5,637,234           | 960,953             |
| Loss on disposal                               | 10,274,406          | 2,728               |
| Subscription fees                              | 386,134             | 190,969             |
| Laboratory and testing                         | 682,256             | 402,706             |
| Rent, rates and licenses                       | 3,342,811           | 2,916,341           |
| Security charges                               | 1,109,883           | 1,121,486           |
| House keeping charges                          | 1,185,432           | 765,454             |
| Telephone and internet                         | 1,106,381           | 1,280,284           |
| Printing and stationery                        | 826,816             | 670,760             |
| Staff vehicle expenses                         | 4,418,374           | 3,126,692           |
| Travel expenses                                | 5,529,655           | 3,550,939           |
| VISA and immigration expenses                  | 858,979             | 1,162,113           |
| Legal expenses                                 | 640,123             | 421,643             |
| Professional fees                              | 6,398,499           | 6,732,744           |
| Other allowances                               | 211,500             | 176,901             |
| Other expenses                                 | 262,895             | 326,410             |
| License fees                                   | 229,994             | 162,781             |
| <b>Total other administrative expenses</b>     | <b>46,368,603</b>   | <b>27,320,255</b>   |
| <b>Total administrative expenses</b>           | <b>138,402,568</b>  | <b>106,773,091</b>  |

## Varun Beverages Zimbabwe (Private) Limited

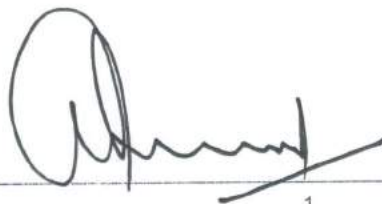
(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

### General Information

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|   |   |
|---|---|
| Country of incorporation and domicile       | Zimbabwe  |
| Nature of business and principal activities | The company is in the business of manufacturing and selling beverages for local and export markets.   |
| Directors                                   | Shankar Krishnan Iyer<br>Diptiman Das<br>Vijay Kumar Bahl<br>Mhanisi Malaba<br>Rashmi Dharwal<br>Satyamarayan Sharma<br>Manoj Kumar Mishra  |
| Registered office                           | 1824 Cnr Simon Mazorodze Road and St George's Street<br>Ardbennie<br>Harare   |
| Bankers                                     | Standard Chartered Bank Zimbabwe Limited<br>Commercial Bank of Zimbabwe Limited<br>National Merchant Bank of Zimbabwe Limited<br>NedBank Limited<br>First Banking Corporation Limited<br>Stanbic Bank Limited<br>Ecobank Zimbabwe |
| Auditors                                    | PKF Chartered Accountants (Zimbabwe)<br>8th Floor Takura House<br>67 Kwame Nkrumah Avenue<br>Harare   |
| Secretary                                   | Mayank Jhunjunwala  |
| Company registration number                 | 3125/2015   |



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PKF CHARTERED  
ACCOUNTANTS

18 MAY 2023

EIGHTH FLOOR, TAKURA HOUSE  
67 KWAME NKUMAH AVE. HARARE  
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# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Contents

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|  | Page    |
|--|---------|
| Directors' Responsibilities and Approval                   | 3       |
| Directors' Report  | 4       |
| Independent Auditor's Report                               | 5 - 7   |
| Statement of Financial Position                            | 8       |
| Statement of Profit or Loss and Other Comprehensive Income | 9       |
| Statement of Changes in Equity                             | 10      |
| Statement of Cash Flows                                    | 11      |
| Accounting Policies  | 12 - 21 |
| Notes to the Financial Statements                          | 24 - 33 |



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## Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

### Directors' Responsibilities and Approval

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

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

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

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

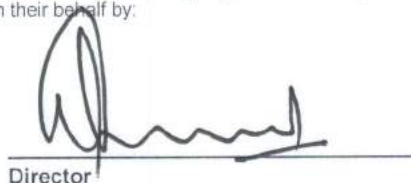
The directors have reviewed the company's cash flow forecast for the next 12 months from the date of signing of this report and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence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

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

The financial statements set out on pages 8 to 33, which have been prepared on the going concern basis, were approved by the board of directors on 18/05/2023 and were signed on their behalf by:

#### Approval of financial statements

  
Director

  
Director

# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Directors' Report

The directors have pleasure in submitting their report on the financial statements of Varun Beverages Zimbabwe (Private) Limited for the year ended 31 December 2022.

### 1. Review of financial results and activities

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

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

### 2. Share capital

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

### 3. Directorate

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

#### Directors

Shankar Krishnan Iyer  
Diptiman Das  
Vijay Kumar Bahl  
Mhanisi Malaba  
Rashmi Dharwal  
Satyamarayan Sharma  
Manoj Kumar Mishra

Mr Mhanisi Malaba was appointed a director effective 29 March 2022, and Mr Rashmi Dharwal, Mr Satyamarayan Sharma, Mr Manoj Kumar Mishra were appointed as directors on 1 August 2022.

### 4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

### 5. Going concern

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

### 6. Secretary

The company secretary is Mr Mayank Jhunjunwala.

### 7. Auditors

PKF Chartered Accountants (Zimbabwe) are the company auditors.

The financial statements set out on pages 8 to 33, which have been prepared on the going concern basis, were approved by the board of directors on 18/05/2023, and were signed on its behalf by:

Approval of financial statements

  
Director

  
Director



## Independent Auditor's Report

To the members of Varun Beverages Zimbabwe (Private) Limited

### Report on the Audit of the Financial Statements

#### Qualified opinion

We have audited the financial statements of Varun Beverages (Zimbabwe) (Private) Limited (company) set out on pages 8 to 33, which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matters, if any, as discussed in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Varun Beverages Zimbabwe (Private) Limited as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Other Business Entities Act (Chapter 24:31).

#### Basis for qualified opinion

As explained in the basis for preparation note, the financial statements are presented in Zimbabwe Dollars (ZWL). In the current year, the company continued using the ZWL as its functional currency as most of its transactions and balances are in ZWL. During the year the company had transactions and balances in USD and other currencies whose translation may not be at the spot rate as per IAS 21. Balances as at year end were translated using the interbank rate in accordance with the law. The impact of the difference if any, of the exchange rate used by the company on translation and conversion and the spot rate as per IAS 21, has not been quantified and therefore not adjusted for.

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

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Varun Beverages Zimbabwe (Private) Limited financial statements for the year ended 31 December 2022", which includes the Statement of Directors' Responsibilities and Approval. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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PO Box CY 629 | Causeway | Harare | Zimbabwe

PKF Chartered Accountants (Zimbabwe) is a member of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms

## Independent Auditor's Report

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### Responsibilities of the directors for the Financial Statements

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

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

### Auditor's responsibilities for the audit of the Financial Statements

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

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

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





chartered accountants  
& business advisers

## Independent Auditor's Report

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

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.

PKF Chartered Accountants (Zimbabwe)  
Registered Chartered Accountants  
Harare

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

18 MAY 2023

Date

PKF CHARTERED  
ACCOUNTANTS

18 MAY 2023

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T: +263 24 707817 707966 F: +263 24 702510

# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

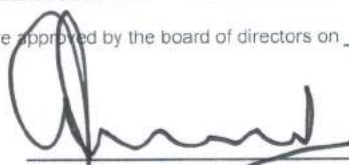
Financial Statements for the year ended 31 December 2022

## Statement of Financial Position as at 31 December 2022

|                                      |         | Hyperinflation        |                       | Historical            |                      |
|--------------------------------------|---------|-----------------------|-----------------------|-----------------------|----------------------|
| Figures in Zimbabwe Dollar           | Note(s) | 2022                  | 2021                  | 2022                  | 2021                 |
| <b>Assets</b>                        |         |                       |                       |                       |                      |
| <b>Non-Current Assets</b>            |         |                       |                       |                       |                      |
| Property, plant and equipment        | 2       | 21 482 219 526        | 15 955 023 445        | 7 011 178 508         | 849 310 075          |
| Capital advances                     |         | 140 306 404           | 425 329 625           | 140 306 404           | 123 728 699          |
|                                      |         | <u>21 622 525 930</u> | <u>16 380 353 070</u> | <u>7 151 484 912</u>  | <u>973 038 774</u>   |
| <b>Current Assets</b>                |         |                       |                       |                       |                      |
| Inventories                          | 3       | 17 006 179 072        | 6 597 680 450         | 15 267 419 516        | 1 721 183 294        |
| Trade and other receivables          | 4       | 9 688 545 007         | 5 928 766 294         | 9 688 545 007         | 1 724 682 456        |
| Cash and cash equivalents            | 5       | 1 958 921 689         | 4 911 124 698         | 1 958 921 689         | 1 428 649 770        |
|                                      |         | <u>28 653 645 768</u> | <u>17 437 571 442</u> | <u>26 914 886 212</u> | <u>4 874 515 520</u> |
| <b>Total Assets</b>                  |         | <u>50 276 171 698</u> | <u>33 817 924 512</u> | <u>34 066 371 124</u> | <u>5 847 554 294</u> |
| <b>Equity and Liabilities</b>        |         |                       |                       |                       |                      |
| <b>Equity</b>                        |         |                       |                       |                       |                      |
| Share capital                        | 6       | 240 637               | 240 637               | 1 100                 | 1 100                |
| Retained income                      |         | 22 574 825 966        | 18 802 299 245        | 6 365 264 929         | 1 479 566 810        |
|                                      |         | <u>22 575 066 603</u> | <u>18 802 539 882</u> | <u>6 365 266 029</u>  | <u>1 479 567 910</u> |
| <b>Liabilities</b>                   |         |                       |                       |                       |                      |
| <b>Non-Current Liabilities</b>       |         |                       |                       |                       |                      |
| Borrowings                           | 7       | 11 716 964 399        | 5 547 219 107         | 11 716 964 399        | 1 613 690 100        |
| <b>Current Liabilities</b>           |         |                       |                       |                       |                      |
| Trade and other payables             | 8       | 12 210 864 852        | 8 594 492 189         | 12 210 864 852        | 2 500 144 072        |
| Balances due to affiliated companies | 9       | 3 088 941 944         | 518 800 731           | 3 088 941 944         | 150 919 512          |
| Borrowings                           | 7       | 684 333 900           | 354 872 603           | 684 333 900           | 103 232 700          |
|                                      |         | <u>15 984 140 696</u> | <u>9 468 165 523</u>  | <u>15 984 140 696</u> | <u>2 754 296 284</u> |
| <b>Total Liabilities</b>             |         | <u>27 701 105 095</u> | <u>15 015 384 630</u> | <u>27 701 105 095</u> | <u>4 367 986 384</u> |
| <b>Total Equity and Liabilities</b>  |         | <u>50 276 171 698</u> | <u>33 817 924 512</u> | <u>34 066 371 124</u> | <u>5 847 554 294</u> |

The financial statements and the notes on pages 4 to 33, were approved by the board of directors on 18/05/2023 and were signed on its behalf by:

  
Director

  
Director

The accounting policies on pages 12 to 21 and the notes on pages 24 to 33 form an integral part of the financial statements.

# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Statement of Profit or Loss and Other Comprehensive Income

| Figures in Zimbabwe Dollar                            | Note(s) | Hyperinflation        |                       | Historical            |                      |
|---|---------|-----------------------|-----------------------|-----------------------|----------------------|
|   |         | 2022                  | 2021                  | 2022                  | 2021                 |
| Revenue   | 10      | 82 866 159 300        | 52 946 174 223        | 59 744 774 348        | 12 512 840 058       |
| Cost of sales   | 11      | (39 307 529 685)      | (27 650 202 170)      | (29 687 030 526)      | (6 648 741 196)      |
| <b>Gross profit</b>                                   |         | <b>43 558 629 615</b> | <b>25 295 972 053</b> | <b>30 057 743 822</b> | <b>5 864 098 862</b> |
| Other operating income                                | 12      | 43 589 759            | 82 311 403            | 18 136 364            | 21 302 739           |
| Operating expenses                                    | 13      | (29 790 121 015)      | (17 200 436 162)      | (24 294 427 759)      | (3 773 614 290)      |
| <b>Operating profit (loss)</b>                        |         | <b>13 812 098 359</b> | <b>8 177 847 294</b>  | <b>5 781 452 427</b>  | <b>2 111 787 311</b> |
| Finance costs   | 14      | (1 151 913 582)       | (558 783 656)         | (895 754 307)         | (131 185 952)        |
| Monetary adjustment                                   |         | (8 887 658 056)       | (598 153 831)         | -                     | -                    |
| <b>Profit (loss) for the year</b>                     |         | <b>3 772 526 721</b>  | <b>7 020 909 807</b>  | <b>4 885 698 120</b>  | <b>1 980 601 359</b> |
| Other comprehensive income                            |         | -                     | -                     | -                     | -                    |
| <b>Total comprehensive income (loss) for the year</b> |         | <b>3 772 526 721</b>  | <b>7 020 909 807</b>  | <b>4 885 698 120</b>  | <b>1 980 601 359</b> |

**PKF CHARTERED  
ACCOUNTANTS**

**18 MAY 2023**

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# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Statement of Changes in Equity

| Figures in Zimbabwe Dollar                     | Share capital | Retained income | Total equity   |
|--|---------------|-----------------|----------------|
| <b>Hyperinflation</b>                          |               |                 |                |
| Balance at 01 January 2021                     | 240 637       | 11 781 389 438  | 11 781 630 075 |
| Profit for the year                            | -             | 7 020 909 807   | 7 020 909 807  |
| Other comprehensive income                     | -             | -               | -              |
| <b>Total comprehensive income for the year</b> | -             | 7 020 909 807   | 7 020 909 807  |
| Balance at 01 January 2022                     | 240 637       | 18 802 299 245  | 18 802 539 882 |
| Profit for the year                            | -             | 3 772 526 721   | 3 772 526 721  |
| Other comprehensive income                     | -             | -               | -              |
| <b>Total comprehensive income for the year</b> | -             | 3 772 526 721   | 3 772 526 721  |
| Balance at 31 December 2022                    | 240 637       | 22 574 825 966  | 22 575 066 603 |
| Note(s)  | 6             |                 |                |
| <b>Historical</b>                              |               |                 |                |
| Balance at 01 January 2021                     | 1 100         | (501 034 549)   | (501 033 449)  |
| Profit for the year                            | -             | 1 980 601 359   | 1 980 601 359  |
| Other comprehensive income                     | -             | -               | -              |
| <b>Total comprehensive income for the year</b> | -             | 1 980 601 359   | 1 980 601 359  |
| Balance at 01 January 2022                     | 1 100         | 1 479 566 809   | 1 479 567 909  |
| Profit for the year                            | -             | 4 885 698 120   | 4 885 698 120  |
| Other comprehensive income                     | -             | -               | -              |
| <b>Total comprehensive income for the year</b> | -             | 4 885 698 120   | 4 885 698 120  |
| Balance at 31 December 2022                    | 1 100         | 6 365 264 929   | 6 365 266 029  |
| Note(s)  | 6             |                 |                |





# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Statement of Cash Flows

| Figures in Zimbabwe Dollar                      | Note(s) | Hyperinflation         |                        | Historical             |                      |
|---|---------|------------------------|------------------------|------------------------|----------------------|
|   |         | 2022                   | 2021                   | 2022                   | 2021                 |
| <b>Cash flows from operating activities</b>     |         |                        |                        |                        |                      |
| Profit for the year                             |         | 3 772 526 721          | 7 020 909 807          | 4 885 698 120          | 1 980 601 359        |
| Adjustments for:                                |         |                        |                        |                        |                      |
| Depreciation and amortisation                   |         | 2 244 191 602          | 1 816 985 938          | 317 744 383            | 62 061 851           |
| Finance costs                                   |         | 1 151 913 582          | 558 783 656            | 895 754 307            | 131 185 952          |
| <b>Changes in working capital:</b>              |         |                        |                        |                        |                      |
| Inventories                                     |         | 10 408 498 622)        | (903 220 881)          | 13 546 236 222)        | (912 662 374)        |
| Trade and other receivables                     |         | (3 759 778 713)        | 848 543 214            | (7 963 862 551)        | (498 131 273)        |
| Forward exchange contract                       |         | -                      | 720 671 070            | -                      | 130 426 381          |
| Trade and other payables                        |         | 3 616 372 663          | 1 549 495 676          | 9 710 720 779          | 1 225 147 146        |
| <b>Cash (used in) generated from operations</b> |         | <b>(3 383 272 767)</b> | <b>11 612 168 480</b>  | <b>(5 700 181 184)</b> | <b>2 118 629 042</b> |
| Finance costs                                   |         | (1 151 913 582)        | (558 783 656)          | (895 754 307)          | (131 185 952)        |
| <b>Net cash from operating activities</b>       |         | <b>(4 535 186 349)</b> | <b>11 053 384 824</b>  | <b>(6 595 935 491)</b> | <b>1 987 443 090</b> |
| <b>Cash flows from investing activities</b>     |         |                        |                        |                        |                      |
| Purchase of property, plant and equipment       | 2       | (7 783 206 173)        | (2 113 536 162)        | (6 490 753 891)        | (488 720 818)        |
| Sale of property, plant and equipment           | 2       | 11 818 490             | -                      | 11 141 075             | -                    |
| Movement in capital advances                    |         | 285 023 221            | (98 080 267)           | (16 577 705)           | (64 503 414)         |
| <b>Net cash from investing activities</b>       |         | <b>(7 486 364 462)</b> | <b>(2 211 616 429)</b> | <b>(6 496 190 521)</b> | <b>(553 224 232)</b> |
| <b>Cash flows from financing activities</b>     |         |                        |                        |                        |                      |
| Movement of affiliated company balances         |         | 2 570 141 213          | (754 309 600)          | 2 938 022 432          | (79 486 814)         |
| Movement of borrowings                          |         | 6 499 206 589          | (4 962 274 090)        | 10 684 375 499         | (249 300 036)        |
| <b>Net cash from financing activities</b>       |         | <b>9 069 347 802</b>   | <b>(5 716 583 690)</b> | <b>13 622 397 931</b>  | <b>(328 786 850)</b> |
| <b>Total cash movement for the year</b>         |         | <b>(2 952 203 009)</b> | <b>3 125 184 705</b>   | <b>530 271 919</b>     | <b>1 105 432 008</b> |
| Cash at the beginning of the year               |         | 4 911 124 698          | 1 785 939 993          | 1 428 649 770          | 323 217 762          |
| <b>Total cash at end of the year</b>            | 5       | <b>1 958 921 689</b>   | <b>4 911 124 698</b>   | <b>1 958 921 689</b>   | <b>1 428 649 770</b> |



# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Accounting Policies

### Corporate information

Varun Beverages Zimbabwe (Private) Limited is a private limited company incorporated and domiciled in Zimbabwe.

#### 1. Significant accounting policies

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

##### 1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

##### 1.2 Significant judgements and sources of estimation uncertainty

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

#### Key sources of estimation uncertainty

##### Impairment of financial assets

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

##### Fair value estimation

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

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

##### Impairment testing

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

##### Useful lives of property, plant and equipment

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

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



# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Accounting Policies

### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Provisions

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

#### Residual values and useful lives of property, plant and equipment

The residual values attached to the assets have been estimated to be nil (2021-nil).

#### Functional Currency

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

### 1.3 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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



# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Accounting Policies

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### 1.3 Property, plant and equipment (continued)

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

### 1.4 Financial instruments

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

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

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income.

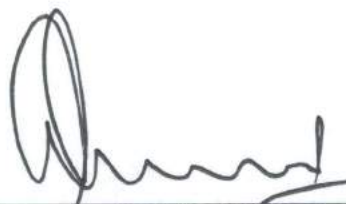
Financial assets which are debt instruments:

- Amortised cost; or
- Fair value through other comprehensive income; or
- Mandatorily at fair value through profit or loss; or
- Designated at fair value through profit or loss.

Financial liabilities:

- Amortised cost.

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



# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Loans receivable at amortised cost

##### Classification

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

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

##### Recognition and measurement

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

They are subsequently measured at amortised cost.

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

##### Impairment

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

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

##### Definition of default

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

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

##### Write off policy

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

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# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Trade and other receivables

##### Classification

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

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

##### Recognition and measurement

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

They are subsequently measured at amortised cost.

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

##### Impairment

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

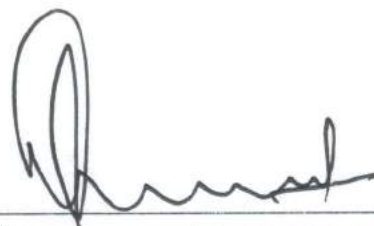
The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

##### Measurement and recognition of expected credit losses

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

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

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



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# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Accounting Policies

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### 1.4 Financial instruments (continued)

#### Borrowings and loans from related parties

##### Classification

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

##### Recognition and measurement

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

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

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

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

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

#### Loans denominated in foreign currencies

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

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

#### Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

#### Trade and other payables

##### Classification

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

##### Recognition and measurement

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

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

#### Cash and cash equivalents

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

### 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.



# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Accounting Policies

### 1.5 Leases (continued)

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

### 1.6 Inventories

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

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

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

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

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

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

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

### 1.7 Impairment of assets

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

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

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

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

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

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

### 1.8 Share capital and equity

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

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



# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Accounting Policies

### 1.9 Employee benefits

#### Short-term employee benefits

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

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

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

### 1.10 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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

Provisions are not recognised for future operating losses.

### 1.11 Revenue from contracts with customers

- Sales of beverages - wholesale

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

The company recognises interest income on a time basis.

### 1.12 Cost of sales

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

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

### 1.13 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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



# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Accounting Policies

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### 1.13 Borrowing costs (continued)

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

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

### 1.14 Translation of foreign currencies

#### Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

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

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



# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Accounting Policies

### 1.15 New Standards and Interpretations

International Financial Reporting Standards and amendments effective for the first time for December 2022 year-ends

#### IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The March 2021 amendment will only be available if an entity chose to apply the May 2020 optional practical expedient.

Effective date

Annual periods beginning on or after 1 April 2021 (early adoption is permitted).

Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)

The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

Effective date

Annual periods beginning on or after 1 January 2021.

International Financial Reporting Standards and amendments issued but not yet effective

#### IFRS 17, 'Insurance contracts'

The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

Effective date

Annual periods beginning on or after 1 January 2023.

Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17.

#### IFRS 17, Insurance contracts Amendments

In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway.

Effective date

Annual periods beginning on or after 1 January 2023.

Annual improvements cycle 2018 -2020

These amendments include minor changes to:

IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the

21

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# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Accounting Policies

### 1.15 New Standards and Interpretations (continued)

parent's transition to IFRS.

IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of 'the 10% test' for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

IAS 41, 'Agriculture' has been amended to align the requirements for measuring fair value with those of IFRS 13. The amendment removes the requirement for entities to exclude cash flows for taxation when measuring fair value.

Effective date

Annual periods beginning on or after 1 January 2022.

#### Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

Effective date

Annual periods beginning on or after 1 January 2022.

#### Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

Effective date

Annual periods beginning on or after 1 January 2022.

#### Amendment to IFRS 3, 'Business combinations' - Asset of liability in a business combination clarity.

The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Leases', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

Effective date

Annual periods beginning on or after 1 January 2022.

#### Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.

Effective date

Annual periods on or after 1 January 2023.

#### Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment.

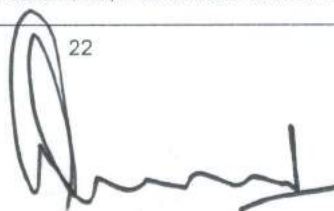
Effective date

Annual periods beginning on or after 1 January 2023. Earlier application is permitted.

Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes



22



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# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Accounting Policies

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### 1.15 New Standards and Interpretations (continued) in Accounting Estimates and Errors'

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates.

Effective date

Annual periods beginning on or after 1 January 2023. Earlier application is permitted.



23

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18 MAY 2023

EIGHTH FLOOR, TAKURA HOUSE  
67 KWAME NKRUMAH AVE, HARARE  
T: +263 24 707817 / 707956 F: +263 24 702510

# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)  
Financial Statements for the year ended 31 December 2022

## Notes to the Financial Statements

| Figures in Zimbabwe Dollar | Hyperinflation |      | Historical |      |
|----------------------------|----------------|------|------------|------|
|                            | 2022           | 2021 | 2022       | 2021 |

### 2. Property, plant and equipment

| Hyperinflation                      | 2022                  |                          |                       | 2021                  |                          |                       |
|-------------------------------------|-----------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
|                                     | Cost or revaluation   | Accumulated depreciation | Carrying value        | Cost or revaluation   | Accumulated depreciation | Carrying value        |
| Land                                | 490 066 278           | -                        | 490 066 278           | 506 361 199           | -                        | 506 361 199           |
| Buildings                           | 5 409 601 583         | (1 132 168 710)          | 4 277 432 873         | 5 469 060 106         | (894 388 107)            | 4 574 671 999         |
| Plant and machinery                 | 16 683 792 450        | (4 303 123 535)          | 12 380 668 915        | 11 297 254 050        | (3 074 106 159)          | 8 223 147 891         |
| Furniture and fixtures              | 295 887 556           | (165 724 988)            | 130 162 568           | 287 043 205           | (111 820 210)            | 175 222 995           |
| Motor vehicles                      | 1 003 883 976         | (627 224 712)            | 376 659 264           | 934 759 665           | (455 389 262)            | 479 370 403           |
| Office equipment                    | 293 343 298           | (145 412 732)            | 147 930 566           | 250 717 219           | (96 326 918)             | 154 390 301           |
| IT equipment                        | 156 241 749           | (75 168 258)             | 81 073 491            | 129 976 131           | (48 612 694)             | 81 363 437            |
| Other property, plant and equipment | 1 884 739 727         | (927 826 933)            | 956 912 794           | 1 431 169 957         | (622 471 422)            | 808 698 535           |
| Capital - Work in progress          | 2 641 312 777         | -                        | 2 641 312 777         | 951 796 685           | -                        | 951 796 685           |
| <b>Total</b>                        | <b>28 858 869 394</b> | <b>(7 376 649 868)</b>   | <b>21 482 219 526</b> | <b>21 258 138 217</b> | <b>(5 303 114 772)</b>   | <b>15 955 023 445</b> |

| Historical                          | 2022                 |                          |                      | 2021                |                          |                    |
|-------------------------------------|----------------------|--------------------------|----------------------|---------------------|--------------------------|--------------------|
|                                     | Cost or revaluation  | Accumulated depreciation | Carrying value       | Cost or revaluation | Accumulated depreciation | Carrying value     |
| Land                                | 3 703 391            | -                        | 3 703 391            | 3 703 391           | -                        | 3 703 391          |
| Buildings                           | 134 699 227          | (8 478 625)              | 126 220 602          | 52 629 229          | (4 464 043)              | 48 165 186         |
| Plant and machinery                 | 4 872 058 363        | (270 136 769)            | 4 601 921 594        | 432 807 320         | (52 521 073)             | 380 286 247        |
| Furniture and fixtures              | 38 111 048           | (9 814 015)              | 28 297 033           | 26 917 413          | (2 769 744)              | 24 147 669         |
| Motor vehicles                      | 149 236 554          | (28 330 860)             | 120 905 694          | 62 444 499          | (13 237 634)             | 49 206 865         |
| Office equipment                    | 71 420 828           | (14 182 784)             | 57 238 044           | 24 544 882          | (4 718 795)              | 19 826 087         |
| IT equipment                        | 30 679 620           | (5 767 512)              | 24 912 108           | 13 538 047          | (2 591 456)              | 10 946 589         |
| Other property, plant and equipment | 451 503 155          | (77 171 681)             | 374 331 474          | 112 755 614         | (18 233 637)             | 94 521 977         |
| Capital - Work in progress          | 1 673 648 568        | -                        | 1 673 648 568        | 218 506 064         | -                        | 218 506 064        |
| <b>Total</b>                        | <b>7 425 060 754</b> | <b>(413 882 246)</b>     | <b>7 011 178 508</b> | <b>947 846 459</b>  | <b>(98 536 384)</b>      | <b>849 310 075</b> |

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Financial Statements for the year ended 31 December 2022

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|----------------------------|----------------|------|------------|------|
|                            | 2022           | 2021 | 2022       | 2021 |

### 2. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - Hyperinflation - 2022

|                                     | Opening balance       | Additions            | Disposals           | Transfers    | Depreciation           | Total                 |
|-------------------------------------|-----------------------|----------------------|---------------------|--------------|------------------------|-----------------------|
| Land                                | 506 361 199           | (16 294 921)         | -                   | -            | -                      | 490 066 278           |
| Buildings                           | 4 574 671 999         | (30 676 730)         | -                   | -            | (266 562 396)          | 4 277 432 873         |
| Plant and machinery                 | 8 223 147 891         | 5 388 426 600        | (2 500 510)         | 99 538 363   | (1 327 943 429)        | 12 380 668 915        |
| Furniture and fixtures              | 175 222 995           | 12 442 774           | -                   | -            | (57 503 201)           | 130 162 568           |
| Motor vehicles                      | 479 370 403           | 85 482 872           | (1 703 939)         | -            | (186 490 072)          | 376 659 264           |
| Office equipment                    | 154 390 301           | 42 332 261           | -                   | 3 393 659    | (52 185 655)           | 147 930 566           |
| IT equipment                        | 81 363 437            | 31 223 654           | -                   | (3 393 659)  | (28 119 941)           | 81 073 491            |
| Other property, plant and equipment | 808 698 535           | 473 601 167          | -                   | -            | (325 386 908)          | 956 912 794           |
| Capital - Work in progress          | 951 796 685           | 1 796 668 496        | (7 614 041)         | (99 538 363) | -                      | 2 641 312 777         |
|                                     | <b>15 955 023 445</b> | <b>7 783 206 173</b> | <b>(11 818 490)</b> | <b>-</b>     | <b>(2 244 191 602)</b> | <b>21 482 219 526</b> |

#### Reconciliation of property, plant and equipment - Hyperinflation - 2021

|                                     | Opening balance       | Additions            | Depreciation           | Total                 |
|-------------------------------------|-----------------------|----------------------|------------------------|-----------------------|
| Land                                | 506 361 199           | -                    | -                      | 506 361 199           |
| Buildings                           | 4 736 273 655         | 108 146 713          | (269 748 369)          | 4 574 671 999         |
| Plant and machinery                 | 8 016 449 140         | 1 224 481 096        | (1 017 782 345)        | 8 223 147 891         |
| Furniture and fixtures              | 104 275 295           | 115 902 830          | (44 955 130)           | 175 222 995           |
| Motor vehicles                      | 484 692 408           | 165 719 711          | (171 041 716)          | 479 370 403           |
| Office equipment                    | 150 760 358           | 47 114 945           | (43 485 002)           | 154 390 301           |
| IT equipment                        | 69 207 382            | 35 194 755           | (23 038 700)           | 81 363 437            |
| Other property, plant and equipment | 781 012 055           | 274 621 156          | (246 934 676)          | 808 698 535           |
| Capital - Work in progress          | 809 441 729           | 142 354 956          | -                      | 951 796 685           |
|                                     | <b>15 658 473 221</b> | <b>2 113 536 162</b> | <b>(1 816 985 938)</b> | <b>15 955 023 445</b> |

#### Reconciliation of property, plant and equipment - Historical - 2022

|                                     | Opening balance    | Additions            | Disposals           | Transfers    | Depreciation         | Total                |
|-------------------------------------|--------------------|----------------------|---------------------|--------------|----------------------|----------------------|
| Land                                | 3 703 391          | -                    | -                   | -            | -                    | 3 703 391            |
| Buildings                           | 48 165 186         | 82 069 998           | -                   | -            | (4 014 582)          | 126 220 602          |
| Plant and machinery                 | 380 286 247        | 4 413 153 387        | (2 398 288)         | 29 918 575   | (219 038 327)        | 4 601 921 594        |
| Furniture and fixtures              | 24 147 669         | 11 193 635           | -                   | -            | (7 044 271)          | 28 297 033           |
| Motor vehicles                      | 49 206 865         | 89 429 938           | (1 663 107)         | -            | (16 068 002)         | 120 905 694          |
| Office equipment                    | 19 826 087         | 42 479 743           | -                   | 3 363 659    | (8 431 445)          | 57 238 044           |
| IT equipment                        | 10 946 589         | 21 539 006           | (116)               | (3 363 659)  | (4 209 712)          | 24 912 108           |
| Other property, plant and equipment | 94 521 977         | 338 747 541          | -                   | -            | (58 938 044)         | 374 331 474          |
| Capital - Work in progress          | 218 506 064        | 1 492 140 643        | (7 079 564)         | (29 918 575) | -                    | 1 673 648 568        |
|                                     | <b>849 310 075</b> | <b>6 490 753 891</b> | <b>(11 141 075)</b> | <b>-</b>     | <b>(317 744 383)</b> | <b>7 011 178 508</b> |

#### Reconciliation of property, plant and equipment - Historical - 2021

|                                     | Opening balance    | Additions          | Depreciation        | Total              |
|-------------------------------------|--------------------|--------------------|---------------------|--------------------|
| Land                                | 3 703 391          | -                  | -                   | 3 703 391          |
| Buildings                           | 29 842 172         | 20 285 879         | (1 962 865)         | 48 165 186         |
| Plant and machinery                 | 267 382 230        | 144 436 360        | (31 532 343)        | 380 286 247        |
| Furniture and fixtures              | 662 763            | 26 104 630         | (2 619 724)         | 24 147 669         |
| Motor vehicles                      | 21 657 347         | 36 426 236         | (8 876 718)         | 49 206 865         |
| Office equipment                    | 11 401 535         | 11 665 636         | (3 241 084)         | 19 826 087         |
| IT equipment                        | 5 049 253          | 7 876 438          | (1 979 102)         | 10 946 589         |
| Other property, plant and equipment | 35 493 345         | 70 878 647         | (11 850 015)        | 94 521 977         |
| Capital - Work in progress          | 47 459 072         | 171 046 992        | -                   | 218 506 064        |
|                                     | <b>422 651 108</b> | <b>488 720 818</b> | <b>(62 061 851)</b> | <b>849 310 075</b> |

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# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Notes to the Financial Statements

| Figures in Zimbabwe Dollar                            | Hyperinflation        |                      | Historical            |                      |
|---|-----------------------|----------------------|-----------------------|----------------------|
|   | 2022                  | 2021                 | 2022                  | 2021                 |
| <b>3. Inventories</b>                                 |                       |                      |                       |                      |
| Raw materials, components                             | 13 068 826 748        | 4 817 235 745        | 11 831 718 473        | 1 255 898 283        |
| Work in progress                                      | 174 999               | 88 435               | 174 999               | 25 726               |
| Finished goods  | 1 713 744 698         | 1 048 990 857        | 1 713 112 485         | 302 830 334          |
| Stores and spares                                     | 1 597 786 491         | 728 363 564          | 1 096 767 423         | 161 555 711          |
| Goods in transit                                      | 625 646 136           | 3 001 849            | 625 646 136           | 873 240              |
|   | <b>17 006 179 072</b> | <b>6 597 680 450</b> | <b>15 267 419 516</b> | <b>1 721 183 294</b> |
| <b>4. Trade and other receivables</b>                 |                       |                      |                       |                      |
| <b>Financial instruments:</b>                         |                       |                      |                       |                      |
| Trade receivables                                     | 5 839 936 785         | 3 285 535 266        | 5 839 936 785         | 955 764 615          |
| Loss allowance  | (76 594)              | (263 299)            | (76 594)              | (76 594)             |
| Trade receivables at amortised cost                   | 5 839 860 191         | 3 285 271 967        | 5 839 860 191         | 955 688 021          |
| Other receivables                                     | 3 662 924 496         | 2 587 845 803        | 3 662 924 496         | 752 806 239          |
| <b>Non-financial instruments:</b>                     |                       |                      |                       |                      |
| Employee costs in advance                             | 185 760 320           | 55 648 524           | 185 760 320           | 16 188 196           |
| <b>Total trade and other receivables</b>              | <b>9 688 545 007</b>  | <b>5 928 766 294</b> | <b>9 688 545 007</b>  | <b>1 724 682 456</b> |
| <b>5. Cash and cash equivalents</b>                   |                       |                      |                       |                      |
| Cash and cash equivalents consist of:                 |                       |                      |                       |                      |
| Cash on hand  | 177 975 595           | 23 560 874           | 177 975 595           | 6 853 875            |
| Bank balances   | 1 780 946 094         | 2 949 875 514        | 1 780 946 094         | 858 120 947          |
| Fixed deposits  | -                     | 515 639 816          | -                     | 150 000 000          |
| Margin money  | -                     | 1 422 048 494        | -                     | 413 674 948          |
|   | <b>1 958 921 689</b>  | <b>4 911 124 698</b> | <b>1 958 921 689</b>  | <b>1 428 649 770</b> |
| <b>6. Share capital</b>                               |                       |                      |                       |                      |
| <b>Authorised</b>                                     |                       |                      |                       |                      |
| 1,100 Ordinary shares of \$1 each                     | 1 100                 | 1 100                | 1 100                 | 1 100                |
| <b>Issued</b>   |                       |                      |                       |                      |
| Ordinary shares                                       | 240 637               | 240 637              | 1 100                 | 1 100                |
| <b>7. Borrowings</b>                                  |                       |                      |                       |                      |
| <b>Held at amortised cost</b>                         |                       |                      |                       |                      |
| Varun Beverages India Limited                         | 11 716 964 399        | 5 547 219 107        | 11 716 964 399        | 1 613 690 100        |
| Ecobank Zimbabwe Limited                              | 684 333 900           | 354 872 603          | 684 333 900           | 103 232 700          |
|   | <b>12 401 298 299</b> | <b>5 902 091 710</b> | <b>12 401 298 299</b> | <b>1 716 922 800</b> |
| <b>Split between non-current and current portions</b> |                       |                      |                       |                      |
| Non-current liabilities                               | 11 716 964 399        | 5 547 219 107        | 11 716 964 399        | 1 613 690 100        |
| Current liabilities                                   | 684 333 900           | 354 872 603          | 684 333 900           | 103 232 700          |
|   | <b>12 401 298 299</b> | <b>5 902 091 710</b> | <b>12 401 298 299</b> | <b>1 716 922 800</b> |

The short term loan with a 90 day repayment term from Ecobank Zimbabwe Limited has an interest rate of 7% payable after 3 months secured by a corporate guarantee.

The Varun Beverages India Limited loan is a long term loan with an 8 year repayment term, interest rate LIBOR plus 4%.





# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Notes to the Financial Statements

| Figures in Zimbabwe Dollar                     | Hyperinflation        |                       | Historical            |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2022                  | 2021                  | 2022                  | 2021                  |
| <b>8. Trade and other payables</b>             |                       |                       |                       |                       |
| Financial instruments:                         |                       |                       |                       |                       |
| Trade payables                                 | 2 963 368 206         | 1 107 538 891         | 2 963 368 206         | 322 183 874           |
| Other payables                                 | 9 247 496 646         | 7 486 953 298         | 9 247 496 646         | 2 177 960 198         |
|  | <u>12 210 864 852</u> | <u>8 594 492 189</u>  | <u>12 210 864 852</u> | <u>2 500 144 072</u>  |
| <b>9. Balances due to affiliated companies</b> |                       |                       |                       |                       |
| Affiliated companies                           | <u>3 088 941 944</u>  | <u>518 800 731</u>    | <u>3 088 941 944</u>  | <u>150 919 512</u>    |
| Split between non-current and current portions |                       |                       |                       |                       |
| Current liabilities                            | <u>3 088 941 944</u>  | <u>518 800 731</u>    | <u>3 088 941 944</u>  | <u>150 919 512</u>    |
| Varun Beverages Limited, India                 | 2 289 929 367         | 197 641 624           | 2 289 929 367         | 57 494 093            |
| Varun Beverages Limited, Zambia                | 799 012 577           | 108 024 342           | 799 012 577           | 31 424 360            |
| Lunarmech Technologies (Private) Limited       | -                     | 213 134 765           | -                     | 62 001 059            |
|  | <u>3 088 941 944</u>  | <u>518 800 731</u>    | <u>3 088 941 944</u>  | <u>150 919 512</u>    |
| <b>10. Revenue</b>                             |                       |                       |                       |                       |
| Revenue from contracts with customers          |                       |                       |                       |                       |
| Sale of goods                                  | <u>82 866 159 300</u> | <u>52 946 174 223</u> | <u>59 744 774 348</u> | <u>12 512 840 058</u> |
| <b>11. Cost of sales</b>                       |                       |                       |                       |                       |
| Sale of goods                                  | <u>39 307 529 685</u> | <u>27 650 202 170</u> | <u>29 687 030 526</u> | <u>6 648 741 196</u>  |
| <b>12. Other operating income</b>              |                       |                       |                       |                       |
| Interest received                              | <u>43 589 759</u>     | <u>82 311 403</u>     | <u>18 136 364</u>     | <u>21 302 739</u>     |
| <b>13. Operating expenses</b>                  |                       |                       |                       |                       |
| Advertising                                    | 793 831 569           | 773 830 514           | 627 005 032           | 187 508 811           |
| Audit fees                                     | 35 044 235            | 17 633 008            | 22 317 304            | 3 851 410             |
| Bank charges                                   | 937 333 564           | 939 881 773           | 569 597 004           | 228 226 416           |
| Depreciation, amortisation and impairments     | 2 244 191 602         | 1 816 985 938         | 317 744 383           | 62 061 851            |
| Distribution                                   | 7 151 591 838         | 4 830 785 973         | 5 173 090 052         | 1 146 127 791         |
| Employee costs                                 | 5 713 218 154         | 3 522 279 008         | 4 273 556 387         | 826 921 812           |
| Exchange loss                                  | 6 356 266 740         | 2 820 818 187         | 7 812 052 342         | 744 179 013           |
| Insurance                                      | 141 017 149           | 86 810 953            | 108 296 833           | 19 767 108            |
| Motor vehicle expenses                         | 729 480 641           | 571 786 529           | 482 477 970           | 135 281 837           |
| Other expenses                                 | 4 313 285 289         | 957 000 137           | 3 894 510 171         | 222 683 313           |
| Professional fees                              | 88 671 738            | 56 927 161            | 62 803 762            | 10 123 744            |
| Rent   | 642 225 454           | 398 280 129           | 480 326 438           | 90 216 704            |
| Security                                       | 266 854 093           | 183 504 139           | 188 509 744           | 42 728 559            |
| Travel   | 377 108 949           | 223 912 713           | 282 140 337           | 53 935 921            |
|  | <u>29 790 121 015</u> | <u>17 200 436 162</u> | <u>24 294 427 759</u> | <u>3 773 614 290</u>  |
| <b>14. Finance costs</b>                       |                       |                       |                       |                       |
| Interest paid                                  | <u>1 151 913 582</u>  | <u>558 783 656</u>    | <u>895 754 307</u>    | <u>131 185 952</u>    |



# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Notes to the Financial Statements

| Figures in Zimbabwe Dollar | Hyperinflation |      | Historical |      |
|----------------------------|----------------|------|------------|------|
|                            | 2022           | 2021 | 2022       | 2021 |

### 15. Commitments

The company had no commitments as at December 31, 2022 (2021: nil).

### 16. Contingencies

The company had no contingencies as at 31 December 2022 (2021 - nil).

### 17. Related parties

Relationships

Fellow subsidiaries

Shareholder with controlling interest

Members of key management

Varun Beverages Zambia

Lunamech Technologies

Varun Beverages India

Shankar Krishnan Iyer

Diptiman Das

Vijay Kumar Bahl

Mhanisi Malaba

Rashmi Dharwal

Satyamarayan Sharma

Manoj Kumar Mishra

### Related party balances

#### Balances due to affiliated companies

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Varun Beverages India                   | 2 289 929 367 | 6 462 718 283 | 2 289 929 367 | 1 880 009 475 |
| Varun Beverages-Zambia                  | 799 012 577   | 57 447 408    | 799 012 577   | 16 711 493    |
| Lunamech Technologies (Private) Limited | -             | 213 134 765   | -             | 62 001 059    |

#### Loans from related parties

|                               |                |               |                |               |
|-------------------------------|----------------|---------------|----------------|---------------|
| Varun Beverages India Limited | 11 716 964 399 | 5 547 219 107 | 11 716 964 399 | 1 613 690 100 |
|-------------------------------|----------------|---------------|----------------|---------------|

### Related party transactions

|   |                |             |                |             |
|---|----------------|-------------|----------------|-------------|
| Varun Beverages-India                   | 17 147 085 237 | 967 447 011 | 10 919 819 304 | 281 431 043 |
| Varun Beverages-Zambia                  | 4 118 638 470  | 555 600 195 | 2 622 882 388  | 161 624 503 |
| Lunamech Technologies (Private) Limited | 5 048 309 750  | 886 639 851 | 3 214 927 173  | 257 924 181 |

#### Compensation to directors and other key management

|                |             |             |             |             |
|----------------|-------------|-------------|-------------|-------------|
| Directors fees | 879 676 132 | 411 873 656 | 560 206 255 | 119 814 348 |
|----------------|-------------|-------------|-------------|-------------|

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|----------------------------|----------------|------|------------|------|
|                            | 2022           | 2021 | 2022       | 2021 |

### 18. Financial instruments and risk management

#### Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the companies's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

|                                      |   |                       |                       |                       |                      |
|--------------------------------------|---|-----------------------|-----------------------|-----------------------|----------------------|
| Balances due to affiliated companies | 9 | 3 088 941 944         | 518 800 731           | 3 088 941 944         | 150 919 512          |
| Borrowings                           | 7 | 12 401 298 299        | 5 902 091 710         | 12 401 298 299        | 1 716 922 800        |
| Trade and other payables             | 8 | 12 210 864 853        | 8 594 492 189         | 12 210 864 852        | 2 500 144 073        |
| <b>Total borrowings</b>              |   | <b>27 701 105 096</b> | <b>15 015 384 630</b> | <b>27 701 105 095</b> | <b>4 367 986 385</b> |
| Cash and cash equivalents            | 5 | (1 958 921 689)       | (4 911 124 698)       | (1 958 921 689)       | (1 428 649 770)      |
| <b>Net borrowings</b>                |   | <b>25 742 183 407</b> | <b>10 104 259 932</b> | <b>25 742 183 406</b> | <b>2 939 336 615</b> |
| Equity                               |   | 22 575 066 602        | 18 802 539 882        | 6 365 266 029         | 1 479 567 909        |



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Financial Statements for the year ended 31 December 2022

## Notes to the Financial Statements

| Figures in Zimbabwe Dollar | Hyperinflation |      | Historical |      |
|----------------------------|----------------|------|------------|------|
|                            | 2022           | 2021 | 2022       | 2021 |

### 18. Financial instruments and risk management (continued)

#### Financial risk management

##### Overview

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

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

##### Credit risk

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

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

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

| Hyperinflation              |   | 2022                  |                       |                             | 2021                  |                       |                             |
|-----------------------------|---|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
|                             |   | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Trade and other receivables | 4 | 9 502 861 281         | (76 594)              | 9 502 784 687               | 5 873 381 069         | (263 299)             | 5 873 117 770               |
| Cash and cash equivalents   | 5 | 1 958 921 689         | -                     | 1 958 921 689               | 4 911 124 698         | -                     | 4 911 124 698               |
|                             |   | <b>11 461 782 970</b> | <b>(76 594)</b>       | <b>11 461 706 376</b>       | <b>10 784 505 767</b> | <b>(263 299)</b>      | <b>10 784 242 468</b>       |

| Historical                  |   | 2022                  |                       |                             | 2021                  |                       |                             |
|-----------------------------|---|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
|                             |   | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Trade and other receivables | 4 | 9 502 861 281         | (76 594)              | 9 502 784 687               | 1 708 570 854         | (76 594)              | 1 708 494 260               |
| Cash and cash equivalents   | 5 | 1 958 921 689         | -                     | 1 958 921 689               | 1 428 649 770         | -                     | 1 428 649 770               |
|                             |   | <b>11 461 782 970</b> | <b>(76 594)</b>       | <b>11 461 706 376</b>       | <b>3 137 220 624</b>  | <b>(76 594)</b>       | <b>3 137 144 030</b>        |

##### Liquidity risk

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

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

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



# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Notes to the Financial Statements

| Figures in Zimbabwe Dollar | Hyperinflation |      | Historical |      |
|----------------------------|----------------|------|------------|------|
|                            | 2022           | 2021 | 2022       | 2021 |

### 18. Financial instruments and risk management (continued)

#### Hyperinflation - 2022

|                                      |   | Less than<br>1 year    | 1 to 2<br>years         | Total                   | Carrying amount         |
|--------------------------------------|---|------------------------|-------------------------|-------------------------|-------------------------|
| <b>Non-current liabilities</b>       |   |                        |                         |                         |                         |
| Borrowings                           | 7 | -                      | 11 716 964 399          | 11 716 964 399          | 11 716 964 399          |
| <b>Current liabilities</b>           |   |                        |                         |                         |                         |
| Trade and other payables             | 8 | 12 210 864 852         | -                       | 12 210 864 852          | 12 210 864 852          |
| Balances due to affiliated companies | 9 | 3 088 941 944          | -                       | 3 088 941 944           | 3 088 941 944           |
| Borrowings                           | 7 | 684 333 900            | -                       | 684 333 900             | 684 333 900             |
|                                      |   | <b>15 984 140 696</b>  | <b>11 716 964 399</b>   | <b>27 701 105 095</b>   | <b>27 701 105 095</b>   |
| <b>Non-current assets</b>            |   |                        |                         |                         |                         |
| Capital advances                     |   | -                      | 140 306 404             | 140 306 404             | 140 306 404             |
| <b>Current assets</b>                |   |                        |                         |                         |                         |
| Trade and other receivables          |   | 9 688 545 007          | -                       | 9 688 545 007           | 9 688 545 007           |
| Cash and cash equivalents            |   | 1 958 921 689          | -                       | 1 958 921 689           | 1 958 921 689           |
|                                      |   | <b>11 647 466 696</b>  | <b>140 306 404</b>      | <b>11 787 773 100</b>   | <b>11 787 773 100</b>   |
|                                      |   | <b>(4 336 674 000)</b> | <b>(11 576 657 995)</b> | <b>(15 913 331 995)</b> | <b>(15 913 331 995)</b> |

#### Hyperinflation - 2021

|                                      |   | Less than<br>1 year   | 1 to 2<br>years        | Total                  | Carrying amount        |
|--------------------------------------|---|-----------------------|------------------------|------------------------|------------------------|
| <b>Non-current liabilities</b>       |   |                       |                        |                        |                        |
| Borrowings                           | 7 | -                     | 5 547 219 107          | 5 547 219 107          | 5 547 219 107          |
| <b>Current liabilities</b>           |   |                       |                        |                        |                        |
| Trade and other payables             |   | 8 594 492 189         | -                      | 8 594 492 189          | 8 594 492 189          |
| Balances due to affiliated companies | 9 | 518 800 731           | -                      | 518 800 731            | 518 800 731            |
| Borrowings                           | 7 | 354 872 603           | -                      | 354 872 603            | 354 872 603            |
|                                      |   | <b>9 468 165 523</b>  | <b>5 547 219 107</b>   | <b>15 015 384 630</b>  | <b>15 015 384 630</b>  |
| <b>Non-current assets</b>            |   |                       |                        |                        |                        |
| Capital advances                     |   | -                     | 425 329 625            | 425 329 625            | 425 329 625            |
| <b>Current assets</b>                |   |                       |                        |                        |                        |
| Trade and other receivables          |   | 5 928 766 294         | -                      | 5 928 766 294          | 5 928 766 294          |
| Cash and cash equivalents            |   | 4 911 124 698         | -                      | 4 911 124 698          | 4 911 124 698          |
|                                      |   | <b>10 839 890 992</b> | <b>425 329 625</b>     | <b>11 265 220 617</b>  | <b>11 265 220 617</b>  |
|                                      |   | <b>1 371 725 469</b>  | <b>(5 121 889 482)</b> | <b>(3 750 164 013)</b> | <b>(3 750 164 013)</b> |



# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Notes to the Financial Statements

| Figures in Zimbabwe Dollar | Hyperinflation |      | Historical |      |
|----------------------------|----------------|------|------------|------|
|                            | 2022           | 2021 | 2022       | 2021 |

### 18. Financial instruments and risk management (continued)

#### Historical - 2022

|                                      |   | Less than<br>1 year     | 1 to 2<br>years    | Total                   | Carrying amount         |
|--------------------------------------|---|-------------------------|--------------------|-------------------------|-------------------------|
| <b>Non-current liabilities</b>       |   |                         |                    |                         |                         |
| Borrowings                           | 7 | 11 716 964 399          | -                  | 11 716 964 399          | 11 716 964 399          |
| <b>Current liabilities</b>           |   |                         |                    |                         |                         |
| Trade and other payables             |   | 12 210 864 852          | -                  | 12 210 864 852          | 12 210 864 852          |
| Balances due to affiliated companies | 9 | 3 088 941 944           | -                  | 3 088 941 944           | 3 088 941 944           |
| Borrowings                           | 7 | 68 433 900              | -                  | 68 433 900              | 68 433 900              |
|                                      |   | <b>27 085 205 095</b>   | <b>-</b>           | <b>27 085 205 095</b>   | <b>27 701 105 095</b>   |
| <b>Non-current assets</b>            |   |                         |                    |                         |                         |
| Capital advances                     |   | -                       | 140 306 404        | 140 306 404             | 140 306 404             |
| <b>Current assets</b>                |   |                         |                    |                         |                         |
| Trade and other receivables          |   | 9 688 545 007           | -                  | 9 688 545 007           | 9 688 545 007           |
| Cash and cash equivalents            |   | 1 958 921 689           | -                  | 1 958 921 689           | 1 958 921 689           |
|                                      |   | <b>11 647 466 696</b>   | <b>140 306 404</b> | <b>11 787 773 100</b>   | <b>11 787 773 100</b>   |
|                                      |   | <b>(15 437 738 399)</b> | <b>140 306 404</b> | <b>(15 297 431 995)</b> | <b>(15 913 331 995)</b> |

#### Historical - 2021

|                                      |   | Less than<br>1 year  | 1 to 2<br>years        | Total                  | Carrying amount        |
|--------------------------------------|---|----------------------|------------------------|------------------------|------------------------|
| <b>Non-current liabilities</b>       |   |                      |                        |                        |                        |
| Borrowings                           | 7 | -                    | 1 613 690 100          | 1 613 690 100          | 1 613 690 100          |
| <b>Current liabilities</b>           |   |                      |                        |                        |                        |
| Trade and other payables             | 8 | 2 500 144 072        | -                      | 2 500 144 072          | 2 500 144 072          |
| Balances due to affiliated companies | 9 | 150 919 512          | -                      | 150 919 512            | 150 919 512            |
| Borrowings                           | 7 | 103 232 700          | -                      | 103 232 700            | 103 232 700            |
|                                      |   | <b>2 754 296 284</b> | <b>1 613 690 100</b>   | <b>4 367 986 384</b>   | <b>4 367 986 384</b>   |
| <b>Non-current assets</b>            |   |                      |                        |                        |                        |
| Capital advances                     |   | -                    | 123 728 699            | 123 728 699            | 123 728 699            |
| <b>Current assets</b>                |   |                      |                        |                        |                        |
| Trade and other receivables          |   | 1 724 682 456        | -                      | 1 724 682 456          | 1 724 682 456          |
| Cash and cash equivalents            |   | 1 428 649 700        | -                      | 1 428 649 700          | 1 428 649 770          |
|                                      |   | <b>3 153 332 156</b> | <b>123 728 699</b>     | <b>3 277 060 855</b>   | <b>3 277 060 925</b>   |
|                                      |   | <b>399 035 872</b>   | <b>(1 489 961 401)</b> | <b>(1 090 925 529)</b> | <b>(1 090 925 459)</b> |

# Varun Beverages Zimbabwe (Private) Limited

(Registration number 3125/2015)

Financial Statements for the year ended 31 December 2022

## Notes to the Financial Statements

| Figures in Zimbabwe Dollar | Hyperinflation |      | Historical |      |
|----------------------------|----------------|------|------------|------|
|                            | 2022           | 2021 | 2022       | 2021 |

### 18. Financial instruments and risk management (continued)

#### Foreign currency risk

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

### 19. Going concern

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

### 20. IAS 29, Financial reporting in hyperinflationary economies

The company's operating environment is hyperinflationary, hence the preparation of financial statements in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies.

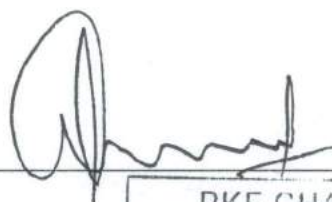
All figures, i.e the current and prior years were restated to the prices prevailing at the reporting date using the Consumer Price Index obtained from the Reserve Bank of Zimbabwe Website which are as follows:

| Consumer Price Index | December 2022 | December 2021 | December 2020 |
|----------------------|---------------|---------------|---------------|
|                      | 13 673        | 3 977         | 2 447         |

The reliability of the indices is critical in the fair presentation of these financials. Should the indices not be reliable, this would materially affect the financial statements. The directors have provided both the historical and inflation adjusted numbers as well as the indices used to restate the accounts. This would allow any user to further adjust the numbers should they require to perform a sensitivity analysis to a different set of indices.

### 21. Events after the reporting period

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



PKF CHARTERED  
ACCOUNTANTS

18 MAY 2023

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## **Varun Beverages RDC SAS**

Rapport du commissaire aux comptes  
sur les états financiers annuels  
de l'exercice clos le 31 décembre 2022

Le 20 avril 2023



Aux Actionnaires de la société  
**Varun Beverages RDC SAS**  
Kinshasa/Gombe  
République Démocratique du Congo

## **RAPPORT GENERAL DU COMMISSAIRE AUX COMPTES SUR LES ETATS FINANCIERS ANNUELS DE L'EXERCICE CLOS LE 31 DECEMBRE 2022**

En exécution de la mission qui nous a été confiée par votre Assemblée Générale, nous vous présentons notre rapport relatif à l'exercice clos le 31 décembre 2022 sur :

- L'audit des états financiers annuels de la société Varun Beverages RDC SAS tels qu'ils sont joints au présent rapport.
- Les vérifications et informations spécifiques prévues par la loi.

Les états financiers annuels ont été arrêtés par le Conseil d'administration. Il nous appartient, sur la base de notre audit, d'exprimer une opinion sur ces états financiers annuels.

### **I. AUDIT DES ETATS FINANCIERS ANNUELS**

#### **Opinion**

Nous avons effectué l'audit des états financiers annuels ci-joints, exprimés en Francs Congolais, de la société Varun Beverages RDC SAS, qui comprennent le bilan au 31 décembre 2022, le compte de résultat, le tableau de flux de trésorerie pour l'exercice clos à cette date, ainsi que les notes annexes, y compris le résumé des principales méthodes comptables et d'autres informations explicatives.

A notre avis, les états financiers annuels sont réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine de la société à la fin de cet exercice conformément aux règles et méthodes édictées par l'Acte Uniforme de l'OHADA relatif au droit comptable et à l'information financière.

#### **Fondement de notre opinion**

Nous avons effectué notre audit selon les normes internationales d'audit (ISA), conformément aux prescriptions du Règlement N°01/2017/CM/OHADA portant harmonisation des pratiques des professionnels de la comptabilité et de l'audit dans les pays membres de l'OHADA. Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la section « Responsabilités du commissaire aux comptes relatives à l'audit des états financiers annuels » du présent rapport. Nous sommes indépendants de la société conformément au Code d'éthique des professionnels de la comptabilité et de l'audit édicté par le Règlement N°01/2017/CM/OHADA précité, ainsi qu'aux règles d'indépendance qui encadrent le commissariat aux comptes, et nous avons satisfait aux autres responsabilités éthiques qui nous incombent selon ces règles. Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion.

### **Responsabilités du Conseil d'Administration relatives aux états financiers annuels**

Les états financiers annuels ont été établis et arrêtés par le Conseil d'Administration.

Le Conseil d'Administration est responsable de la préparation et de la présentation sincère des états financiers annuels conformément aux règles et méthodes comptables édictés par l'Acte Uniforme de l'OHADA relatif au droit comptable et à l'information financière, ainsi que du contrôle interne qu'il estime nécessaire pour permettre la préparation d'états financiers annuels ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de la préparation des états financiers annuels, il incombe au Conseil d'Administration d'évaluer la capacité de la société à poursuivre son exploitation, de fournir, le cas échéant, des informations relatives à la continuité d'exploitation et d'appliquer la base de continuité d'exploitation, sauf si le Conseil d'Administration a l'intention de mettre la société en liquidation ou de cesser ses activités ou s'il n'existe aucune autre solution alternative réaliste qui s'offre à elle.

Il incombe au Conseil d'Administration de surveiller le processus d'élaboration de l'information financière de la société.

### **Responsabilité du commissaire aux comptes relatives à l'audit des états financiers annuels**

Nos objectifs sont d'obtenir l'assurance raisonnable que les états financiers annuels pris dans leur ensemble ne comportent pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, et d'émettre un rapport d'audit contenant notre opinion.

L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux normes ISA permettra de toujours détecter toute anomalie significative existante. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce que, prises individuellement ou en cumulé, elles puissent influencer les décisions économiques que les utilisateurs des états financiers annuels prennent en se fondant sur ceux-ci.

Nos responsabilités pour l'audit des états financiers annuels sont décrites de façon plus détaillée dans l'annexe 1 du présent rapport du commissaire aux comptes.



## II. VERIFICATIONS ET AUTRES INFORMATIONS SPECIFIQUES

La responsabilité des autres informations incombe au Conseil d'Administration. Les autres informations se composent des informations contenues dans le rapport de gestion, mais ne comprennent pas les états financiers et notre rapport du commissaire aux comptes sur ces états financiers annuels, et des autres informations.

Notre opinion sur les états financiers ne s'étend pas aux autres informations et nous n'exprimons aucune forme d'assurance sur ces informations.

Dans le cadre de notre mandat de commissariat aux comptes, notre responsabilité est de procéder aux vérifications et autres informations spécifiques prévues par la loi, et ce faisant, à vérifier la sincérité et la concordance avec les états financiers annuels des informations données dans le rapport de gestion du Conseil d'Administration, et dans les documents adressés aux actionnaires sur la situation financière et les états financiers annuels, et de vérifier, dans tous leurs aspects significatifs, le respect de certaines obligations légales et réglementaires. D'autre part, notre responsabilité consiste également à lire les autres informations et, par conséquent, à apprécier s'il existe une incohérence significative entre celles-ci et les états financiers ou la connaissance que nous avons acquise lors de l'audit, ou encore si les autres informations semblent comporter une anomalie significative.

Si à la lumière des travaux que nous avons effectués lors de nos vérifications spécifiques ou sur les autres informations, nous concluons à la présence d'une anomalie significative, nous sommes tenus de signaler ce fait

Nous n'avons rien à signaler à cet égard.

Le commissaire aux comptes  
IN SERVICE PARTNERS SARL

Cyprien BONGULUMATA LOKELE  
Associé  
Expert-comptable agréée ONEC n° EC/16.00050



Le 20 avril 2023

## **Annexe 1 : Responsabilités du commissaire aux comptes relatives à l'audit**

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Cette annexe fait partie intégrante de notre rapport de commissariat aux comptes.

Dans le cadre d'un audit des états financiers, nous nous conformons successivement :

- aux exigences des Normes Internationales (ISA) ;
- aux obligations spécifiques édictées par l'Acte Uniforme de l'OHADA relatif au droit des sociétés commerciales et GIE.

De manière plus détaillée :

- Nous nous conformons aux règles d'éthique relatives à l'audit des états financiers annuels édictées par le Code d'éthique des professionnels de la comptabilité et de l'audit édicté par le Règlement n°01/2017/CM/OHADA ainsi qu'aux règles d'indépendance qui encadrent le commissariat aux comptes.
- Nous faisons preuve d'esprit critique qui implique d'être attentifs aux éléments probants qui contredisent d'autres éléments probants recueillis, aux informations qui remettent en cause la fiabilité de documents et de réponses apportées aux demandes de renseignements à utiliser en tant qu'éléments probants, aux situations qui peuvent révéler une fraude possible, aux circonstances qui suggèrent le besoin de mettre en œuvre des procédures d'audit en supplément de celles requises par les Normes ISA.
- Nous faisons preuve de jugement professionnel lors de la conduite de l'audit en particulier pour les décisions portant sur le caractère significatif et le risque d'audit, la nature, le calendrier et l'étendue des procédures d'audit à mettre en œuvre pour satisfaire les diligences requises par les normes ISA et pour recueillir des éléments probants, le fait de déterminer si des éléments probants suffisants et appropriés ont été recueillis, et si des travaux supplémentaires sont nécessaires pour atteindre les objectifs des normes ISA et, par voie de conséquence, les objectifs généraux de l'auditeur, l'évaluation des jugements de la direction portant sur le suivi du référentiel comptable applicable, le fondement des conclusions tirées des éléments probants recueillis, par exemple l'appréciation du caractère raisonnable des évaluations faites par la direction lors de l'établissement des états financiers.
- Nous préparons tout au long de l'audit une documentation qui fournisse une trace suffisante et appropriée des travaux, fondements de notre rapport d'audit et des éléments démontrant que l'audit a été planifié et réalisé selon les Normes ISA et dans le respect des exigences législatives et réglementaires applicables.
- Nous identifions et évaluons les risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, concevons et mettons en œuvre des procédures d'audit en réponse à ces risques, et réunissons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative résultant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne.



- Nous recueillons, le cas échéant, des éléments probants suffisants et appropriés concernant le respect des dispositions des textes législatifs et réglementaires dont il est admis qu'elles ont une incidence directe sur la détermination des données chiffrées significatives enregistrées et l'information fournie dans les états financiers, mettons en œuvre des procédures d'audit spécifiques visant à identifier les cas de non-respect d'autres textes législatifs et réglementaires qui peuvent avoir une incidence significative sur les états financiers, et apporter une réponse appropriée aux cas avérés ou suspectés de non-respect des textes législatifs et réglementaires identifiés au cours de l'audit.
- Nous prenons connaissance du contrôle interne de la société afin de définir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de la société. Lorsque des faiblesses significatives sont identifiées, nous les communiquons à la direction, le cas échéant, au Conseil d'Administration.
- Nous évaluons l'incidence sur l'audit des anomalies relevées et l'incidence sur les états financiers des anomalies non corrigées, s'il en existe. Nous les communiquons au niveau approprié de la direction, à moins que ceci ne lui soit interdit par la loi ou la réglementation.
- Nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, de même que des informations y afférentes fournies par cette dernière.
- Nous apprécions la présentation d'ensemble, la structure et le contenu des états financiers, y compris les informations fournies dans les notes, et apprécions si les états financiers reflètent les opérations et événements sous-jacents d'une manière propre à donner une image fidèle.
- Nous identifions les relations et des transactions avec les parties liées, que le référentiel comptable applicable établisse ou non des règles en la matière, pour être en mesure de relever des facteurs de risque de fraudes, s'il en existe, découlant de relations et de transactions avec les parties liées, qui sont pertinents pour l'identification et l'évaluation des risques d'anomalies significatives provenant de fraudes, et conclure, sur la base des éléments probants recueillis, si les états financiers, pour autant qu'ils soient affectés par ces relations et ces transactions sont présentés sincèrement ou ne sont pas trompeurs. En outre, lorsque le référentiel comptable applicable contient des règles concernant les parties liées, nous recueillons les éléments probants suffisants et appropriés pour déterminer si les relations et les transactions avec les parties liées ont été correctement identifiées et comptabilisées dans les états financiers et si une information pertinente les concernant a été fournie dans ceux-ci.
- Nous recueillons les éléments probants suffisants et appropriés montrant que les événements survenus entre la date des états financiers et la date de notre rapport, nécessitant un ajustement des états financiers ou une information à fournir dans ceux-ci, ont fait l'objet d'un traitement approprié dans les états financiers conformément au référentiel comptable applicable.
- Nous concluons quant au caractère approprié de l'utilisation par la direction du principe comptable de continuité d'exploitation et, selon les éléments probants recueillis, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité de la société à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport sur les informations fournies dans les états financiers au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments recueillis jusqu'à la date de notre rapport.

- Nous obtenons des déclarations écrites de la Direction Générale et, le cas échéant, du Conseil d'Administration, confirmant que celle-ci considère avoir satisfait à ses responsabilités relatives à l'établissement des états financiers ainsi qu'à l'exhaustivité des informations qui nous ont été fournies. En outre, nous confortons d'autres éléments probants relatifs aux états financiers ou à des assertions spécifiques contenues dans ceux-ci au moyen de ces déclarations écrites si nous estimons nécessaire ou si celles-ci sont requises par d'autres normes ISA.
- Nous nous assurons, tout au long de l'audit, que l'égalité entre les associés est respectée, notamment que toutes les actions d'une même catégorie bénéficient des mêmes droits.
- Nous devons signaler à la plus prochaine Assemblée Générale, les irrégularités et les inexactitudes relevées lors de l'audit. En outre, nous devons signaler au Ministère Public les faits délictueux dont nous avons eu connaissance au cours l'audit, sans que notre responsabilité puisse être engagée par cette révélation.
- Nous avons l'obligation du respect du secret professionnel pour les faits, actes et renseignements dont nous avons eu connaissance.



## **ETATS FINANCIERS**

**Exercice clos le 31 décembre 2022**

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BILAN AU 31 DECEMBRE 2022 COMPARE AU 31 DECEMBRE 2021

| Réf.      | ACTIF  | Note | 31/12/2022           |                   |                      | 31/12/2021 |
|-----------|--|------|----------------------|-------------------|----------------------|------------|
|           |  |      | Brut                 | Amort/Prov        | Net                  | Net        |
| <b>AD</b> | <b>IMMOBILISATIONS INCORPORELLES</b>                                 |      |                      |                   |                      |            |
| AE        | Frais de développement et de prospection                             | 3    | 3 905 768 261        | -                 | 3 905 768 261        | -          |
| AF        | Brevets, licences, logiciels et droits similaires                    |      | -                    | -                 | -                    | -          |
| AG        | Fonds commercial et droit de bail                                    |      | -                    | -                 | -                    | -          |
| AH        | Autres immobilisations incorporelles                                 |      | -                    | -                 | -                    | -          |
| <b>AI</b> | <b>IMMOBILISATIONS CORPORELLES</b>                                   |      |                      |                   |                      |            |
| AJ        | Terrains   |      | -                    | -                 | -                    | -          |
|           | (1) dont placement en net:   |      |                      |                   |                      |            |
| AK        | Bâtiments  | 3    | 218 348 480          | -                 | 218 348 480          | -          |
|           | (1) dont placement en net:   |      |                      |                   |                      |            |
| AL        | Aménagements, agencements et installations                           |      | -                    | -                 | -                    | -          |
| AM        | Matériel, mobiliers et actifs biologiques                            |      | 91 309 440           | 9 977 402         | 81 332 038           | -          |
| AN        | Matériel de transport  |      | 52 430 000           | 14 650 206        | 37 779 794           | -          |
| AP        | Avances et acomptes versés sur immobilisations                       | 3    | -                    | -                 | -                    | -          |
| <b>AQ</b> | <b>IMMOBILISATIONS FINANCIERES</b>                                   | 4    |                      |                   |                      |            |
| AR        | Titres de participation  |      | -                    | -                 | -                    | -          |
| AS        | Autres immobilisations financières                                   |      | 105 760 000          | -                 | 105 760 000          | -          |
| <b>AZ</b> | <b>TOTAL ACTIF IMMOBILISE (I)</b>                                    |      | <b>4 373 616 181</b> | <b>24 627 608</b> | <b>4 348 988 573</b> | -          |
| <b>BA</b> | <b>ACTIF CIRCULANT H. A. O.</b>                                      | 5    | -                    | -                 | -                    | -          |
| <b>BB</b> | <b>STOCKS ET ENCOURS</b>   | 6    | -                    | -                 | -                    | -          |
| <b>BG</b> | <b>CREANCES ET EMPLOIS ASSIMILES</b>                                 |      |                      |                   |                      |            |
| BH        | Fournisseurs, avances versées  | 17   | 190 600 000          | -                 | 190 600 000          | -          |
| BI        | Clients  | 7    | -                    | -                 | -                    | -          |
| BJ        | Autres créances  | 8    | 0                    | -                 | -                    | -          |
| <b>BK</b> | <b>TOTAL ACTIF CIRCULANT (II)</b>                                    |      | <b>190 600 000</b>   | <b>-</b>          | <b>190 600 000</b>   | -          |
| BQ        | Titres de placement  | 9    | -                    | -                 | -                    | -          |
| BR        | Valeurs à encaisser  | 10   | -                    | -                 | -                    | -          |
| BS        | Banques, chèques postaux, caisse et assimilés                        | 11   | 895 690 860          | -                 | 895 690 860          | -          |
| <b>BT</b> | <b>TOTAL TRESORERIE-ACTIF (III)</b>                                  |      | <b>895 690 860</b>   | <b>-</b>          | <b>895 690 860</b>   | -          |
| <b>BU</b> | <b>Ecarts de conversion-Actif (IV)</b><br>(perte probable de change) | 12   | -                    | -                 | -                    | 0          |
| <b>BZ</b> | <b>TOTAL GENERAL (I + II + III + IV)</b>                             |      | <b>5 459 907 041</b> | <b>24 627 608</b> | <b>5 435 279 433</b> | -          |

**BILAN AU 31 DECEMBRE 2022 COMPARE AU 31 DECEMBRE 2021**

| Réf. | PASSIF  | Note | Exercice<br>31/12/22 | Exercice<br>31/12/21 |
|------|---|------|----------------------|----------------------|
| CA   | Capital   | 13   | 20 000 000           | -                    |
| CB   | Apporteurs capital non appelé (-)                             | 13   | -                    | -                    |
| CD   | Primes liées au capital social                                | 14   | -                    | -                    |
| CE   | Ecart de réévaluation   | 3e   | 7 872 761            | -                    |
| CF   | Réserves indisponibles  | 14   | -                    | -                    |
| CG   | Réserves libres   | 14   | -                    | -                    |
| CH   | Report à nouveau + ou -                                       | 14   | -87 120              | -                    |
| CJ   | Résultat net de l'exercice (bénéfice + ou perte -)            |      | -62 508 192          | -                    |
| CL   | Subventions d'investissement                                  | 15   | -                    | -                    |
| CM   | Provisions réglementées                                       | 15   | -                    | -                    |
| CP   | <b>TOTAL CAPITAUX PROPRES ET RESSOURCES ASSIMILEES (I)</b>    |      | <b>-34 722 551</b>   | <b>-</b>             |
| DA   | Emprunts et dettes financières                                | 16   | 5 291 008 000        | -                    |
| DB   | Dettes de location acquisition                                | 16   | -                    | -                    |
| DC   | Provisions pour risques et charges                            | 16   | -                    | -                    |
| DF   | <b>TOTAL DETTES FINANCIERES ET RESSOURCES ASSIMILEES (II)</b> |      | <b>5 291 008 000</b> | <b>-</b>             |
| DG   | <b>TOTAL RESSOURCES STABLES (I + II)</b>                      |      | <b>5 256 285 449</b> | <b>-</b>             |
| DH   | Dettes circulantes H.A.O.                                     | 5    | -                    | -                    |
| DI   | Clients, avances reçues                                       | 7    | -                    | -                    |
| DJ   | Fournisseurs d'exploitation                                   | 17   | 92 598 984           | -                    |
| DK   | Dettes fiscales et sociales                                   | 18   | 86 395 000           | -                    |
| DM   | Autres dettes   | 19   | -                    | -                    |
| DN   | Provisions pour risques à court terme                         | 19   | -                    | -                    |
| DP   | <b>TOTAL PASSIF CIRCULANT (III)</b>                           |      | <b>178 993 984</b>   | <b>-</b>             |
| DQ   | Banques, crédits d'escompte et de trésorerie                  | 20   | -                    | -                    |
| DR   | Banques, établissements financiers et crédits de trésorerie   | 20   | -                    | -                    |
| DT   | <b>TOTAL TRESORERIE-PASSIF (IV)</b>                           |      | <b>-</b>             | <b>-</b>             |
| DU   | Ecart de conversion-Passif (V)<br>(gain probable de change)   | 12   | -                    | -                    |
| DZ   | <b>TOTAL GENERAL (I + II + III + IV + V)</b>                  |      | <b>5 435 279 433</b> | <b>-</b>             |

## COMPTE DE RESULTAT AU 31 DECEMBRE 2022 COMPARE A L'EXERCICE 2021

| COMPTÉ DE RESULTAT AU 31 DECEMBRE 2022 COMPARE A L'EXERCICE 2021 |  |   |      |                      |                      |   |
|--|--|---|------|----------------------|----------------------|---|
| Réf.   | LIBELLE  |   | Note | Exercice<br>31/12/22 | Exercice<br>31/12/21 |   |
| TA   | Vente de marchandises  | A | +    | 21                   | 108 124 138          | 0 |
| RA   | Achats de marchandises   |   | -    | 22                   | -                    | 0 |
| RB   | Variation de stocks de marchandises                                |   | -/+  | 6                    | -                    | 0 |
| XA   | MARGE COMMERCIALE  |   |      |                      | 108 124 138          | - |
| TB   | Vente de produits fabriqués  | B | +    | 21                   | -                    | 0 |
| TC   | Travaux, services vendus   | C | +    | 21                   | -                    | 0 |
| TD   | Produits accessoires   | D | +    | 21                   | -                    | 0 |
| XB   | CHIFFRES D'AFFAIRES (A+B+C+D)                                      |   |      |                      | 108 124 138          | 0 |
| TE   | Production stockée (ou déstockage)                                 |   | -/+  | 6                    | -                    | 0 |
| TF   | Production immobilisée   |   | +    | 21                   | -                    | 0 |
| TG   | Subventions d'exploitation   |   | +    | 21                   | -                    | 0 |
| TH   | Autres produits  |   | +    | 21                   | 300 000              | 0 |
| TI   | Transferts de charges d'exploitation                               |   | +    | 12                   | 3 905 768 261        | 0 |
| RC   | Achats de matières premières et fournitures liées                  |   | -    | 22                   | 95 150 328           | 0 |
| RD   | Variation de stocks de matières premières et fournitures liées     |   | -/+  | 6                    | -                    | 0 |
| RE   | Autres achats  |   | -    | 22                   | 1 645 000            | 0 |
| RF   | Variation de stocks d'autres approvisionnements                    |   | -/+  | 6                    | -                    | 0 |
| RG   | Transports   |   | -    | 23                   | 614 403 680          | 0 |
| RH   | Services extérieurs  |   | -    | 24                   | 2 341 702 160        | 0 |
| RI   | Impôts et taxes  |   | -    | 25                   | 20 432 000           | 0 |
| RJ   | Autres charges   |   | -    | 26                   | 51 875 617           | 0 |
| XC   | VALEUR AJOUTEE (XB+RA+RB)+ (somme TE à RJ)                         |   |      |                      | 888 983 614          | 0 |
| RK   | Charges de personnel   |   | -    | 27                   | 641 767 320          | 0 |
| XD   | EXCEDENT BRUT D'EXPLOITATION (XC+RK)                               |   |      |                      | 247 216 294          | 0 |
| TJ   | Reprises d'amortissements, provisions et aux dépréciations         |   | +    | 28                   | -                    | 0 |
| RL   | Dotations aux amortissements, aux provisions et aux amortissements |   | -    | 3c&28                | 22 946 929           | 0 |
| XE   | RESULTAT D'EXPLOITATION (XD+TJ+RL)                                 |   |      |                      | 224 269 365          | 0 |
| TK   | Revenus financiers et assimilés                                    |   | +    | 29                   | -                    | 0 |
| TL   | Reprises de provisions et dépréciations financières                |   | +    | 28                   | -                    | 0 |
| TM   | Transferts de charges financières                                  |   | +    | 12                   | -                    | 0 |
| RM   | Frais financiers et charges assimilées                             |   | -    | 29                   | 286 777 557          | 0 |
| RN   | Dotations aux provisions et aux dépréciations financières          |   | -    | 3c&28                | -                    | 0 |
| XF   | RESULTAT FINANCIER (somme TK à RN)                                 |   |      |                      | 286 777 557          | - |
| XG   | RESULTAT DES ACTIVITES ORDINAIRES (XE+XF)                          |   |      |                      | 62 508 192           | 0 |
| TN   | Produits des cessions d'immobilisations                            |   | +    | 3D                   | -                    | 0 |
| TO   | Autres produits HAO  |   | +    | 30                   | -                    | 0 |
| RO   | Valeurs comptables des cessions d'immobilisations                  |   | -    | 3D                   | -                    | 0 |
| RP   | Autres charges HAO   |   | -    | 30                   | -                    | 0 |
| XH   | RESULTAT HORS ACTIVITES ORDINAIRES (somme TN à RP)                 |   |      |                      | -                    | - |
| RQ   | Participation des travailleurs                                     |   | -    | 30                   | -                    | 0 |
| RS   | Impôts sur le résultat   |   | -    | 37                   | -                    | 0 |
| XH   | RESULTAT NET (XG+XH+RQ+RS)   |   |      |                      | 62 508 192           | 0 |



Désignation de l'entité: VARUN BEVERAGES RDC SAS

Exercice clos le : 31 décembre 2022

N° d'identification fiscale : A2181055C

Durée (en mois) : 16

**TABLEAU DES FLUX DE TRESORERIE**

| Réf.      | LIBELLE  | Note     | Exercice<br>31/12/22   | Exercice<br>31/12/21 |
|-----------|--|----------|------------------------|----------------------|
| <b>ZA</b> | <b>Trésorerie nette au 1er Janvier</b><br>(Trésorerie actif N-1 - Trésorerie passif N-1) | <b>A</b> | <b>0</b>               | <b>-</b>             |
|           | <b>Flux de trésorerie provenant des activités opérationnelles</b>                        |          |                        |                      |
| FA        | Capacité d'autofinancement globale (CAFG)  |          | -39 561 263            | -                    |
| FB        | - Actif circulant HAO  |          | 0                      | -                    |
| FC        | - Variation des stocks   |          | 0                      | -                    |
| FD        | - Variation des créances   |          | -190 600 000           | -                    |
| FE        | - Variation du passif circulant  |          | 178 993 984            | -                    |
|           | <b>Variation du BF lié aux activités opérationnelles</b><br>(FB+FC+FD+FE): -11 606 016   |          |                        |                      |
| <b>ZB</b> | <b>Flux de trésorerie provenant des activités opérationnelles</b><br>(somme FA à FE)     | <b>B</b> | <b>- 51 167 279</b>    | <b>-</b>             |
|           | <b>Flux de trésorerie provenant des activités d'investissements</b>                      |          |                        |                      |
| FF        | - Décaissements liés aux acquisitions d'immobilisations incorporelles                    |          | -3 905 768 261         | -                    |
| FG        | - Décaissements liés aux acquisitions d'immobilisations corporelles                      |          | -352 534 480           | -                    |
| FH        | - Décaissements liés aux acquisitions d'immobilisations financières                      |          | -105 760 000           | -                    |
| FI        | + Encaissements liés aux cessions d'immobilisations incorporelles et corporelles         |          | -                      | -                    |
| FJ        | + Encaissements liés aux cessions d'immobilisations financières                          |          | -                      | -                    |
| <b>ZC</b> | <b>Flux de trésorerie provenant des activités d'investissements</b><br>(Somme FF à FJ)   | <b>C</b> | <b>(4 364 062 741)</b> | <b>-</b>             |
|           | <b>Flux de trésorerie provenant du financement des capitaux propres</b>                  |          |                        |                      |
| FK        | + Augmentations de capital par apports nouveaux  |          | 20 000 000             | -                    |
| FL        | + Subventions d'investissement reçues  |          | -                      | -                    |
| FM        | - Prélèvements sur le capital  |          | -                      | -                    |
| FN        | - Dividendes versés  |          | -                      | -                    |
| <b>ZD</b> | <b>Flux de trésorerie provenant des capitaux propres</b><br>(Somme FK à FN)              | <b>D</b> | <b>20 000 000</b>      | <b>-</b>             |
|           | <b>Flux de trésorerie provenant du financement des capitaux étrangers</b>                |          |                        |                      |
| FO        | + Emprunts   |          | -                      | -                    |
| FP        | + Autres dettes financières  |          | 5 291 008 000          | -                    |
| FQ        | - Remboursements des emprunts et autres dettes financières                               |          | 87 120                 | -                    |
| <b>ZD</b> | <b>Flux de trésorerie provenant des capitaux étrangers</b><br>(Somme FO à FQ)            | <b>E</b> | <b>5 290 920 880</b>   | <b>-</b>             |
| <b>ZD</b> | <b>Flux de trésorerie provenant des activités de financement</b><br>(D+E)                | <b>F</b> | <b>5 310 920 880</b>   | <b>-</b>             |
| <b>ZD</b> | <b>VARIATION DE LA TRESORERIE NETTE DE LA PERIODE (B+C+F)</b>                            | <b>G</b> | <b>895 690 860</b>     | <b>-</b>             |
| <b>ZD</b> | <b>Trésorerie nette au 31 décembre (G+A)</b>   | <b>H</b> | <b>895 690 860</b>     | <b>-</b>             |

# FICHE RECAPITULATIVE DES NOTES ANNEXES PRESENTEES<sup>(1)</sup> 4

Désignation de l'entité: VARUN BEVERAGES RDC SAS

Sigle usuel : VBL RDC

Adresse : Concession RAFI Kinshasa/Gombe

BP :

N° d'identification fiscale : Exercice clos le : 31-12-212 Durée (en mois) : 16

| NOTES        | INTITULES   | A | N/A |
|--------------|---|---|-----|
| NOTE 1       | DETTES GARANTIES PAR DES SURETES REELLES  | X |     |
| NOTE 2       | INFORMATIONS OBLIGATOIRES   | X |     |
| NOTE 3A      | IMMOBILISATION BRUTE  | X |     |
| NOTE 3B      | BIENS PRIS EN LOCATION ACQUISITION  |   | X   |
| NOTE 3C      | IMMOBILISATIONS : AMORTISSEMENTS  | X |     |
| NOTE 3D      | IMMOBILISATIONS : PLUS-VALUES ET MOINS VALUE DE CESSION                                 | X |     |
| NOTE 3E      | INFORMATIONS SUR LES REEVALUATIONS EFFECTUEES PAR L'ENTITE                              | X |     |
| NOTE 4       | IMMOBILISATIONS FINANCIERES   | X |     |
| NOTE 5       | ACTIF CIRCULANT HAO   | X |     |
| NOTE 6       | STOCKS ET ENCOURS   | X |     |
| NOTE 7       | CLIENTS PRODUITS A RECEVOIR   |   | X   |
| NOTE 8       | AUTRES CREANCES   | X |     |
| NOTE 8A      | TABEAU D'ETALEMENT DES CHARGES IMMOBILISEES   |   | X   |
| NOTE 9       | TITRES DE PLACEMENT   |   | X   |
| NOTE 10      | VALEURS A ENCAISSER   |   | X   |
| NOTE 11      | DISPONIBILITES  | X |     |
| NOTE 12      | ECARTS DE CONVERSION  | X |     |
| NOTE 13      | CAPITAL : VALEUR NOMINALE DES ACTIONS OU PARTS  |   | X   |
| NOTE 14      | PRIMES ET RESERVES  | X |     |
| NOTE 15A     | TOTAL SUBVENTIONS ET PROVISIONS REGLEMENTEES  |   | X   |
| NOTE 15B     | AUTRES FONDS PROPRES  |   | X   |
| NOTE 16A     | DETTES FINANCIERES ET RESSOURCES ASSIMILEES   | X |     |
| NOTE 16B     | ENGAGEMENTS DE RETRAITE ET AVANTAGES ASSIMILES (METHODE ACTUARIELLE)                    |   | X   |
| NOTE 16B bis | ENGAGEMENTS DE RETRAITE ET AVANTAGES ASSIMILES (METHODE ACTUARIELLE)                    |   | X   |
| NOTE 16C     | ACTIFS ET PASSIFS EVENTUELS   |   | X   |
| NOTE 17      | FOURNISSEURS D'EXPLOITATION   | X |     |
| NOTE 18      | DETTES FISCALES ET SOCIALES   | X |     |
| NOTE 19      | AUTRES DETTES ET PROVISIONS POUR RISQUES A COURT TERME                                  | X |     |
| NOTE 20      | BANQUES, CREDIT D'ESCOMPTE ET TRESORERIE  | X |     |
| NOTE 21      | CHIFFRE D'AFFAIRES ET AUTRES PRODUITS   | X |     |
| NOTE 22      | ACHATS  | X |     |
| NOTE 23      | TRANSPORTS  | X |     |
| NOTE 24      | SERVICES EXTERIEURS   | X |     |
| NOTE 25      | IMPOTS ET TAXES   | X |     |
| NOTE 26      | AUTRES CHARGES  | X |     |
| NOTE 27A     | CHARGES DE PERSONNEL  | X |     |
| NOTE 27B     | EFFECTIFS, MASSE SALARIALE ET PERSONNEL EXTERIEUR                                       | X |     |
| NOTE 28      | PROVISIONS ET DEPRECIATIONS INSCRITES AU BILAN  | X |     |
| NOTE 29      | CHARGES ET REVENUS FINANCIERS   | X |     |
| NOTE 30      | AUTRES CHARGES ET PRODUITS HAO  |   | X   |
| NOTE 31      | REPARTITION DU RESULTAT ET AUTRES ELEMENTS CARACTERISTIQUES DES CINQ DERNIERS EXERCICES | X |     |
| NOTE 32      | PRODUCTION DE L'EXERCICE  |   | X   |
| NOTE 33      | ACHATS DESTINES A LA PRODUCTION   |   | X   |
| NOTE 34      | FICHE DE SYNTHESE DES PRINCIPAUX INDICATEURS FINANCIERS                                 | X |     |
| NOTE 35      | LISTE DES INFORMATIONS SOCIALES, ENVIRONNEMENTALES ET SOCIETALES A FOURNIR              |   | X   |
| NOTE 36      | TABLES DES CODES  | X |     |

(1) les Notes non documentées ne doivent pas être jointes aux états financiers. Leur contenu peut être amélioré par les entités applicable

A : Applicable

A/N : Non

Par exemple pour une entité qui n'a pas de stocks et en-cours, elle doit cocher à l'intersection ('ligne NOTE 6' & 'colonne N/A')



# NOTE 1: DETTES GARANTIES PAR DES SURETES REELLES

Désignation de l'entité: VARUN BEVERAGES RDC SAS

Exercice clos le : 31 décembre 2022

N° d'identification fiscale : A2181055C

Durée (en mois) : 16

| LIBELLE   | Note | Montant brut         | SURETES REELLES |                           |                          |
|---|------|----------------------|-----------------|---------------------------|--------------------------|
|   |      |                      | Hypothèques     | Nantissements             | Gages/autres             |
| <b>Dettes financières et ressources assimilées:</b> |      |                      |                 |                           |                          |
| Emprunts obligataires convertibles                  |      | -                    |                 | -                         | -                        |
| Autres emprunts obligataires                        |      | -                    |                 |                           |                          |
| Emprunts et dettes des établissements de crédit     |      | -                    |                 |                           |                          |
| Autres dettes financières                           |      | 5 291 008 000        |                 |                           |                          |
| <b>SOUS TOTAL (1)</b>                               |      | <b>5 291 008 000</b> | -               | -                         | -                        |
| <b>Dettes de location-acquisition:</b>              |      |                      |                 |                           |                          |
| Dettes de crédit-bail immobilier                    |      | -                    |                 |                           |                          |
| Dettes de crédit-bail mobilier                      |      | -                    |                 |                           |                          |
| Dettes sur contrats de location-vente               |      | -                    |                 |                           |                          |
| Dettes sur contrats de location-acquisition         |      | -                    |                 |                           |                          |
| <b>SOUS TOTAL (2)</b>                               |      | -                    | -               | -                         | -                        |
| <b>Dettes du passif circulant:</b>                  |      |                      |                 |                           |                          |
| Fournisseurs et comptes rattachés                   |      | 92 598 984           |                 |                           |                          |
| Clients   |      | -                    |                 |                           |                          |
| Personnel   |      | 6 000 000            |                 |                           |                          |
| Sécurité sociale et organismes sociaux              |      | -                    |                 |                           |                          |
| Etat  |      | 80 395 000           |                 |                           |                          |
| Organismes internationaux                           |      | -                    |                 |                           |                          |
| Associés et groupe                                  |      | -                    |                 |                           |                          |
| Créditeurs divers                                   |      | -                    |                 |                           |                          |
| <b>SOUS TOTAL (3)</b>                               |      | <b>178 993 984</b>   | -               | -                         | -                        |
| <b>TOTAL (1) + (2) + (3)</b>                        |      | <b>5 470 001 984</b> | -               | -                         | -                        |
| <b>ENGAGEMENTS FINANCIERS</b>                       |      |                      |                 | <b>Engagements donnés</b> | <b>Engagements reçus</b> |
| Engagements consentis à des entités liées           |      |                      |                 |                           |                          |
| Primes de remboursement non échues                  |      |                      |                 |                           |                          |
| Avals, cautions, garanties                          |      |                      |                 |                           |                          |
| Hypothèques, nantissements, gages, autres           |      |                      |                 |                           |                          |
| Effets escomptés non échus                          |      |                      |                 |                           |                          |
| Créances commerciales et professionnelles cédées    |      |                      |                 |                           |                          |
| Abandon de créances conditionnels                   |      |                      |                 |                           |                          |
| <b>TOTAL</b>  |      | -                    | -               | -                         | 0                        |

Commentaire:

Désignation de l'entité: VARUN BEVERAGES RDC SAS  
 N° d'identification fiscale : A2181055C

Exercice clos le : 31 décembre 2022  
 Durée (en mois) : 16

#### A - DECLARATION DE CONFORMITE AU SYSCOHADA

Les états financiers ont été établis en conformité avec le système comptable OHADA et l'Acte Uniforme relatif au Droit Comptable et à l'Information Financière, en particulier dans le respect :

- de l'hypothèse de continuité d'exploitation;
- du principe de la permanence des méthodes;

#### B - REGLES ET METHODES COMPTABLES

Les principales méthodes comptables applicables sont les suivantes :

##### 1. Les transactions en monnaies étrangères :

Les transactions en monnaies étrangères, autre que le dollar américain, sont comptabilisées au taux de change en vigueur à la date de l'opération. Les gains et pertes de change provenant du règlement de ces transactions ou du solde des actifs et passifs monétaires libellés en monnaies étrangères sont comptabilisés au compte de résultat. Par contre, la conversion du solde de ces actifs et passifs à la date de clôture génère l'écart de conversion actif ou passif. L'écart de conversion actif est inscrit au compte de résultat sous la forme d'une dotation aux provisions.

##### 2. Immobilisations corporelles

a) Les immobilisations corporelles sont initialement comptabilisées à leur coût historique d'acquisition. Chaque année, conformément à l'ordonnance-loi n° 89/017 du 18 février 1989 tel que modifiée et complétée à titre intérimaire par l'Arrêté Ministériel n° 017/CAB/MIN/FIN/98 du 13 avril 1998, les immobilisations sont réévaluées par l'application des coefficients de réévaluation publiés annuellement par le Ministère des Finances. Les augmentations dans la valeur comptable liées aux réévaluations sont créditées dans le compte "Ecart de réévaluation" inscrit dans la rubrique des capitaux propres.

b) Les amortissements des immobilisations corporelles sont calculées sur les valeurs réévaluées sur une base linéaire selon la durée de vie estimée des biens.

##### 3. Revenus

Les revenus sont reconnus en comptabilité lors de la constatation de la ventes des produits.

#### C - DEROGATION AUX POSTULATS ET CONVENTIONS COMPTABLES

Respect de tous les postulats et conventions comptables sans aucune dérogation.

#### D - INFORMATIONS COMPLEMENTAIRES RELATIVES AU BILAN, AU COMPTE DE RESULTAT ET AU TABLEAU DE FLUX DE TRESORERIE

Pas d'informations complémentaires relatives aux états financiers.



## NOTE 3A: IMMOBILISATION BRUTE

Désignation de l'entité: VARUN BEVERAGES RDC SAS  
 N° d'identification fiscale : A2181055C

Exercice clos le : 31 décembre 2022  
 Durée (en mois) : 16

| SITUATIONS ET MOUVEMENTS                               | A  | B                              |                         |   | C                                |                            | D= A+B-C                                |
|--|--|--------------------------------|-------------------------|---|----------------------------------|----------------------------|---|
|  | Montant brut à l'ouverture de l'exercice | Acquisitions apports créations | Virements poste à poste | Suite à une réévaluation pratiquée au cours de l'exercice | Cessions, Scissions Hors service | Virements de poste à poste | Montant brut à la clôture de l'exercice |
| <b>IMMOBILISATIONS INCORPORELLES</b>                   | -  | <b>3 905 768 261</b>           | -                       | -   | -                                | -                          | <b>3 905 768 261</b>                    |
| Frais de développement et de prospection               | -  | 3 905 768 261                  |                         |   |                                  |                            | 3 905 768 261                           |
| Brevets, licences, logiciels et droits similaires      | -  | -                              |                         | -   |                                  |                            | -                                       |
| Fonds commercial et droit de bail                      | -  |                                |                         |   |                                  |                            | -                                       |
| Autres immobilisations incorporelles                   | -  |                                |                         |   |                                  |                            | -                                       |
| <b>IMMOBILISATIONS CORPORELLES</b>                     | -  | <b>352 534 480</b>             | -                       | <b>9 553 440</b>  | -                                | -                          | <b>362 087 920</b>                      |
| Terrains   | -  | -                              |                         | -   |                                  |                            | -                                       |
| Bâtiments  | -  | 218 348 480                    |                         | -   |                                  |                            | 218 348 480                             |
| Installations et agencements                           | -  | -                              |                         | -   |                                  |                            | -                                       |
| Matériel   | -  | 85 186 000                     |                         | 6 123 440   |                                  |                            | 91 309 440                              |
| Matériel de transport                                  | -  | 49 000 000                     |                         | 3 430 000   |                                  | -                          | 52 430 000                              |
| <b>AVANCES ET ACOMPTES VERSEES SUR IMMOBILISATIONS</b> | -  | -                              | -                       | -   | -                                | -                          | -                                       |
| Immobilisations incorporelles                          | -  |                                |                         |   |                                  |                            | -                                       |
| Immobilisations corporelles                            | -  |                                |                         |   | -                                | -                          | -                                       |
| <b>IMMOBILISATIONS FINANCIERES</b>                     | <b>0</b>                                 | <b>105 760 000</b>             | -                       | -   | -                                | <b>0</b>                   | <b>105 760 000</b>                      |
| Titres de participation                                | -  | -                              |                         |   |                                  |                            | -                                       |
| Autres immobilisations financières                     | 0  | 105 760 000                    | -                       | -   |                                  |                            | 105 760 000                             |
| <b>TOTAL GENERAL</b>                                   | <b>0</b>                                 | <b>4 364 062 741</b>           | <b>-</b>                | <b>9 553 440</b>  | <b>-</b>                         | <b>-</b>                   | <b>4 373 616 181</b>                    |

**Commentaire:**

La ligne "Frais de développement et de prospection" comprend les charges engagées pendant l'exercice et capitalisées. Ces charges seront amorties lorsque la société commencera la production.

Désignation de l'entité: VARUN BEVERAGES RDC SAS  
 Sigle usuel : VBL RDC  
 Adresse : Concession RAFI Kinshasa/Gombe

BP :

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22 Durée (en mois) : 16

**NOTE 3C**  
**IMMOBILISATIONS (AMORTISSEMENTS)**

| SITUATIONS ET MOUVEMENTS<br>RUBRIQUES              |   | B   | C                               | D  | D = A + B + C - D  |
|--|---|---|---------------------------------|--|--|
|  | CUMUL DES<br>AMORTISSEMENTS A<br>L'OUVERTURE<br>DE L'EXERCICE | AUGMENTATIONS :<br>DOTATIONS<br>DE L'EXERCICE | COMPLEMENTS<br>D'AMORTISSEMENTS | DIMINUTIONS :<br>Amortissements relatifs aux<br>éléments sortis de l'actif | CUMUL DES<br>AMORTISSEMENTS A LA<br>CLOTURE<br>DE L'EXERCICE |
| Frais de développement et de prospection           | -   |   |                                 |  | -  |
| Brevets, licences, logiciels, et droits similaires | -   | -   | -                               |  | -  |
| Fonds commercial et droits au bail                 | -   |   |                                 |  | -  |
| Autres immobilisations incorporelles               | -   |   |                                 |  | -  |
| <b>SOUS TOTAL : IMMOBILISATIONS</b>                | -   | -   |                                 | -  | -  |
| Terrains hors immeuble de placement                | -   | -   | -                               |  | -  |
| Bâtiments hors immeuble de placement               | -   | -   | -                               |  | -  |
| Aménagements, agencements et installations         | -   | -   | -                               |  | -  |
| Matériel, mobilier et actifs biologiques           | -   | 9 255 148                                     | 722 254                         |  | 9 977 402  |
| Matériel de transport                              | -   | 13 691 781                                    | 958 425                         |  | 14 650 206   |
|  |   |   |                                 |  |  |
| <b>SOUS TOTAL : IMMOBILISATIONS</b>                | -   | <b>22 946 929</b>                             |                                 | -  | <b>24 627 608</b>  |
| <b>TOTAL GENERAL</b>                               | -   | <b>22 946 929</b>                             |                                 | -  | <b>24 627 608</b>  |
| Total des Dotations de l'exercice                  |   | 22 946 929                                    |                                 |  |  |
|  |   | -   |                                 |  |  |

Commentaires

Désignation de l'entité: VARUN BEVERAGES RDC SAS  
Sigle usuel : VBL RDC  
Adresse : Concession RAFI Kinshasa/Gombe

BP :

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22 Durée (en mois) : 16

**NOTE 3E**  
**INFORMATIONS SUR LES REEVALUATIONS EFFECTUEES PAR L'ENTITE**

|  |                            |                                |
|--|----------------------------|--------------------------------|
| Nature et date des réévaluations :   |                            |                                |
| Eléments réévalués par poste du bilan  | Montants coûts historiques | Amortissements supplémentaires |
| Logiciels  | 0                          |                                |
| Terrains   | 0                          |                                |
| Bâtiments  | 0                          |                                |
| Agencements et installations   | 0                          |                                |
| Matériels  | 85 186 000                 | 722 254                        |
| Matériels de transport   | 49 000 000                 | 958 425                        |
|  |                            |                                |
|  |                            |                                |
|  |                            |                                |
| Méthode de réévaluation utilisée :   |                            |                                |
| Réévaluation légale sur base des coefficients de réévaluation publiés par le Ministère des Finances. |                            |                                |
| Traitement fiscal de l'écart de réévaluation et des amortissements supplémentaires :                 |                            |                                |
| Non déductible fiscalement   |                            |                                |
| Montant de l'écart incorporé au capital :  |                            |                                |
| Zéro   |                            |                                |

Désignation de l'entité: VARUN BEVERAGES RDC SAS  
 Sigle usuel : VBL RDC  
 Adresse : Concession RAFI Kinshasa/Gombe

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22 Durée (en mois) : 16

#### NOTE 4 IMMOBILISATIONS FINANCIERES

| Libellés                              | Exercice<br>2021   | Exercice<br>2020 | Variation en<br>% | Créances à un an<br>au plus | Créances à plus<br>d'un an et à deux<br>ans au plus | Créances à plus de<br>deux ans |
|---------------------------------------|--------------------|------------------|-------------------|-----------------------------|---|--------------------------------|
| Titres de participation               | -                  | -                |                   |                             |   |                                |
| Prêts et créances autres              | -                  | 0                | #DIV/0!           |                             |   |                                |
| Prêts au personnel                    | -                  | 0                | #DIV/0!           |                             |   |                                |
| Créances sur l'Etat                   | -                  | 0                | #DIV/0!           |                             |   |                                |
| Titres immobilisés                    | -                  | -                |                   |                             |   |                                |
| Dépôts et cautionnements              | 105 760 000        | -                | #DIV/0!           |                             |   |                                |
| Intérêts courus                       | -                  | -                |                   |                             |   |                                |
| <b>TOTAL BRUT</b>                     | <b>105 760 000</b> | <b>0</b>         | <b>#DIV/0!</b>    | <b>-</b>                    | <b>-</b>  | <b>-</b>                       |
| Dépréciations titres de participation | -                  | -                |                   |                             |   |                                |
| Dépréciations autres immobilisations  | -                  | -                |                   |                             |   |                                |
| <b>TOTAL NET DE DEPRECIATION</b>      | <b>105 760 000</b> | <b>0</b>         | <b>#DIV/0!</b>    | <b>-</b>                    | <b>-</b>  | <b>-</b>                       |

Liste des filiales et participations :

| Dénomination sociale | Valeur d'acquisition | % Détenu | Montant des<br>capitaux propres<br>filiale | Resultat dernier exercice<br>filiale |
|----------------------|----------------------|----------|--|--------------------------------------|
|                      |                      |          |  |                                      |
|                      |                      |          |  |                                      |
|                      |                      |          |  |                                      |
|                      |                      |          |  |                                      |

Commentaires :

Les dépôts et cautionnement comprennent les différentes garanties locatives versées par VARUN RDC pour les appartements occupés par le personnel expatrié et le bureau.



Désignation de l'entité: VARUN BEVERAGES RDC SAS  
 Sigle usuel : VBL RDC  
 Adresse : Concession RAFI Kinshasa/Gombe

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22 Durée (en mois) : 16

### NOTE 11 DISPONIBILITES

| Libellés                                  | Exercice<br>2022   | Exercice<br>2021 | Variation en % |
|---|--------------------|------------------|----------------|
| Banques locales                           | 891 830 340        | 0                | #DIV/0!        |
| Banques autres Etats région               | -                  | -                |                |
| Banques, dépôt à terme                    | -                  | -                |                |
| Autres Banques                            | -                  | -                |                |
| Banques intérêts courus                   | -                  | -                |                |
| Chèques postaux                           | -                  | -                |                |
| Autres établissements financiers          | -                  | 0                | #DIV/0!        |
| Etablissements financiers intérêts courus | -                  | -                |                |
| Instruments de trésorerie                 | -                  | -                |                |
| Caisse                                    | 3 860 520          | -                | #DIV/0!        |
| Caisse électronique mobile                | -                  | -                |                |
| Régies d'avances et virements accréditifs | -                  | -                |                |
| <b>TOTAL BRUT VALEURS A ENCAISSER</b>     | <b>895 690 860</b> | <b>-</b>         | <b>#DIV/0!</b> |
| Dépréciations                             | -                  | -                | #DIV/0!        |
| <b>TOTAL NET DE DEPRECIATION</b>          | <b>895 690 860</b> | <b>-</b>         | <b>#DIV/0!</b> |

Commentaires :

Les comptes bancaires comprennent les avoirs dans les livres de RAWBANK

Adresse : Concession RAFI Kinshasa/Gombe

BP :

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22

Durée (en mois) : 16

**CAPITAL : VALEUR NOMINALE DES ACTIONS OU PARTS**

Valeur nominale des actions ou parts ==>

10

| Nom et prénoms                 | Nationalité | Nature des actions ou parts<br>(Ordinaires ou préférences) | Nombre | Montant total | Cessions ou remboursements en cours d'exercice |
|--------------------------------|-------------|--|--------|---------------|--|
| Varun Beverages Ltd            | Indienne    | AO   | 999    | 9 990         |  |
| Iyer Shankar Krishnan          | Indienne    | AO   | 1      | 10            |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
|                                |             |  |        |               |  |
| Apporteurs, capital non appelé |             |  |        |               |  |
| TOTAL                          |             |  | 1 000  | 10 000        |  |

Commentaires :

Désignation de l'entité: VARUN BEVERAGES RDC SAS  
 Sigle usuel : VBL RDC  
 Adresse : Concession RAFI Kinshasa/Gombe

BP :

N° d'identification fiscale : A2181055C

# NOTE 14 PRIMES ET RESERVES

| Libellés   | Exercice<br>2022 | Exercice<br>2021 | Variation en valeur<br>absolue |
|--|------------------|------------------|--------------------------------|
| Prime d'apport   | -                | -                | -                              |
| Prime d'émission   | -                | -                | -                              |
| Prime de fusion  | -                | -                | -                              |
| Prime de conversion  | -                | -                | -                              |
| Autres primes  | -                | -                | -                              |
| <b>TOTAL PRIMES</b>  | -                | -                | -                              |
| Réserves légales   | -                | -                | -                              |
| Réserves statutaires   | -                | -                | -                              |
| Réserves de plus-values nettes à long terme                                      | -                | -                | -                              |
| Réserves d'attribution gratuite d'actions au personnel salarié et aux dirigeants | -                | -                | -                              |
| Autres réserves réglementées   | -                | -                | -                              |
| <b>TOTAL RESERVES INDISPONIBLES</b>  | -                | -                | -                              |
| Réserves libres  | -                | -                | -                              |
| Report à nouveau   | 87 120           | -                | 87 120                         |

Commentaires :

Désignation de l'entité: VARUN BEVERAGES RDC SAS  
 Sigle usuel : VBL RDC  
 Adresse : Concession RAFI Kinshasa/Gombe

BP :

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22 Durée (en mois) : 16

**NOTE 16A**  
**DETTES FINANCIERES ET RESSOURCES ASSIMILES**

| Libellés   | Exercice 2022        | Exercice 2021 | Variation en % | Dettes à un an au plus | Dettes à plus d'un an et à deux ans au plus | Dettes à plus de deux ans |
|--|----------------------|---------------|----------------|------------------------|---|---------------------------|
| Emprunts obligataires  | -                    | -             |                |                        |   |                           |
| Emprunts et dettes auprès des établissements de crédit       | -                    | -             |                |                        |   |                           |
| Avances reçues de l'Etat                                     | -                    | -             |                |                        |   |                           |
| Avances reçues et comptes courants bloqués                   | -                    | -             |                |                        |   |                           |
| Dépôts et cautionnements reçus                               | -                    | -             |                |                        |   |                           |
| Intérêts courus  | -                    | -             |                |                        |   |                           |
| Avances assorties de conditions particulières                | -                    | -             |                |                        |   |                           |
| Autres emprunts et dettes                                    | 5 291 008 000        | -             |                |                        |   |                           |
| Dettes liées à des participations                            | -                    | -             |                |                        |   |                           |
| Comptes permanents bloqués des établissements et succursales | -                    | -             |                |                        |   |                           |
| <b>TOTAL EMPRUNTS ET DETTES FINANCIERES</b>                  | <b>5 291 008 000</b> | <b>0</b>      | <b>#DIV/0!</b> | <b>-</b>               | <b>-</b>                                    | <b>-</b>                  |
| Crédit bail immobilier                                       | -                    | -             |                |                        |   |                           |
| Crédit bail mobilier   | -                    | -             |                |                        |   |                           |
| Location vente   | -                    | -             |                |                        |   |                           |
| Intérêts courus  | -                    | -             |                |                        |   |                           |
| Autres dettes de location acquisition                        | -                    | -             |                |                        |   |                           |
| <b>TOTAL DETTES DE LOCATION ACQUISITION</b>                  | <b>-</b>             | <b>-</b>      | <b>#DIV/0!</b> | <b>-</b>               | <b>-</b>                                    | <b>-</b>                  |
| Provisions pour litiges                                      | -                    | -             | <b>#DIV/0!</b> |                        |   |                           |
| Provisions pour garantie données aux clients                 | -                    | -             |                |                        |   |                           |
| Provisions pour pertes sur marchés à achèvement futur        | -                    | -             |                |                        |   |                           |
| Provisions pour pertes de change                             | -                    | -             |                |                        |   |                           |
| Provisions pour impôts                                       | -                    | -             |                |                        |   |                           |
| Provisions pour pensions et obligations similaires           | -                    | -             |                |                        |   |                           |
| Actif du régime de retraite                                  | -                    | -             |                |                        |   |                           |
| Provisions pour restructuration                              | -                    | -             |                |                        |   |                           |
| Provisions pour amendes et pénalités                         | -                    | 0             | <b>#DIV/0!</b> |                        |   |                           |
| Provisions de propre assureur                                | -                    | -             |                |                        |   |                           |
| Provisions pour démantèlement et remise en état              | -                    | -             |                |                        |   |                           |
| Provisions de droits à déduction                             | -                    | -             |                |                        |   |                           |
| Autres provisions  | -                    | 0             | <b>#DIV/0!</b> |                        |   |                           |
| <b>TOTAL PROVISIONS POUR RISQUES ET CHARGES</b>              | <b>0</b>             | <b>0</b>      | <b>#DIV/0!</b> | <b>-</b>               |   |                           |

Commentaires :

Les autres emprunts et dettes comprennent le montant de la dette contractée auprès de Varun Beverages Ltd.



Désignation de l'entité: VARUN BEVERAGES RDC SAS  
 Sigle usuel : VBL RDC  
 Adresse : Concession RAFI Kinshasa/Gombe

BP :

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22 Durée (en mois) : 16

### NOTE 17 FOURNISSEURS D'EXPLOITATION

| Libellés  | Exercice<br>2022   | Exercice<br>2021 | Variation en % | Dettes à un an au<br>plus | Dettes à plus d'un<br>an et à deux ans au<br>plus | Dettes à plus de deux<br>ans |
|---|--------------------|------------------|----------------|---------------------------|---|------------------------------|
| Fournisseurs dettes en compte (hors groupe)       | 35 900 224         | -                | #DIV/0!        |                           |   |                              |
| Fournisseurs effets à payer (hors groupe)         | -                  | -                |                |                           |   |                              |
| Fournisseurs dettes et effets à payer groupe      | 2 548 760          | -                |                |                           |   |                              |
| Fournisseurs factures non parvenues (hors groupe) | 54 150 000         | -                |                |                           |   |                              |
| Fournisseurs factures non parvenues groupe        | -                  | -                |                |                           |   |                              |
| <b>TOTAL FOURNISSEURS</b>                         | <b>92 598 984</b>  | <b>-</b>         | <b>#DIV/0!</b> | <b>-</b>                  | <b>-</b>  | <b>-</b>                     |
| Fournisseurs, avances et acomptes (hors groupe)   | 190 600 000        | -                | #DIV/0!        |                           |   |                              |
| Fournisseurs, avances et acomptes groupe          | -                  | -                |                |                           |   |                              |
| Autres fournisseurs débiteurs                     | -                  | -                |                |                           |   |                              |
| <b>TOTAL FOURNISSEURS DEBITEURS</b>               | <b>190 600 000</b> | <b>-</b>         | <b>#DIV/0!</b> | <b>-</b>                  | <b>-</b>  | <b>-</b>                     |

**Commentaires :**

Les fournisseurs avances et acomptes hors groupe comprennent les avances versées principalement à EFOURMI pour un montant de USD 73.200 et Warerkar pour USD 20.000.

Adresse : Concession RAFI Kinshasa/Gombe

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22      Durée (en mois) : 16

| Libellés                                 | Exercice<br>2022  | Exercice<br>2021 | Variation en % | Dettes à un an au<br>plus | Dettes à plus d'un an et<br>à deux ans au plus | Dettes à plus de deux<br>ans |
|--|-------------------|------------------|----------------|---------------------------|--|------------------------------|
| Personnel avances et acomptes            | -                 | -                |                |                           |  |                              |
| Personnel rémunérations dues             | 6 000 000         | -                | #DIV/0!        |                           |  |                              |
| Autres personnel                         | -                 | -                |                |                           |  |                              |
| Caisse de sécurité sociale               | -                 | -                | #DIV/0!        |                           |  |                              |
| Caisse de retraite                       | -                 | -                |                |                           |  |                              |
| Autres organismes sociaux                | -                 | -                | #DIV/0!        |                           |  |                              |
| <b>TOTAL DETTES SOCIALES</b>             | <b>6 000 000</b>  | <b>-</b>         | <b>#DIV/0!</b> | <b>-</b>                  | <b>-</b>                                       | <b>-</b>                     |
| Etat, impôts sur les bénéfices           | -                 | -                |                |                           |  |                              |
| Etat, impôts et taxes (IRL)              | 20 432 000        | -                | #DIV/0!        |                           |  |                              |
| Etat, TVA                                | -                 | -                |                |                           |  |                              |
| Etat, impôts retenus à la source (IPR)   | 59 963 000        | -                | #DIV/0!        |                           |  |                              |
| Autres dettes Etat (Frais de justice)    | -                 | -                | #DIV/0!        |                           | 1 188 919                                      |                              |
| <b>TOTAL DETTES FISCALES</b>             | <b>80 395 000</b> | <b>-</b>         | <b>#DIV/0!</b> | <b>-</b>                  | <b>-</b>                                       |                              |
| <b>TOTAL DETTES SOCIALES ET FISCALES</b> | <b>86 395 000</b> | <b>-</b>         | <b>#DIV/0!</b> | <b>-</b>                  | <b>-</b>                                       | <b>-</b>                     |

Commentaires :

Désignation de l'entité: VARUN BEVERAGES RDC SAS  
 Sigle usuel : VBL RDC  
 Adresse : Concession RAFI Kinshasa/Gombe

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22 Durée (en mois) : 16

NOTE 21  
 CHIFFRE D'AFFAIRES ET AUTRES PRODUITS

| Libellés  | Exercice<br>2022 | Exercice<br>2021 | Variation en % |
|---|------------------|------------------|----------------|
| Ventes dans la région   | -                | -                |                |
| Ventes hors région  | -                | -                |                |
| Ventes groupe   | -                | -                |                |
| Ventes sur internet   | -                | -                |                |
| Rabais, remises, ristournes accordés (non ventilés)   | -                | -                |                |
| <b>TOTAL VENTES MARCHANDISES</b>  | -                | -                | #DIV/0!        |
| Ventes dans la région   | 108 124 138      | -                |                |
| Ventes hors région  | -                | -                |                |
| Ventes groupe   | -                | -                |                |
| Ventes sur internet   | -                | -                |                |
| Rabais, remises, ristournes accordés (non ventilés)   | -                | -                |                |
| <b>TOTAL VENTES DE PRODUITS FABRIQUES</b>   | 108 124 138      | -                | #DIV/0!        |
| Ventes dans la région   | -                | -                |                |
| Ventes hors région  | -                | -                |                |
| Ventes groupe   | -                | -                |                |
| Ventes sur internet   | -                | -                |                |
| Rabais, remises, ristournes accordés (non ventilés)   | -                | -                |                |
| <b>TOTAL VENTES DE TRAVAUX ET ET<br/>SERVICES VENDUS</b>  | -                | -                | #DIV/0!        |
| Produits accessoires  | -                | -                |                |
| <b>TOTAL CHIFFRE D'AFFAIRES</b>   | 108 124 138      | -                | #DIV/0!        |
| Production immobilisée  | -                | -                |                |
| Subventions d'exploitation  | -                | -                | #DIV/0!        |
| Autres produits   | 300 000          | -                | #DIV/0!        |
| <b>TOTAL AUTRES PRODUITS</b>  | 300 000          | -                | #DIV/0!        |
| <b>TOTAL GENERAL</b>  | 108 424 138      | -                | #DIV/0!        |
| Commentaires :  |                  |                  |                |
| 1) Les ventes dans la région comprennent les revenus issus de la vente des produits de la gamme Pespi en mode test de marché. |                  |                  |                |



Désignation de l'entité: VARUN BEVERAGES RDC SAS  
 Sigle usuel : VBL RDC  
 Adresse : Concession RAFI Kinshasa/Gombe

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22 Durée (en mois) : 16

## NOTE 22 ACHATS

| Libellés  | Exercice<br>2022  | Exercice<br>2021 | Variation en % |
|---|-------------------|------------------|----------------|
| Achats dans la région   | -                 | -                |                |
| Achats hors région  | -                 | -                |                |
| Achats groupe   | -                 | -                |                |
| Rabais, remises, ristournes obtenus (non ventilés)                                      | -                 | -                |                |
| <b>TOTAL ACHATS DE MARCHANDISES</b>   | -                 | -                | <b>#DIV/0!</b> |
| Achats dans la région   | 84 302 728        | -                |                |
| Achats hors région  | -                 | -                |                |
| Achats groupe   | -                 | -                |                |
| Rabais, remises, ristournes obtenus (non ventilés)                                      | -                 | -                |                |
| <b>TOTAL ACHATS DE MATIERES PREMIERES ET FOURNITURES<br/>LIEES</b>                      | <b>84 302 728</b> | <b>-</b>         | <b>#DIV/0!</b> |
| Matières consommables   | -                 | -                |                |
| Matières combustibles   | -                 | -                |                |
| Produits d'entretien  | -                 | -                | #DIV/0!        |
| Fournitures d'atelier, d'usine et de magasin  | -                 | -                | #DIV/0!        |
| Eau   | -                 | -                | #DIV/0!        |
| Electricité   | 1 645 000         | -                | #DIV/0!        |
| Autres énergies (Carburant et lubrifiant)   | -                 | -                | #DIV/0!        |
| Fourniture d'entretien  | -                 | -                | #DIV/0!        |
| Fourniture de bureau  | 10 847 600        | -                | #DIV/0!        |
| Petit matériel et outillages  | -                 | -                | #DIV/0!        |
| Achats d'études, prestations de services, de<br>travaux , de matériels et d'équipements | -                 | -                |                |
| Achats d'emballages   | -                 | -                |                |
| Frais sur achats  | -                 | -                |                |
| Remises, rabais, remises et ristournes  | -                 | -                |                |
| <b>TOTAL AUTRES ACHATS</b>  | <b>12 492 600</b> | <b>-</b>         | <b>#DIV/0!</b> |
| Commentaires :  |                   |                  |                |
|   |                   |                  |                |



Désignation de l'entité: VARUN BEVERAGES RDC SAS

Sigle usuel : VBL RDC

Adresse : Concession RAFI Kinshasa/Gombe

BP :

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22

Durée (en mois) : 16

### NOTE 23 TRANSPORTS

| Libellés  | Exercice<br>2022   | Exercice<br>2021 | Variation en % |
|---|--------------------|------------------|----------------|
| Transports sur ventes   | -                  | -                |                |
| Transports pour le compte de tiers  | -                  | -                | #DIV/0!        |
| Transports du personnel   | -                  | -                | #DIV/0!        |
| Transports de plis  | 1 230 000          | -                | #DIV/0!        |
| Autres transports   | 613 173 680        | -                | #DIV/0!        |
| <b>TOTAL</b>  | <b>614 403 680</b> | <b>-</b>         | <b>#DIV/0!</b> |
| Commentaires :  |                    |                  |                |
| Les autres transports comprennent essentiellement les frais de voyage du personnel expatrié pour CDF 407.429.300 ainsi que les frais de visas liés à ces voyages pour CDF 76.648.000. |                    |                  |                |

Désignation de l'entité: VARUN BEVERAGES RDC SAS

Sigle usuel : VBL RDC

Adresse : Concession RAFI Kinshasa/Gombe

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22 Durée (en mois) : 16

**NOTE 24**  
**SERVICES EXTERIEURS**

| Libellés   | Exercice<br>2022     | Exercice<br>2021 | Variation en % |
|--|----------------------|------------------|----------------|
| Sous-traitance générale  | -                    | -                | #DIV/0!        |
| Locations et charges locatives   | 210 350 000          | -                | #DIV/0!        |
| Redevances de location acquisition   | -                    | -                |                |
| Entretien, réparations et maintenance  | 18 514 800           | -                | #DIV/0!        |
| Primes d'assurance   | 4 172 800            | -                | #DIV/0!        |
| Etudes, recherches et documentation  | -                    | -                |                |
| Publicité, publications, relations publiques                                     | 2 040 540            | -                | #DIV/0!        |
| Frais de télécommunications  | 48 391 680           | -                | #DIV/0!        |
| Frais bancaires  | 51 535 433           | -                | #DIV/0!        |
| Rémunérations d'intermédiaires et de conseils                                    | 1 920 198 327        | -                | #DIV/0!        |
| Frais de formation du personnel  | 40 437 500           | -                | #DIV/0!        |
| Redevances pour brevets, licences, logiciels,<br>concession et droits similaires | 46 061 080           | -                |                |
| Cotisations  | -                    | -                |                |
| Autres charges externes  | -                    | -                | #DIV/0!        |
| <b>TOTAL</b>   | <b>2 341 702 160</b> | <b>-</b>         | <b>#DIV/0!</b> |

Commentaires :

Les rémunérations d'intermédiaires comprennent essentiellement les frais payés pour des études à Neatsyx pour USD 331.899 (CDF 663.798.276), Bluerock pour USD 442.000 (CDF 884.000.000) et Kalongwe pour USD 78.000 (CDF 156.000.000)

Désignation de l'entité: VARUN BEVERAGES RDC SAS

Sigle usuel : VBL RDC

Adresse : Concession RAFI Kinshasa/Gombe

N° d'identification fiscale : A2181055C Exercice clos le : 31-12-22 Durée (en mois) : 16

**NOTE 25**  
**IMPOTS ET TAXES**

| Libellés                      | Exercice<br>2022  | Exercice<br>2021 | Variation en % |
|-------------------------------|-------------------|------------------|----------------|
| Impôts et taxes directs       | -                 | -                |                |
| Impôts et taxes indirects     | -                 | -                |                |
| Droits d'enregistrement       | -                 | -                | #DIV/0!        |
| Pénalités et amendes fiscales | -                 | -                |                |
| Autres impôts et taxes        | 20 432 000        | -                | #DIV/0!        |
| <b>TOTAL</b>                  | <b>20 432 000</b> | <b>-</b>         | <b>#DIV/0!</b> |

Commentaires :

Les impôts et taxes comprennent les différents impôts constatés en charge par VARUN RDC

Désignation de l'entité: VARUN BEVERAGES RDC SAS  
 Sigle usuel : VBL RDC  
 Adresse : Concession RAFI Kinshasa/Gombe

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22 Durée (en mois) : 16

## NOTE 26 AUTRES CHARGES

| Libellés   | Exercice<br>2022  | Exercice<br>2021 | Variation en % |
|--|-------------------|------------------|----------------|
| Pertes sur créances clients  | -                 | -                | #DIV/0!        |
| Pertes sur autres débiteurs  | -                 | -                |                |
| Quote-part de résultat sur opérations faites en commun   | -                 | -                |                |
| Valeur comptable des cessions courantes d'immobilisations                                      | -                 | -                |                |
| Indemnités de fonction et autres rémunérations d'administrateurs                               | -                 | -                | #DIV/0!        |
| Dons et mécénat  | 28 387 340        | -                |                |
| Autres charges diverses  | 23 488 277        | -                | #DIV/0!        |
| Perte de change sur créances et dettes commerciales  | -                 | -                |                |
| Pénalités et amendes fiscales  | -                 | -                |                |
| Charges pour provisions et provisions pour risques à court terme d'exploitation (voir note 28) | -                 | -                |                |
| <b>TOTAL</b>   | <b>51 875 617</b> | <b>-</b>         | <b>#DIV/0!</b> |
| Commentaires :   |                   |                  |                |
|  |                   |                  |                |
|  |                   |                  |                |



Désignation de l'entité: VARUN BEVERAGES RDC SAS

Sigle usuel : VBL RDC

Adresse : Concession RAFI Kinshasa/Gombe

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22      Durée (en mois) : 16

**NOTE 27A**  
**CHARGES DE PERSONNEL**

| Libellés   | Exercice<br>2022   | Exercice<br>2021 | Variation en % |
|--|--------------------|------------------|----------------|
| Rémunérations directes versées au personnel                  | 234 057 200        | -                | #DIV/0!        |
| Indemnités forfaitaires versées au personnel                 | 318 180 000        | -                | #DIV/0!        |
| Charges sociales   | -                  | -                | #DIV/0!        |
| Rémunérations et charges sociales de l'exploitant individuel | -                  | -                |                |
| Rémunération transférée de personnel extérieur               | 55 104 940         | -                | #DIV/0!        |
| Autres charges sociales                                      | 34 425 180         | -                | #DIV/0!        |
| <b>TOTAL</b>   | <b>641 767 320</b> | <b>-</b>         | <b>#DIV/0!</b> |

Commentaires :

|  |
|--|
|  |
|--|

Désignation de l'entité: VARUN BEVERAGES RDC SAS  
 Sigle usuel : VBL RDC  
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BP :

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22 Durée (en mois) : 16

**NOTE 29**  
**CHARGES ET REVENUS FINANCIERS**

| Libellés   | Exercice 2022       | Exercice 2021 | Variation en % |
|--|---------------------|---------------|----------------|
| Intérêts des emprunts  | 244 397 980         | -             |                |
| Intérêts dans loyers de locations acquisition  | -                   | -             |                |
| Escomptes accordés   | 42 379 577          | -             |                |
| Autres intérêts  | -                   | -             | #DIV/0!        |
| Escomptes des effets de commerce   | -                   | -             |                |
| Pertes de change   | -                   | -             | #DIV/0!        |
| Pertes sur cessions de titres de placement   | -                   | -             |                |
| Malis provenant d'attribution gratuite d'actions au personnel salarié et aux dirigeants                | -                   | -             |                |
| Pertes sur risques financiers  | -                   | -             |                |
| Charges pour dépréciation et provisions à court terme à caractère financier (voir note 28)             | -                   | -             |                |
| <b>SOUS TOTAL : FRAIS FINANCIERS</b>   | <b>286 777 557</b>  | <b>-</b>      | <b>#DIV/0!</b> |
| Intérêts de prêts et créances diverses   | -                   | -             | #DIV/0!        |
| Revenus de participations  | -                   | -             |                |
| Escomptes obtenus  | -                   | -             |                |
| Revenus de placement   | -                   | -             |                |
| Gains de change  | -                   | -             | #DIV/0!        |
| Gains sur cessions de titres de placement  | -                   | -             |                |
| Gains sur risques financiers   | -                   | -             |                |
| Reprises de charges pour dépréciation et provisions à court terme à caractère financier (voir note 28) | -                   | -             |                |
| <b>SOUS TOTAL : REVENUS FINANCIERS</b>   | <b>-</b>            | <b>-</b>      | <b>#DIV/0!</b> |
| <b>TOTAL</b>   | <b>-286 777 557</b> | <b>-</b>      | <b>#DIV/0!</b> |
| Commentaires :   |                     |               |                |
| Les intérêts des emprunts comprennent les intérêts décomptés sur l'emprunt Varun Beverages Ltd.        |                     |               |                |

Désignation de l'entité: VARUN BEVERAGES RDC SAS  
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BP :

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Exercice clos le : 31-12-22 Durée (en mois) : 16

NOTE 31

REPARTITION DU RESULTAT ET AUTRES ELEMENTS CARACTERISTIQUES DES CINQ DERNIERS EXERCICES

| EXERCICES CONCERNES (1)  | 2022         | 2021 | 2020 | 2019 | 2018 |
|--|--------------|------|------|------|------|
| <b>STRUCTURE DU CAPITAL A LA CLOTURE DE L' EXERCICE (2)</b>  |              |      |      |      |      |
| Capital social   | 20 000 000   |      |      |      |      |
| Actions ordinaires   |              |      |      |      |      |
| Actions à dividendes prioritaires (A.D.P.) sans droit de vote  |              |      |      |      |      |
| Actions nouvelles à émettre  |              |      |      |      |      |
| par conversion d'obligations   |              |      |      |      |      |
| par exercice de droits de souscription   |              |      |      |      |      |
| <b>OPERATIONS ET RESULTATS DE L'EXERCICE (3)</b>   |              |      |      |      |      |
| Chiffre d'affaires hors taxes  | 108 124 138  | -    |      |      |      |
| Résultat des activités ordinaires (R.A.O.) hors dotations et reprises<br>(exploitation et financières) | - 39 561 263 | 0    |      |      |      |
| Participation des travailleurs aux bénéfices   | -            | -    |      |      |      |
| Impôt sur le résultat  | -            | -    |      |      |      |
| Résultat net (4)   | - 62 508 192 | -    |      |      |      |
| <b>RESULTATS ET DIVIDENDE DISTRIBUES</b>   |              |      |      |      |      |
| Résultat distribué (5)   |              |      |      |      |      |
| Dividende attribué à chaque action   |              |      |      |      |      |
| <b>PERSONNEL ET POLITIQUE SALARIALE</b>  |              |      |      |      |      |
| Effectif moyen des travailleurs au cours de l'exercice (6)   |              |      |      |      |      |
| Effectif moyen de personnel extérieur  |              |      |      |      |      |
| Masse salariale distribuée au cours de l'exercice (7)  | 552 237 200  | -    |      |      |      |
| Avantages sociaux versés au cours de l'exercice (8) (Sécurité sociale, oeuvres sociales)               | 34 425 180   | -    |      |      |      |
| Personnel extérieur facturé à l'entreprise (9)   | 55 104 940   | -    |      |      |      |

(1) Y compris l'exercice dont les états financiers sont soumis à l'approbation de l'Assemblée.

(2) Indication en cas de libération partielle du capital du montant du capital non appelé.

(3) Les éléments de cette rubrique sont ceux figurant au compte de résultat.

(4) Le résultat lorsqu'il est négatif, doit être mis entre parenthèses.

(5) L'exercice N correspond au dividende proposé du dernier exercice.

(6) Personnel propre.

(7) Total des comptes 661, 662, 663.

(8) Total des comptes 664, 668.

(9) Compte 667.



Désignation de l'entité: VARUN BEVERAGES RDC SAS  
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BP :

N° d'identification fiscale : A2181055C

Exercice clos le : 31-12-22 Durée (en mois) : 16

**NOTE 34**  
**FICHE DE SYNTHESE DES PRINCIPAUX INDICATEURS FINANCIERS**

| Libellés   | Exercice<br>2022 | Exercice<br>2021 | Variation en % |
|--|------------------|------------------|----------------|
| <b>ANALYSE DE L'ACTIVITE</b>   |                  |                  |                |
| <b>SOLDES INTERMEDIAIRES DE GESTION</b>  |                  |                  |                |
| CHIFFRE D'AFFAIRES   | 108 124 138      | -                | #DIV/0!        |
| MARGE COMMERCIALE  | 108 124 138      | -                | -              |
| VALEUR AJOUTEE   | 888 983 614      | -                | #DIV/0!        |
| EXCEDENT BRUT D'EXPLOITATION (EBE)   | 247 216 294      | -                | #DIV/0!        |
| RESULTAT D'EXPLOITATION  | 224 269 365      | -                | #DIV/0!        |
| RESULTAT FINANCIER   | -286 777 557     | -                | -              |
| RESULTAT DES ACTIVITES ORDINAIRES  | -62 508 192      | -                | #DIV/0!        |
| RESULTAT HORS ACTIVITES ORDINAIRES   | -                | -                | -              |
| RESULTAT NET   | -62 508 192      | -                | #DIV/0!        |
| <b>DETERMINATION DE LA CAPACITE D'AUTOFINANCEMENT</b>  |                  |                  |                |
| EBE  | 247 216 294      | -                | -              |
| + Valeurs comptables des cessions courantes d'immobilisation (compte 654)  | -                | -                | -              |
| - Produits des cessions courantes d'immobilisation (compte 754)  | -                | -                | -              |
| = CAPACITE D'AUTOFINANCEMENT D'EXPLOITATION  | 247 216 294      | -                | #DIV/0!        |
| + Revenus financiers   | -                | -                | -              |
| + Gains de change  | -                | -                | -              |
| + Transferts de charges financières  | -                | -                | -              |
| + Produits HAO   | -                | -                | -              |
| + Transferts de charges HAO  | -                | -                | -              |
| - Frais financiers   | 286 777 557      | -                | -              |
| - Pertes de change   | -                | -                | -              |
| - Participation  | -                | -                | -              |
| - Impôts sur les résultats   | -                | -                | -              |
| = CAPACITE D'AUTOFINANCEMENT GLOBALE (CAFG)  | -286 777 557     | -                | #DIV/0!        |
| - Distributions de dividendes opérées durant l'exercice  | -                | -                | #DIV/0!        |
| = AUTOFINANCEMENT  | -286 777 557     | -                | #DIV/0!        |
| <b>ANALYSE DE LA RENTABILITE</b>   |                  |                  |                |
| Rentabilité économique = Résultat d'exploitation (a) / Capitaux propres + dettes financières                                   | 4%               | #DIV/0!          | #DIV/0!        |
| Rentabilité financière = Résultat net / Capitaux propres   | 180%             | #DIV/0!          | #DIV/0!        |
| <b>ANALYSE DE LA STRUCTURE FINANCIERE</b>  |                  |                  |                |
| Capitaux propres et ressources assimilées  | -34 722 551      | -                | #DIV/0!        |
| + Dettes financières* et autres ressources assimilées (b)  | 5 291 008 000    | -                | #DIV/0!        |
| = Ressources stables   | 5 256 285 449    | -                | #DIV/0!        |
| - Actif immobilisé (b)   | 4 348 988 573    | -                | #DIV/0!        |
| = FONDS DE ROULEMENT (1)   | 907 296 876      | -                | #DIV/0!        |
| Actif circulant d'exploitation (b)   | 190 600 000      | -                | #DIV/0!        |
| - Passif circulant d'exploitation (b)  | 178 993 984      | -                | #DIV/0!        |
| = BESOIN DE FINANCEMENT D'EXPLOITATION (2)   | 11 606 016       | -                | #DIV/0!        |
| Actifs circulant HAO (b)   | -                | -                | #DIV/0!        |
| - Passif circulant HAO (b)   | -                | -                | #DIV/0!        |
| = BESOIN DE FINANCEMENT HAO (3)  | -                | -                | #DIV/0!        |
| BESOIN DE FINANCEMENT GLOBAL (4) = (2) + (3)   | 11 606 016       | -                | #DIV/0!        |
| TRESORERIE NETTE (5) = (1) - (4)   | 895 690 860      | -                | #DIV/0!        |
| CONTRÔLE : TRESORERIE NETTE = (TRESORERIE-ACTIF) - (TRESORERIE-PASSIF)   | 895 690 860      | -                | #DIV/0!        |
| <b>ANALYSE DE LA VARIATION DE LA TRESORERIE</b>  |                  |                  |                |
| Flux de trésorerie des activités opérationnelles   | -51 167 279      | -                | #DIV/0!        |
| - Flux de trésorerie des activités d'investissement  | -4 364 062 741   | -                | #DIV/0!        |
| + Flux de trésorerie des activités de financement  | 5 310 920 680    | -                | #DIV/0!        |
| = VARIATION DE LA TRESORERIE NETTE DE LA PERIODE   | 895 690 860      | -                | -130%          |
| <b>ANALYSE DE LA VARIATION DE L'ENDETTEMENT FINANCIER NET</b>  |                  |                  |                |
| Endettement financier brut (Dettes financières* + Trésorerie-passif)   | 5 291 008 000    | -                | #DIV/0!        |
| - Trésorerie-actif   | 895 690 860      | -                | #DIV/0!        |
| = ENDETTEMENT FINANCIER NET  | 4 395 317 140    | -                | #DIV/0!        |
| (a) Résultat d'exploitation après impôt théorique sur le bénéfice  |                  |                  |                |
| (b) Les écart de conversion doivent être éliminés afin de ramener les créances et les dettes concernées à leur valeur initiale |                  |                  |                |
| Dettes financières * = emprunts et dettes financières diverses + dettes de location acquisition                                |                  |                  |                |
| Commentaires :   |                  |                  |                |



**VARUN BEVERAGES INTERNATIONAL DMCC**  
**Dubai, United Arab Emirates**

**FINANCIAL STATEMENTS**  
**(Period Ended December 31, 2022)**

**INDEX TO THE FINANCIAL STATEMENTS**

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| <b>PARTICULARS</b>  | <b>PAGE NUMBER</b> |
|---|--------------------|
| Company information   | 1                  |
| Management report   | 2                  |
| Independent auditor's report                                | 3 - 5              |
| Statement of financial position                             | 6                  |
| Statement of income   | 7                  |
| Statement of cash flows                                     | 8                  |
| Statement of changes in equity                              | 9                  |
| Significant accounting policies to the financial statements | 10 - 21            |
| Notes to the financial statements                           | 22 - 30            |

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## **VARUN BEVERAGES INTERNATIONAL DMCC**

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### **COMPANY INFORMATION**

#### **Shareholder**

M/s. Varun Beverages Limited, India

#### **Directors**

Mr. Ravi Kant Jaipuria

Mr. Varun Jaipuria

Mr. Satyanarayan Sharma

#### **License no**

DMCC-834926

DMCC-834927

#### **Branch activities**

The principal activities of the Company as per the trade license are "General trading and Management Consultancies".

#### **Business address**

Unit No: AG-20-D,

AG Tower,

Plot No. JLT-PH1-I1A

Dubai, United Arab Emirates

#### **Banker**

Standard Chartered Bank

Dubai, United Arab Emirates

#### **Auditors**

TRC PAMCO Middle East Auditing and Accounting

P O Box 94570, Dubai

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## **VARUN BEVERAGES INTERNATIONAL DMCC**

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### **MANAGEMENT REPORT**

The management is pleased to present their report together audited financial statements of the Company for the 347 days period ended December 31, 2022.

#### **Performance**

During the period, the Company has generated AED 37.13 million revenue and generated a net income of AED 13.06 million.

#### **Principal activities**

The principal activities of the Company as per the trade license are "General trading and Management Consultancies".

#### **Events subsequent to the balance sheet date**

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

#### **Auditors**

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

**For Varun Beverages International DMCC**



**Mr. Satyanarayan Sharma**  
Director  
Dubai  
January 20, 2023





**INDEPENDENT AUDITOR'S REPORT**

**The Shareholder**

**Varun Beverages International DMCC**

**Dubai, United Arab Emirates**

**Report on the audit of the standalone financial statements of Varun Beverages International DMCC for the 347 days period ended December 31, 2022**

**Opinion**

We have audited the accompanying standalone financial statements of Varun Beverages International DMCC ("the Company"), which comprises the statement of financial position as at December 31, 2022, statement of comprehensive income, statement of changes in equity and statement of cash flows for the 347 days period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and its financial performance and its cash flows for the 347 days period then ended in accordance with International Financial Reporting Standards (IFRS) for Small and Medium Sized Entities.

**Basis for opinion**

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

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

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



**VARUN BEVERAGES INTERNATIONAL DMCC**

**INDEPENDENT AUDITOR'S REPORT**

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

**Auditors responsibilities for the audit of the financial statements**

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

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

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



**VARUN BEVERAGES INTERNATIONAL DMCC**

**INDEPENDENT AUDITOR'S REPORT**

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on other legal and regulatory requirements**

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

*TRC PAMCO ME*

**TRC PAMCO Middle East Auditing & Accounting**  
**Reg No: 423**  
**Dubai**  
**January 20, 2023**



# **VARUN BEVERAGES INTERNATIONAL DMCC**

## **Statement of financial position as on December 31, 2022**

|                                     | (Figures in AED) |                           |
|-------------------------------------|------------------|---------------------------|
|                                     | Notes            | As on<br>Dec 31, 2022     |
| <b>ASSETS EMPLOYED</b>              |                  |                           |
| <b>Non current assets</b>           |                  |                           |
| Property, plant and equipment (net) | 3                | 6,531,777                 |
| Advances and Deposits               | 4                | 80,670,989                |
|                                     |                  | <u>87,202,767</u>         |
| <b>Current assets</b>               |                  |                           |
| Inventory                           | 5                | 3,148,534                 |
| Trade & other receivables           | 6                | 16,144,011                |
| Advances and prepayments            | 7                | 1,015,380                 |
| Cash and cash equivalents           | 8                | 1,476,531                 |
|                                     |                  | <u>21,784,456</u>         |
| <b>TOTAL ASSETS</b>                 |                  | <u><u>108,987,223</u></u> |
| <b>FUNDS EMPLOYED</b>               |                  |                           |
| <b>Equity</b>                       |                  |                           |
| Share Capital                       |                  | 1,000,000                 |
| Retained earnings                   |                  | 13,063,699                |
|                                     |                  | <u>14,063,699</u>         |
| <b>Non current liabilities</b>      |                  |                           |
| Unsecured loan                      | 9                | 85,200,660                |
| Employee terminal benefits          |                  | 55,188                    |
|                                     |                  | <u>85,255,848</u>         |
| <b>Current liabilities</b>          |                  |                           |
| Trade and other payables            | 10               | 8,613,252                 |
| Accruals                            | 11               | 1,054,424                 |
|                                     |                  | <u>9,667,676</u>          |
| <b>TOTAL EQUITY AND LIABILITIES</b> |                  | <u><u>108,987,223</u></u> |

Annexed notes form an integral part of these financial statements.

For Varun Beverages International DMCC

Mr. Satyanarayan Sharma  
Director  
Dubai  
January 20, 2023





**VARUN BEVERAGES INTERNATIONAL DMCC**

**Statement of comprehensive income for the 347 days period ended December 31, 2022**

| (Figures in AED)                               |       |                              |
|--|-------|------------------------------|
|  | Notes | Period ended<br>Dec 31, 2022 |
| <b>REVENUE</b>                                 |       |                              |
| Revenue from operations                        | 12    | 37,129,750                   |
| Less: Operating cost                           | 13    | (16,942,206)                 |
| <b>GROSS PROFIT (A)</b>                        |       | <b>20,187,544</b>            |
| <b>EXPENDITURE (B)</b>                         |       |                              |
| Administrative and general expenses            | 14    | 13,129,722                   |
| Depreciation                                   |       | 251,713                      |
|  |       | <b>13,381,435</b>            |
| <b>Operational income for the period (A-B)</b> |       | <b>6,806,108</b>             |
| Finance cost                                   | 15    | (1,058,292)                  |
| Other income                                   | 16    | 7,346,389                    |
| Exchange gain/(loss)                           |       | (30,506)                     |
| <b>Net comprehensive income for the period</b> |       | <b>13,063,699</b>            |

Annexed notes form an integral part of these financial statements.

For Varun Beverages International DMCC



Mr. Satyanarayan Sharma  
Director  
Dubai  
January 20, 2023



**VARUN BEVERAGES INTERNATIONAL DMCC**

**Statement of cash flow for the 347 days period ended December 31, 2022**

|   | (Figures in AED)    |
|---|---------------------|
|   | Period ended        |
|   | Dec 31, 2022        |
| <b>I. OPERATING ACTIVITIES</b>                              |                     |
| Net comprehensive income for the period                     | 13,063,699          |
| Depreciation  | 251,713             |
| Employee terminal benefits expense                          | 55,188              |
| <b>Operating cash flow before working capital changes</b>   | <b>13,370,601</b>   |
| <i>Changes in working capital:</i>                          |                     |
| (Increase)/decrease in inventory                            | (3,148,534)         |
| (Increase)/decrease in trade receivables                    | (16,144,011)        |
| (Increase)/decrease in advances and prepayments             | (1,015,380)         |
| Increase/(decrease) in trade and other payables             | 8,613,252           |
| Increase/(decrease) in accruals                             | 1,054,424           |
| <b>Net cash generated from operating activities (A)</b>     | <b>2,730,352</b>    |
| <b>II. INVESTING ACTIVITIES</b>                             |                     |
| Purchase of Property, plant and equipment                   | (5,783,491)         |
| Advances made to purchase of Aircraft                       | (80,639,359)        |
| long term deposit made for rent and DEWA                    | (31,630)            |
| <b>Net Cash used in investing activities (B)</b>            | <b>(87,454,480)</b> |
| <b>III. FINANCING ACTIVITIES</b>                            |                     |
| Share capital introduced                                    | 1,000,000           |
| Net Unsecured loan received                                 | 85,200,660          |
| <b>Net Cash generated from financing activities (C)</b>     | <b>86,200,660</b>   |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>    | <b>1,476,531</b>    |
| Cash and cash equivalents at the beginning of the period    | -                   |
| <b>Cash and cash equivalents at the end of the period</b>   | <b>1,476,531</b>    |
| <b>CASH AND CASH EQUIVALENTS</b>                            |                     |
| Cash in hand  | 36,846              |
| Cash at bank  | 1,439,685           |
| <b>Cash and cash equivalents as per cash flow statement</b> | <b>1,476,531</b>    |

Annexed notes form an integral part of these financial statements.

For Varun Beverages International DMCC

Mr. Satyanarayan Sharma  
Director  
Dubai  
January 20, 2023



**VARUN BEVERAGES INTERNATIONAL DMCC**

**Statement of changes in equity for the 347 days period ended December 31, 2022**

|   | (Figures in AED) |                      |                   |
|---|------------------|----------------------|-------------------|
|   | Share<br>Capital | Retained<br>earnings | Total             |
| Capital introduced                      | 1,000,000        | -                    | 1,000,000         |
| Net comprehensive income for the period | -                | 13,063,699           | 13,063,699        |
| <b>As on December 31, 2022</b>          | <b>1,000,000</b> | <b>13,063,699</b>    | <b>14,063,699</b> |

Annexed notes form an integral part of these financial statements.

For Varun Beverages International DMCC



Mr. Satyanarayan Sharma  
Director  
Dubai  
January 20, 2023



## **VARUN BEVERAGES INTERNATIONAL DMCC**

### **Significant accounting policies to the financial statements for the 347 days period ended December 31, 2022**

These financial statements have been prepared for the 347 days period ended December 31, 2022.

#### **1. LEGAL STATUS, ACTIVITIES AND MANAGEMENT**

##### **1.1 Legal status**

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

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

As per the Memorandum of Association and its amendment: the issued, subscribed and paid up capital of the Company as on December 31, 2022 is AED 1,000,000 (United Arab Emirates Dirham One Million only) divided into 1,0000 shares of AED 1,000 each. The shareholders as at December 31, 2022 and their share holding in the Company as at the date were as follows:

| Company name                        | Country of incorporation | No. of Share | % of holding | Value (AED)      |
|-------------------------------------|--------------------------|--------------|--------------|------------------|
| M/s. Varun Beverages Limited, India | India                    | 1,000        | 100%         | 1,000,000        |
| <b>Total</b>                        |                          | <b>1,000</b> | <b>100%</b>  | <b>1,000,000</b> |

##### **1.2 Activities**

The principal activities of the Company as per the trade license are "General trading and Management Consultancies".

##### **1.3 Management**

The day to day activities is fully controlled and managed by Mr. Satyanarayan Sharma, Indian national bearing passport no. Z6409853 and Manager of the Company as per trade license.

#### **2 SIGNIFICANT ACCOUNTING POLICIES**

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

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

The financial statements are prepared under the historical cost convention.





**Significant accounting policies to the financial statements for the 347 days period ended December 31, 2022**

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

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

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

- I Definition of Material (Amendments to IAS 1 and IAS 8); The amendments, effective for annual reporting periods beginning on or after 1 January 2020, clarify that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
- II Interest Rate Benchmark Reform - (Amendments to IFRS 9, IAS 39 and IFRS 7); with amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The amendments are effective for annual periods beginning on or after 1 January 2021.
- III Amendments to References to the Conceptual Framework in IFRS Standards
- IV COVID-19 Rent Related Concessions (Amendments to IFRS 16).

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

**New standards and significant amendments to standards applicable to the Company**

- I Proceeds before intended use - (Amendments to IAS 16).
- II Onerous contracts - cost of fulfilling the contract (Amendments to IAS 37).

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

**2.3 Use of estimates and judgements**

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



**Significant accounting policies to the financial statements for the 347 days period ended December 31, 2022**

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 and in any future periods affected.

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

**2.4 Revenue recognition**

Revenue from the sale of goods is recognized as per the requirement of IFRS 15. Revenue is recognized when the performance obligations are met and control of goods/services are transferred to the buyer.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data.

Revenue is recognized at the transaction price mutually agreed between parties. Transaction price is the amount of consideration that an entity expects to be entitled to in exchange for transferring promised goods or services to a customer.

**2.5 Property and equipment**

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

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

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



**Significant accounting policies to the financial statements for the 347 days period ended December 31, 2022**

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

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

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

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

**2.6 Accounts receivable**

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

**2.7 Cash and cash equivalents**

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

**2.8 Accounts payable and accruals**

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

**2.9 Provisions**

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



**Significant accounting policies to the financial statements for the 347 days period ended December 31, 2022**

**2.10 Employees' end of service benefits**

The Company provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service year.

**2.11 Leases**

**Right of use assets**

The Company recognises Right of use assets at the commencement date of the lease (i.e, the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets is depreciated on a straight-line basis over the shorter of its useful life and the lease term.

**Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

**2.12 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.





**Significant accounting policies to the financial statements for the 347 days period ended December 31, 2022**

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

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

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

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

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

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

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

**2.13 Financial instruments**

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

**a) Financial assets**

**Initial recognition and subsequent measurement**

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

**Significant accounting policies to the financial statements for the 347 days period ended December 31, 2022**

**Debt instruments at amortised cost**

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

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The losses arising from impairment are recognised in the Statement of comprehensive income.

**Debt instrument at FVTOCI**

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

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

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

**Debt instrument at FVTPL**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

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



**Significant accounting policies to the financial statements for the 347 days period ended December 31, 2022**

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

**Derecognition**

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

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

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

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



**Significant accounting policies to the financial statements for the 347 days period ended December 31, 2022**

**Impairment of financial assets**

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of

impairment loss on the following financial assets and credit risk exposure:

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

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

-Trade receivables or contract assets; and

-All lease receivables resulting from transactions within the scope of IFRS 16

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

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

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





**Significant accounting policies to the financial statements for the 347 days period ended December 31, 2022**

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

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

**Impairment of non-financial assets**

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

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

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



**Significant accounting policies to the financial statements for the 347 days period ended December 31, 2022**

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

**b) Financial liabilities**

**Initial recognition and measurement**

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

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

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

**Subsequent measurement**

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

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.



**Significant accounting policies to the financial statements for the 347 days period ended December 31, 2022**

**2.14 Offsetting of financial instruments**

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

**2.15 Share capital**

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

**2.16 Contingencies**

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognized because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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



**VARUN BEVERAGES INTERNATIONAL DMCC**

Notes to the financial statements for the 347 days period ended December 31, 2022

**3. PROPERTY, PLANT AND EQUIPMENT***(Figures in AED)*

| Particulars                            | Buildings        | Furniture<br>and<br>fixtures | Vehicles         | Office<br>equipment | Computer<br>equipment | Total            |
|--|------------------|------------------------------|------------------|---------------------|-----------------------|------------------|
| <b>Gross Block</b>                     |                  |                              |                  |                     |                       |                  |
| Additions made during the period       | 3,335,121        | 93,882                       | 3,177,400        | 166,278             | 10,810                | 6,783,491        |
| <b>As on December 31, 2022</b>         | <b>3,335,121</b> | <b>93,882</b>                | <b>3,177,400</b> | <b>166,278</b>      | <b>10,810</b>         | <b>6,783,491</b> |
| <b>Depreciation</b>                    |                  |                              |                  |                     |                       |                  |
| Depreciation charged during the period | 83,675           | 2,389                        | 159,910          | 4,759               | 980                   | 251,713          |
| <b>As on December 31, 2022</b>         | <b>83,675</b>    | <b>2,389</b>                 | <b>159,910</b>   | <b>4,759</b>        | <b>980</b>            | <b>251,713</b>   |
| <b>Net Value</b>                       |                  |                              |                  |                     |                       |                  |
| <b>As on December 31, 2022</b>         | <b>3,251,446</b> | <b>91,493</b>                | <b>3,017,490</b> | <b>161,519</b>      | <b>9,830</b>          | <b>6,531,777</b> |





## VARUN BEVERAGES INTERNATIONAL DMCC

Notes to the standalone financial statements for the 347 days period ended December 31, 2022

(Figures in AED)

As on  
Dec 31, 2022

### 4. ADVANCES AND DEPOSITS

|            |                   |
|------------|-------------------|
| Advances*  | 80,639,359        |
| Deposits** | 31,630            |
|            | <u>80,670,989</u> |

\* Advances include the advance amount of USD 21.95 million (approx.) paid for purchase of "2013 Bombardier BD-700-1A10 Global 6000 aircraft" from Global Avionics (Bermuda) Limited via Escrow agent of Insured Title Service, Oklahoma City, Oklahoma.

\*\* Long term deposits represents DEWA and rent deposits. As per Management opinion, these are non current assets in nature.

### 5. INVENTORY

|                  |                  |
|------------------|------------------|
| Goods in transit | 3,148,534        |
|                  | <u>3,148,534</u> |

As valued, confirmed and certified by the management.

### 6. TRADE AND OTHER RECEIVABLE

|  |                   |
|--|-------------------|
| Trade receivable                               | 16,144,012        |
| Less: Provision for Expected credit loss (ECL) | -                 |
|  | <u>16,144,012</u> |

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

|  |                   |
|--|-------------------|
| Due to for less than 30 days                     | 8,523,529         |
| Due for more than 30 days and less than 60 days  | -                 |
| Due for more than 60 days and less than 90 days  | 7,205,375         |
| Due for more than 90 days and less than 120 days | -                 |
| Due for more than 120 days                       | 415,107           |
|  | <u>16,144,012</u> |

Breakup for trade receivables as on period end:

|                                 |                   |
|---------------------------------|-------------------|
| Receivable from related parties | 7,205,375         |
| Receivable from others          | 8,938,636         |
|                                 | <u>16,144,012</u> |



**VARUN BEVERAGES INTERNATIONAL DMCC**

Notes to the standalone financial statements for the 347 days period ended December 31, 2022

(Figures in AED)

As on

Dec 31, 2022

**7. ADVANCES AND PREPAYMENTS**

|                   |                  |
|-------------------|------------------|
| Prepayments       | 189,774          |
| Supplier advances | 825,605          |
|                   | <u>1,015,380</u> |

**8. CASH AND CASH EQUIVALENTS**

|              |                  |
|--------------|------------------|
| Cash in hand | 36,846           |
| Cash at bank | 1,439,685        |
|              | <u>1,476,532</u> |

**9. UNSECURED LOAN**

|                                     |                   |
|-------------------------------------|-------------------|
| M/s. Varun Beverages Limited, India | 85,200,660        |
|                                     | <u>85,200,660</u> |

*As per mutual agreement, Holding company grant a loan upto a maximum limit of USD 30 Million bearing interest of LIBOR Plus 4.00 % p.a and are matured after 5 years from the date of grant.*

**10. TRADE AND OTHER PAYABLES**

|                |                  |
|----------------|------------------|
| Trade payables | 7,304,674        |
| Other payables | 1,308,578        |
|                | <u>8,613,252</u> |

*Breakup for trade & other payable as on period end:*

|                            |                  |
|----------------------------|------------------|
| Payable to related parties | 1,536,166        |
| Payable to others          | 7,077,086        |
|                            | <u>8,613,252</u> |

**11. ACRUALS**

|   |                  |
|---|------------------|
| Interest payable for unsecured loan     | 877,609          |
| Corporate guarantee commission payables | 174,248          |
| Employee related payables               | 2,567            |
|   | <u>1,054,424</u> |



**VARUN BEVERAGES INTERNATIONAL DMCC**

Notes to the standalone financial statements for the 347 days period ended December 31, 2022

|  | <i>(Figures in AED)</i> |
|--|-------------------------|
|  | <b>Period ended</b>     |
|  | <b>Dec 31, 2022</b>     |
| <b>12. REVENUE FROM OPERATIONS</b>   |                         |
| Sale of products   | 19,682,995              |
| Management fee income  | 17,446,755              |
|  | <b>37,129,750</b>       |
| <b>13. OPERATING COST</b>  |                         |
| Cost of goods sold   | 16,942,206              |
|  | <b>16,942,206</b>       |
| <b>14. ADMINISTRATIVE AND GENERAL EXPENSES</b>   |                         |
| Travelling and conveyance  | 6,286,818               |
| Repair and maintenance of building   | 2,159,713               |
| Consultancy Charges  | 1,762,578               |
| Employee cost  | 1,194,922               |
| Legal and professional expenses  | 497,633                 |
| Bank charges   | 348,756                 |
| Rent   | 239,705                 |
| Vehicle expenses   | 326,404                 |
| General office and other miscellaneous expenses  | 135,599                 |
| License and registration cost  | 112,144                 |
| Utility expense  | 52,319                  |
| Insurance  | 13,130                  |
|  | <b>13,129,722</b>       |
| <b>15. FINANCE COST</b>  |                         |
| Interest on unsecured loan   | 876,336                 |
| Corporate bank guarantee*  | 174,248                 |
| Interest on working capital facility   | 7,708                   |
|  | <b>1,058,292</b>        |
| <i>* Holding company is charging 2% p.a as commission for extending the Corporate Guarantee in favor of Standard Chartered Bank, Dubai Branch up to a maximum limit of USD 15 Million avail Credit facility from Standard Chartered Bank for business purpose.</i> |                         |
| <b>16. OTHER INCOME</b>  |                         |
| Incentive income   | <b>7,346,389</b>        |



**Notes to the standalone financial statements for the 347 days period ended December 31, 2022**

**17. FINANCIAL INSTRUMENTS**

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

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

**a. Currency risk**

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

**b. Credit risk**

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

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

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

|                           | <i>(Figures in AED)</i> |
|---------------------------|-------------------------|
|                           | <b>As on</b>            |
|                           | <b>Dec. 31, 2022</b>    |
| Trade & other receivables | 16,144,011              |
| Advances and prepayments  | 1,015,380               |
| Cash and cash equivalents | 1,476,531               |
|                           | <b>18,635,922</b>       |

**c. Interest rate risk**

Interest rate risk is the risk that the value of financial instrument will fluctuate due to change in market interest rates. The Company has interest free borrowings and hence not exposed to any interest rate risks.





## VARUN BEVERAGES INTERNATIONAL DMCC

### Notes to the standalone financial statements for the 347 days period ended December 31, 2022

#### d. Liquidity risk

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

|                                | (Figures in AED)  |                  |              |                   |
|--------------------------------|-------------------|------------------|--------------|-------------------|
|                                | Carrying value    | Within One year  | 1 to 5 years | More than 5 years |
| <b>As on December 31, 2022</b> |                   |                  |              |                   |
| Unsecured loan                 | 85,200,660        | -                | -            | 85,200,660        |
| Trade and other payables       | 8,613,252         | 8,613,252        | -            | -                 |
| Accruals                       | 1,054,424         | 1,054,424        | -            | -                 |
|                                | <b>94,868,336</b> | <b>9,667,676</b> | <b>-</b>     | <b>85,200,660</b> |

#### e. Capital risk management

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

#### 18. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

19. The Company has designated facility (DF) of overall limit upto USD 15 million in respect of Import letter of credit - unsecured for purchase of raw material from Standard Chartered Bank, Dubai, UAE. The company have sub-limit designated facilities which comprising Overdraft of USD 2.0 million, Import loan for raw material upto USD 7.5 million, Import letter of credit- unsecured upto USD 5.0 million and Import loan for CAPEX upto USD 2.5 million. The sum of the utilised portions of all Designated Sub-limits shall not exceed the relevant Designated Facility limit of USD 15 million.

The facilities are secured by:

- A Registrable charge over secured assets of the borrower;
- Corporate Guarantee of the Varun Beverages Limited, India (Holding Company) up to 100% of the Facility amount;



**VARUN BEVERAGES INTERNATIONAL DMCC**

**Notes to the standalone financial statements for the 347 days period ended December 31, 2022**

**20. CONTINGENT LIABILITIES**

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

**21. RELATED PARTY TRANSACTIONS**

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

Following are the related parties and the nature of relationship:

| <b>Name of the related party</b>         | <b>Relationship</b>                                 |
|--|---|
| M/s. Varun Beverages Limited, India      | Holding company                                     |
| M/s. Varun Beverages (Zimbabwe) Pvt. Ltd | Fellow subsidiaries                                 |
| M/s. Wellness Holdings Limited           | Key Management Personnel has significance influence |
| Lunarmech Technologies Private Limited   | Fellow subsidiaries                                 |

Transactions with related parties during the period are as below:

(Figures in AED)

| <b>Name of the related party</b>         | <b>Nature of the transaction</b> | <b>Period ended Dec 31, 2022</b> |
|--|----------------------------------|----------------------------------|
| M/s. Varun Beverages Limited, India      | Net Loan taken                   | 85,200,660                       |
|  | Interest                         | 876,336                          |
|  | Corporate Guarantee commission   | 174,248                          |
|  | Support Service                  | 162,963                          |
| M/s. Varun Beverages (Zimbabwe) Pvt. Ltd | Sales                            | 16,345,014                       |
|  | Management fee income            | 17,446,755                       |
| M/s. Wellness Holdings Limited           | Aircraft hire charges            | 5,496,157                        |
| Lunarmech Technologies Private Limited   | Purchase                         | 1,388,059                        |



**VARUN BEVERAGES INTERNATIONAL DMCC****Notes to the standalone financial statements for the 347 days period ended December 31, 2022**

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

*(Figures in AED)*

| Name of the related party                | Nature of balance                      | As on Dec 31, 2022 |
|--|--|--------------------|
| M/s. Varun Beverages Limited, India      | Unsecured loan                         | (85,200,660)       |
|  | Interest payables                      | (877,609)          |
|  | Corporate Guarantee commission payable | (174,248)          |
|  | Other payable                          | (162,419)          |
| M/s. Varun Beverages (Zimbabwe) Pvt. Ltd | Trade receivables                      | 7,205,375          |
| M/s. Wellness Holdings Limited           | Other payable                          | (1,025,852)        |
| Lunarmech Technologies Private Limited   | Trade payables                         | (347,896)          |

**22. SEGMENT REPORTING**

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

**23. KEY SOURCES OF ESTIMATION UNCERTAINTY****a. Useful lives of property and equipment**

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

**b. Fair value of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



## **VARUN BEVERAGES INTERNATIONAL DMCC**

Notes to the standalone financial statements for the 347 days period ended December 31, 2022

**c. Impairment of non-financial assets**

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

**24. GENERAL**

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

**24.2** Being the first operational period, there are no previous period figures for comparison purposes.

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

For Varun Beverages International DMCC



Mr. Satyanarayan Sharma  
Director  
Dubai  
January 20, 2023







## **Independent Auditor's Report**

**To the Members of Lunarmech Technologies Private Limited**

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

### **Opinion**

1. We have audited the accompanying standalone financial statements of Lunarmech Technologies Private Limited ('the Company'), which comprise the Balance Sheet as at 31 December 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information for the purpose of preparation of consolidated financial statement of the group, i.e., Varun Beverages Limited of which the company is a subsidiary.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 December 2022, and its profit/loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Basis for Opinion**

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

### **Key Audit Matter**

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

### **Information other than the Financial Statements and Auditor's Report thereon**

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

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







In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management for the Standalone Financial Statements**

6. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. 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.
8. Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

9. 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
10. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;







- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
  - 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;
11. 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.
12. 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.
13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

14. Further as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) we have sought obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of these books;





**APAS & CO LLP**  
CHARTERED ACCOUNTANTS

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E-MAIL: apas.delhi@gmail.com

- c) the standalone financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
- e) the Company, as detailed in note 37 to the standalone financial statements, has disclosed the impact of pending litigation(s) on its financial position as at 31 December 2022
- f) We report 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-1". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

**For APAS & CO LLP**

Chartered Accountants

Firm Registration No.: 000340C/C400308

*Rajeev Ranjan*

**RAJEEV RANJAN**

Partner

Membership No. 535395

New Delhi

18<sup>th</sup> January 2023

UDIN: 23535395 B4T WUW8085







**Annexure 1 to the Independent Auditor's Report**

**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 review of the standalone financial results of **Lunarmech Technologies Private Limited** (hereinafter referred to as "Company") as at and for the year ended December 31, 2022, we have reviewed 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 review. We conducted our review 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 review of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the review 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 review involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our review 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







**APAS & CO LLP**  
CHARTERED ACCOUNTANTS

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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 2022, 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 : 18/01/2023

For APAS & Co LLP  
Chartered Accountants  
Firm Regn No. 000340C/C400308

(Rajeev Ranjan)  
Partner  
M No. 535395

UDIN : 23535395BGTWUW8085



**LUNARMECH TECHNOLOGIES PRIVATE LIMITED**

**BALANCE SHEET AS AT 31ST DECEMBER 2022**

| Particulars                                     | Note No. | (Amount in Rupees Lakhs, unless otherwise stated) |                          |
|---|----------|---|--------------------------|
|   |          | AS AT 31ST DECEMBER 2022                          | AS AT 31ST DECEMBER 2021 |
| <b>Assets</b>                                   |          |   |                          |
| <b>Non-current assets</b>                       |          |   |                          |
| a) Property, plant and equipment                | 3(a)     | 5,419.89  | 5,074.46                 |
| b) Right-of-use asset                           | 3(b)     | 92.03   | 163.53                   |
| c) Financial assets                             |          |   |                          |
| i) Other financial assets                       | 4        | 102.54  | 90.85                    |
| d) Other non-current assets                     | 5        | 1,375.99  | 486.45                   |
| <b>Total non-current assets</b>                 |          | <b>6,990.55</b>                                   | <b>5,815.30</b>          |
| <b>Current assets</b>                           |          |   |                          |
| a) Inventories                                  | 6        | 1,836.26  | 1,870.92                 |
| b) Financial assets                             |          |   |                          |
| i) Trade receivables                            | 7        | 5,243.86  | 2,460.16                 |
| ii) Cash & cash equivalents                     | 8        | 4,341.38  | 1,813.32                 |
| iii) Other bank balances                        | 9        | 1,416.33  | 2,814.52                 |
| iv) Other financial assets                      | 4        | 118.34  | 56.36                    |
| c) Other current assets                         | 5        | 392.15  | 190.27                   |
| <b>Total current assets</b>                     |          | <b>14,348.44</b>                                  | <b>9,205.54</b>          |
| <b>Total assets</b>                             |          | <b>21,338.99</b>                                  | <b>15,020.83</b>         |
| <b>EQUITY AND LIABILITIES</b>                   |          |   |                          |
| <b>Equity</b>                                   |          |   |                          |
| a) Equity share capital                         | 10       | 99.50   | 99.50                    |
| b) Other equity                                 | 11       | 13,655.20   | 8,779.23                 |
| <b>Total equity</b>                             |          | <b>13,654.70</b>                                  | <b>8,878.73</b>          |
| <b>Liabilities</b>                              |          |   |                          |
| <b>Non-current liabilities</b>                  |          |   |                          |
| a) Financial liabilities                        |          |   |                          |
| i) Borrowings                                   | 12       | 2,360.93  | 4,117.37                 |
| ii) Lease liabilities                           | 13       | 32.21   | 114.89                   |
| b) Provisions                                   | 14       | 63.14   | 54.52                    |
| c) Deferred tax liabilities (net)               | 15       | 68.55   | 101.62                   |
| <b>Total non-current liabilities</b>            |          | <b>2,512.83</b>                                   | <b>4,389.40</b>          |
| <b>Current liabilities</b>                      |          |   |                          |
| a) Financial liabilities                        |          |   |                          |
| i) Borrowings                                   | 12       | 2,094.86  | -                        |
| ii) Lease liabilities                           | 13       | 82.82   | 75.23                    |
| iii) Trade payables                             |          |   |                          |
| Dues to micro enterprises and small enterprises | 16       | 57.77   | 212.88                   |
| Dues to Others                                  | 16       | 993.68  | 865.12                   |
| iv) Other financial liabilities                 | 17       | 58.92   | 4.56                     |
| b) Other current liabilities                    | 18       | 301.40  | 21.76                    |
| c) Provisions                                   | 14       | 7.99  | 6.59                     |
| d) Current tax liabilities (Net)                | 19       | 744.02  | 567.55                   |
| <b>Total current liabilities</b>                |          | <b>5,141.46</b>                                   | <b>1,763.69</b>          |
| <b>Total liabilities</b>                        |          | <b>7,654.29</b>                                   | <b>6,142.09</b>          |
| <b>Total equity &amp; liabilities</b>           |          | <b>21,338.99</b>                                  | <b>15,020.83</b>         |

**Significant accounting policies**

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

In terms of our report of even date given to:

For APAS & CO LLP

Chartered Accountants

Firm Registration No: 000340C/C400308

**Rajeev Ranjan**

Rajeev Ranjan

Partner

M.No. 535395

Place: New Delhi

Dated: 18 January 2023

**Shirad Kumar Garg**  
Director  
(Din: 02745554)

**Ravindra Kumar Banks**  
Director  
(Din: 05166039)

UDIN → 23535395 B4TWUW8085



**LUNARMECH TECHNOLOGIES PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST DECEMBER 2022**

| (Amount in Rupees Lacs, unless otherwise stated)                              |      |                    |                    |
|---|------|--------------------|--------------------|
| Particulars   | Note | For the Year ended | For the Year ended |
|   | No.  | December 31, 2022  | December 31, 2021  |
| <b>Income</b>   |      |                    |                    |
| Revenue from operations   | 20   | 22,813.70          | 15,600.83          |
| Other income  | 21   | 569.89             | 921.04             |
| <b>Total income</b>   |      | <b>23,383.59</b>   | <b>16,421.87</b>   |
| <b>Expenses</b>   |      |                    |                    |
| Cost of material consumed   | 22   | 11,532.34          | 8,797.41           |
| Purchases of Stock-in-Trade   |      | 1,589.20           | 1,376.25           |
| Changes in Inventories of finished goods, stock-in-trade and Work-in-progress | 23   | 380.88             | -416.91            |
| Employee benefit expenses   | 24   | 723.77             | 585.42             |
| Finance costs   | 25   | 152.73             | 59.33              |
| Depreciation and amortization expense   | 26   | 819.02             | 781.01             |
| Other expenses  | 27   | 1,668.35           | 1,638.36           |
| <b>Total expenses</b>   |      | <b>16,866.29</b>   | <b>12,820.98</b>   |
| <b>Profit before exceptional items &amp; tax</b>                              |      | <b>6,517.29</b>    | <b>3,600.99</b>    |
| Exceptional items   |      |                    |                    |
| Depreciation of earlier years   |      |                    |                    |
| <b>Profit before tax</b>  |      | <b>6,517.29</b>    | <b>3,600.99</b>    |
| <b>Tax expenses</b>   |      |                    |                    |
| Current tax   |      |                    |                    |
| Current year  |      | 1,695.74           | 835.94             |
| Adjustment of earlier years   |      | 75.26              | 20.47              |
| Deferred Tax  |      | -32.22             | -25.30             |
| <b>Profit for the year</b>  |      | <b>4,788.51</b>    | <b>2,769.87</b>    |
| <b>Other comprehensive income</b>   |      |                    |                    |
| a) Items that will not be reclassified to statement of profit & loss          |      |                    |                    |
| Remeasurement of post employment benefit                                      |      | -3.40              | 0.34               |
| Less: Deferred tax on above item  |      | -0.86              | 0.08               |
| <b>Total Other comprehensive income</b>                                       |      | <b>-2.54</b>       | <b>0.25</b>        |
| <b>Total comprehensive income</b>   |      | <b>4,785.97</b>    | <b>2,770.12</b>    |
| <b>Earning per share (Basic / Diluted) (Rs.)</b>                              | 44   | <b>481.25</b>      | <b>278.37</b>      |
| <b>Significant accounting policies</b>  | 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 Registration No: 000340C/C400308

*Rajeev Ranjan*

Rajeev Ranjan  
Partner  
M.No. 535395  
Place: New Delhi  
Dated: 18 January 2023

*Sharad Kumar Garg*      *Ravindra Kumar Banka*  
Sharad Kumar Garg      Ravindra Kumar Banka  
Director      Director  
(Din:- 02745454)      (Din:- 05166039)

UDIN: 23535395 B4TW0W8085





**LUNARMECH TECHNOLOGIES PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR Y.E. 31.12.2022**

(Amount in Rupees Lakhs, unless otherwise stated)

|  | For the Year ended<br>December 31, 2022 | For the Year ended<br>December 31, 2021 |
|--|---|---|
|--|---|---|

|  |                  |                   |
|--|------------------|-------------------|
| <b>A. Cash Flow from Operating Activities</b>              |                  |                   |
| Net Profit before tax and extra ordinary items             | 6517.29          | 3600.99           |
| Adjustment for:  |                  |                   |
| Depreciation   | 819.02           | 781.01            |
| Interest Paid  | 152.73           | 59.33             |
| Re-measurement of post employment benefit                  | (3.40)           | 0.34              |
| (Profit)/loss on sale of Fixed Assets                      | 1.48             | (468.16)          |
| Interest on Lease liabilities                              | 15.81            | 22.51             |
| Unwinding of interest on security deposit                  | (2.42)           | (2.17)            |
| Interest Received  | (176.78)         | (116.47)          |
|  | <b>807.25</b>    | <b>275.38</b>     |
| Operating Profit before Working Capital Facilities         | 7324.55          | 3877.37           |
| Adjustment for:  |                  |                   |
| Trade & Other Receivable                                   | (4948.08)        | (327.96)          |
| Inventories  | 34.66            | (811.01)          |
| Trade Payable  | 317.48           | 53.84             |
|  | <b>(4595.95)</b> | <b>(1085.12)</b>  |
| Cash generated from operation                              | 2728.60          | 2792.25           |
| Direct Taxes Paid  | (1504.54)        | (677.81)          |
|  | <b>(1504.54)</b> | <b>(677.81)</b>   |
| Net Cash Flow from operating activities                    | 1144.06          | 2114.44           |
| <b>B. Cash Flow From Investing activities</b>              |                  |                   |
| Purchase of fixed assets                                   | (1092.95)        | (2769.03)         |
| Sale of Fixed Assets                                       | 0.00             | 917.76            |
| Interest Received  | 175.76           | 118.47            |
| Outflow for Bank Deposits with more than 3 months maturity | 1398.19          | (1714.52)         |
|  | <b>481.01</b>    | <b>-3,449.31</b>  |
| Net Cash used in Investing activities                      | <b>481.01</b>    | <b>(3,449.31)</b> |
| <b>C. Cash Flow from Financing Activities</b>              |                  |                   |
| Proceeds from/Repayment of long term borrowings            | (1748.44)        | 2191.13           |
| Proceeds from/Repayment of Short Term borrowings           | 2894.86          | (28.60)           |
| Payment of lease liabilities                               | (90.70)          | (86.38)           |
| Interest Paid  | (152.73)         | (59.33)           |
| Net Cash used in financing activities                      | <b>903.00</b>    | <b>2016.82</b>    |
| Net increase/(decrease) in cash & cash equivalents         | 2628.07          | 661.95            |
| Cash & Cash equivalent Opening                             | <b>1813.32</b>   | <b>1131.37</b>    |
| Cash & Cash equivalent Closing                             | <b>4241.38</b>   | <b>1813.32</b>    |

**Notes:**

The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

In terms of our report of even date annexed  
For APAS & CO LLP  
CHARTERED ACCOUNTANTS  
FIRM REGN NO. 000340C / C400308

*Rajeev Ranjan*

Rajeev Ranjan

Partner

M.No. 536395

Place: New Delhi

Dated: 18 January 2023

*Shardul Kumar Garg*      *Ravindra Kumar Banka*  
Shardul Kumar Garg      Ravindra Kumar Banka  
Director      Director  
(Dinn: 02745263)      (Dinn: 05166039)

UDIN: 23535395 B4TWW 8085



**LUNARMECH TECHNOLOGIES PRIVATE LIMITED**  
Statement of changes in equity for the year ended 31 December, 2022

i) Equity share capital (Amount in Rupees Lacs, unless otherwise stated)

|   |       |
|---|-------|
| Balance as at January 1, 2021                   | 96.50 |
| Changes in equity share capital during the year | -     |
| Balance as at December 31, 2021                 | 96.50 |
| Changes in equity share capital during the year | -     |
| Balance as at December 31, 2022                 | 96.50 |

ii) Other equity

| Particulars   | Reserve & Surplus |                 | Other comprehensive income | Total    |
|---|-------------------|-----------------|----------------------------|----------|
|   | Retained earnings | Capital Reserve |                            |          |
| As at January 1, 2021   | 6,077.65          | -66.00          | -2.56                      | 6,009.10 |
| Profit/Loss for the year  | 2,701.17          | -               | -                          | 2,701.17 |
| Remeasurement gains/losses on defined employment benefit (Net of Taxes) | -                 | -               | 0.25                       | 0.25     |
| As at December 31, 2021   | 8,647.53          | -66.00          | -2.31                      | 8,779.22 |

| Particulars   | Reserve & Surplus |                 | Other comprehensive income | Total     |
|---|-------------------|-----------------|----------------------------|-----------|
|   | Retained earnings | Capital Reserve |                            |           |
| As at January 1, 2022   | 8,647.53          | -66.00          | -2.31                      | 8,779.22  |
| Profit/Loss for the year  | 4,701.51          | -               | -                          | 4,701.51  |
| Remeasurement gains/losses on defined employment benefit (Net of Taxes) | -                 | -               | -2.54                      | -2.54     |
| As at December 31, 2022   | 13,349.04         | -66.00          | -4.85                      | 13,555.19 |

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

*Rajeev Rayan*

Rajeev Rayan  
Partner  
M No: 835325  
Place: New Delhi  
Dated: 18 January 2023

*Silvra Kumar Garg*  
Silvra Kumar Garg  
Director  
(Din: 02745254)

*Ravindra Kumar Banke*  
Ravindra Kumar Banke  
Director  
(Din: 05166039)

NDIN: 23535395B4TW0W8085



**LUNARMECH TECHNOLOGIES PVT. LTD.**

3(a) Property, plant and equipment (Amount in Rupees Lacs, unless otherwise stated)

| PARTICULAR                        | Cost | As at January 01, 2021 | Additions | Disposals | As at December 31, 2021 | Additions | Disposals | As at December 31, 2022 | Accumulated Depreciation | As at January 01, 2021 | Depreciation charge for the year | Disposals | As at December 31, 2021 | Depreciation charge for the year | Disposals | As at December 31, 2022 | Net Block : | As at December 31, 2022 | As at December 31, 2021 |
|-----------------------------------|------|------------------------|-----------|-----------|-------------------------|-----------|-----------|-------------------------|--------------------------|------------------------|----------------------------------|-----------|-------------------------|----------------------------------|-----------|-------------------------|-------------|-------------------------|-------------------------|
| Free Hold Land & Site Development |      | 84.95                  | 86.01     | 7,092.65  | 12.14                   | 18.61     | 17.87     | 16.04                   | 8.09                     | 17.60                  | 0.43                             |           | 7,354.40                | 2,769.03                         | 1.64      |                         |             |                         |                         |
| Building Renovation               |      | 84.95                  |           | 661.46    | 2,757.39                | 0.03      | 3.22      | 0.94                    |                          |                        |                                  |           | 2,769.03                | 2.16                             |           |                         |             |                         |                         |
| Plant & Equipment                 |      |                        |           | 9,188.58  | 12.17                   | 21.83     | 18.81     | 16.04                   | 11.74                    | 19.24                  | 2.59                             |           | 9,377.02                | 1,092.95                         | 0.11      |                         |             |                         |                         |
| Office Equipment                  |      |                        |           | 1,077.76  | 13.46                   | 0.40      | -         |                         | 1.22                     | -                      |                                  |           | 1,092.95                |                                  |           |                         |             |                         |                         |
| Airconditioner                    |      |                        |           | 25.63     | 22.23                   | 18.81     | 16.04     | 12.96                   | 19.24                    | 2.70                   |                                  |           | 10,469.97               |                                  |           |                         |             |                         |                         |
| Furniture & Fixtures              |      |                        |           | 10,266.34 | 25.63                   | 22.23     | 18.81     | 16.04                   | 12.96                    | 19.24                  | 2.70                             |           | 10,469.97               |                                  |           |                         |             |                         |                         |
| Generator                         |      |                        |           | 18.81     | 16.04                   | 12.96     | 19.24     | 2.70                    |                          |                        |                                  |           |                         |                                  |           |                         |             |                         |                         |
| Computers                         |      |                        |           | 18.81     | 16.04                   | 12.96     | 19.24     | 2.70                    |                          |                        |                                  |           |                         |                                  |           |                         |             |                         |                         |
| Lab Equipment                     |      |                        |           | 18.81     | 16.04                   | 12.96     | 19.24     | 2.70                    |                          |                        |                                  |           |                         |                                  |           |                         |             |                         |                         |
| Vehicles                          |      |                        |           | 18.81     | 16.04                   | 12.96     | 19.24     | 2.70                    |                          |                        |                                  |           |                         |                                  |           |                         |             |                         |                         |
| Total                             |      |                        |           | 18.81     | 16.04                   | 12.96     | 19.24     | 2.70                    |                          |                        |                                  |           |                         |                                  |           |                         |             |                         |                         |



**LUNARMECH TECHNOLOGIES PVT. LTD.****3(b) Right-of-use asset**

(Amount in Rupees Lacs, unless otherwise stated)

|                            | AS AT<br>31ST DECEMBER<br>2022 | AS AT<br>31ST DECEMBER<br>2021 |
|----------------------------|--------------------------------|--------------------------------|
| Buildings (Refer Note- 35) | 92.03                          | 163.53                         |
|                            | <b>92.03</b>                   | <b>163.53</b>                  |

Set out below are the carrying amounts of right-of-use assets recognized and movements during the period.

|                         | Buildings     | Total         |
|-------------------------|---------------|---------------|
| As at January 01, 2021  | 235.03        | 235.03        |
| Addition/(Deletion)     | -             | -             |
| Amortization expense    | 71.50         | 71.50         |
| As at December 31, 2021 | <b>163.53</b> | <b>163.53</b> |
| Addition/(Deletion)     | -             | -             |
| Amortization expense    | 71.50         | 71.50         |
| As at December 31, 2022 | <b>92.03</b>  | <b>92.03</b>  |





# LUNARMECH TECHNOLOGIES PRIVATE LIMITED

## Notes of the financial statements

| PARTICULARS  | AS AT<br>31ST DECEMBER<br>2022 | AS AT<br>31ST DECEMBER<br>2021 |
|--|--------------------------------|--------------------------------|
|  |                                |                                |
| 7 Trade receivables  |                                |                                |
| Trade Receivable considered good - Secured                           | -                              | -                              |
| Trade Receivable considered good - Unsecured                         | 6,243.98                       | 2,460.16                       |
| Trade Receivable which have significant increase in credit Risk, and | -                              | -                              |
| Trade Receivable - Credit Impaired                                   | -                              | -                              |
| <b>TOTAL</b>   | <b>6,243.98</b>                | <b>2,460.16</b>                |

### Note:

- 1 Refer Note no 34 for related party disclosures
- 2 Additional disclosures

AS ON 31-12-2022

| Particulars  | Not Due | Outstanding for following periods from transaction date |                  |           |           |                   | Total    |
|--|---------|---|------------------|-----------|-----------|-------------------|----------|
|  |         | Less than 6 months                                      | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years |          |
| (i) Undisputed Trade receivables considered good                                 | -       | 4,903.85  | 1,340.13         | -         | -         | -                 | 6,243.98 |
| (ii) Undisputed Trade Receivables which have significant increase in credit risk | -       | -   | -                | -         | -         | -                 | -        |
| (iii) Undisputed Trade Receivables credit impaired                               | -       | -   | -                | -         | -         | -                 | -        |
| (iv) Disputed Trade Receivables considered good                                  | -       | -   | -                | -         | -         | -                 | -        |
| (v) Disputed Trade Receivables which have significant increase in credit risk    | -       | -   | -                | -         | -         | -                 | -        |
| (vi) Disputed Trade Receivables credit impaired                                  | -       | -   | -                | -         | -         | -                 | -        |

AS ON 31-12-2021

| Particulars  | Not Due | Outstanding for following periods from transaction date |                  |           |           |                   | Total    |
|--|---------|---|------------------|-----------|-----------|-------------------|----------|
|  |         | Less than 6 months                                      | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years |          |
| (i) Undisputed Trade receivables considered good                                 | -       | 2,268.17  | 188.53           | 3.46      | -         | -                 | 2,460.16 |
| (ii) Undisputed Trade Receivables which have significant increase in credit risk | -       | -   | -                | -         | -         | -                 | -        |
| (iii) Undisputed Trade Receivables credit impaired                               | -       | -   | -                | -         | -         | -                 | -        |
| (iv) Disputed Trade Receivables considered good                                  | -       | -   | -                | -         | -         | -                 | -        |
| (v) Disputed Trade Receivables which have significant increase in credit risk    | -       | -   | -                | -         | -         | -                 | -        |
| (vi) Disputed Trade Receivables credit impaired                                  | -       | -   | -                | -         | -         | -                 | -        |



**PARTICULARS**

**AS AT  
31ST DECEMBER  
2022**

**AS AT  
31ST DECEMBER  
2021**

**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  | 57.77  | 212.88 |
| 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  | -      | -      |
| even in the succeeding years, until such date when the interest dues as above are actually paid to the small  | -      | -      |
| 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 | -      | -      |
|   | 993.68 | 865.12 |

Other trade payables

1,051.46

1,078.00

**TOTAL**

**Notes:**

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

**31-12-22**

| Particulars               | Unbilled Dues | Not Due | Outstanding for following periods from transaction date |           |           |                   | Total  |
|---------------------------|---------------|---------|---|-----------|-----------|-------------------|--------|
|                           |               |         | Less than 1 Year  | 1-2 Years | 2-3 Years | More than 3 Years |        |
| i. MSME                   | -             | -       | 57.77   | -         | -         | -                 | 57.77  |
| ii. Others                | 221.29        | -       | 771.29  | 0.41      | 0.70      | -                 | 993.68 |
| iii. Disputed dues- MSME  | -             | -       | -   | -         | -         | -                 | -      |
| iv. Disputed dues- Others | -             | -       | -   | -         | -         | -                 | -      |

**31-12-21**

| Particulars               | Unbilled Dues | Not Due | Outstanding for following periods from transaction date |           |           |                   | Total  |
|---------------------------|---------------|---------|---|-----------|-----------|-------------------|--------|
|                           |               |         | Less than 1 Year  | 1-2 Years | 2-3 Years | More than 3 Years |        |
| i. MSME                   | -             | -       | 212.88  | -         | -         | -                 | 212.88 |
| ii. Others                | 197.50        | -       | 665.51  | 2.11      | -         | -                 | 865.12 |
| iii. Disputed dues- MSME  | -             | -       | -   | -         | -         | -                 | -      |
| iv. Disputed dues- Others | -             | -       | -   | -         | -         | -                 | -      |



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

(Amount in Rupees Lacs, unless otherwise stated)

| 4 Other Financial Assets | Non-current |             | Current     |             |
|--------------------------|-------------|-------------|-------------|-------------|
|                          | As at       | As at       | As at       | As at       |
|                          | 31st Dec 22 | 31st Dec 21 | 31st Dec 22 | 31st Dec 21 |
| Security deposits        | 102.64      | 90.85       | 2.51        | 2.42        |
| Interest receivable      | -           | -           | 62.65       | 53.94       |
| Claim Receivable         | -           | -           | 53.17       | -           |
|                          | 102.64      | 90.85       | 118.34      | 56.36       |

| 5 Other Assets                              | Non-current |             | Current     |             |
|---|-------------|-------------|-------------|-------------|
|   | As at       | As at       | As at       | As at       |
|   | 31st Dec 22 | 31st Dec 21 | 31st Dec 22 | 31st Dec 21 |
| Capital Advance                             | 1,375.99    | 486.45      | -           | -           |
| Balance With Govt. Authorities              | -           | -           | 21.55       | 72.24       |
| Advances to Suppliers, Contractors & Others | -           | -           | 321.00      | 58.65       |
| Prepaid expenses/Amount recoverable         | -           | -           | 49.59       | 59.37       |
|   | 1,375.99    | 486.45      | 392.15      | 190.27      |

| 12 Borrowings   | Non-current |             | Current     |             |
|---|-------------|-------------|-------------|-------------|
|   | As at       | As at       | As at       | As at       |
|   | 31st Dec 22 | 31st Dec 21 | 31st Dec 22 | 31st Dec 21 |
| Secured term loan from Banks :  |             |             |             |             |
| - Foreign Currency Loans (Buyers credit)  |             |             |             |             |
| -IndusInd Bank -SBLC-3B (Repayable on 10/01/2024 and rate of interest is Euribor+88 bps PA)                 | 951.22      | 917.04      | -           | -           |
| -IndusInd Bank -SBLC-3A (Repayable on 28/12/2023 and rate of interest is Euribor+88 bps PA))                | 951.22      | 917.04      | -           | -           |
| - IndusInd Bank -SBLC-2 (Repayable on 20/02/2023 and rate of interest is Euribor+55 bps PA)                 | 950.96      | 916.78      | -           | -           |
| - IndusInd Bank -SBLC-1 (Repayable on 10/01/2023 and rate of interest is Euribor+48 bps PA)                 | 950.96      | 916.78      | -           | -           |
| IndusInd Bank Buyer's Credit ( CG )-SBLC-4 (Repayable on 31/05/2024 rate of interest is Euribor+88 bps PA)) | 466.49      | 449.72      | -           | -           |
| IndusInd Bank Buyer's Credit ( CG )-SBLC-5 (Repayable on 14/04/2025 rate of interest is Euribor+75 bps PA)) | 951.22      | -           | -           | -           |
| HDFC BANK C.A. - 05720330000235   | -           | -           | 41.73       | -           |
| Current maturities of long term debt, disclosed under current borrowing                                     | -2,853.14   | -           | 2,853.14    | -           |
|   | 2,368.93    | 4,117.37    | 2,894.86    | -           |

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

i) The securities are as follows:

- First and Exclusive charge on Hypothecation of entire Plant & Machinery funded by Indusind Bank.
- First Pari passu charge over entire current assets of the company, both present and future.
- First pari passu charge on Hypothecation of entire fixed assets of the borrower.





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

- i) Against first Pari passu charge entire current assets of the company, both present and future.
- ii) First pari passu charge on Hypothecation of entire fixed assets of the borrower.
- iii) The working capital limits carry an interest rate ranging 8.70%.
- iv) The limit is not utilised as on balance sheet date.

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

- i) The term loan from HDFC Bank were secured against first Pari passu charge over current assets, entire movable & immovable fixed
- ii) The working capital limits carry an interest rate 8.30% P.A

D) There has been no default in repayment of any of the loans or interest thereon as at the end of the year.

E) The Company has registered/satisfied all the charges wherever required with Registrar of Companies within the statutory period.

F) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.

| 13 Lease Liabilities | Non-current |             | Current     |             |
|----------------------|-------------|-------------|-------------|-------------|
|                      | As at       | As at       | As at       | As at       |
|                      | 31st Dec 22 | 31st Dec 21 | 31st Dec 22 | 31st Dec 21 |
| Lease Liabilities    | 32.21       | 114.89      | 82.82       | 75.23       |
|                      | 32.21       | 114.89      | 82.82       | 75.23       |

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

|   |        |        |   |   |
|---|--------|--------|---|---|
| Balance at beginning of the year                        | 190.12 | 253.98 | - | - |
| Additions   | -      | -      | - | - |
| Finance cost incurred during the period (Refer Note 25) | 15.61  | 22.51  | - | - |
| Payment of lease liabilities                            | -90.70 | -86.38 | - | - |
| Balance at end of the year                              | 115.03 | 190.12 | - | - |
| Non Current   | 32.21  | 114.89 | - | - |
| Current   | 82.82  | 75.23  | - | - |
|   | 115.03 | 190.12 | - | - |

| 14 Provisions                                 | Non-current |             | Current     |             |
|---|-------------|-------------|-------------|-------------|
|   | As at       | As at       | As at       | As at       |
|   | 31st Dec 22 | 31st Dec 21 | 31st Dec 22 | 31st Dec 21 |
| (Refer note 24)                               |             |             |             |             |
| Defined benefit liability (net) - Gratuity    | 49.38       | 43.43       | 6.08        | 4.96        |
| Other employee obligations - Leave encashment | 13.76       | 11.09       | 1.91        | 1.64        |
|   | 63.14       | 54.52       | 7.99        | 6.59        |

| 17 Other financial liabilities             | Non-current |             | Current     |             |
|--|-------------|-------------|-------------|-------------|
|  | As at       | As at       | As at       | As at       |
|  | 31st Dec 22 | 31st Dec 21 | 31st Dec 22 | 31st Dec 21 |
| Interest accrued but not due on borrowings | -           | 0           | 58.92       | 4.56        |
|  | -           | -           | 58.92       | 4.56        |





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

| PARTICULARS                         | As at             | As at             |
|-------------------------------------|-------------------|-------------------|
|                                     | 31 December, 2022 | 31 December, 2021 |
| <b>6 Inventories</b>                |                   |                   |
| (As certified by the management)    |                   |                   |
| Raw Material                        | 1,408.08          | 942.92            |
| Raw Material Inventories in transit | 56.87             | 191.91            |
| Packing Material                    | 24.13             | 24.40             |
| Semi Finished Goods                 | 33.50             | 22.20             |
| Finished Goods                      | 0.75              | 7.30              |
| Finished Goods-in Transit           | 208.94            | 594.57            |
| Stores, Spares and Others           | 103.98            | 87.63             |
| <b>TOTAL</b>                        | <b>1,836.26</b>   | <b>1,870.92</b>   |

**Note:**

For mode of valuation refer Accounting policy number 2.8

|   |                 |                 |
|---|-----------------|-----------------|
| <b>8 Cash and cash equivalents</b>  |                 |                 |
| Balances with banks   |                 |                 |
| -In Current Account   | 5.82            | 688.25          |
| -Deposits with maturity with in three months  | 3,267.88        | 906.20          |
| (Lien Marked Rs 577.89 lacs)  |                 |                 |
| -Cheques/Remittance in transit  | 1,066.90        | 218.08          |
| Cash on hand  | 0.78            | 0.79            |
| <b>TOTAL</b>  | <b>4,341.38</b> | <b>1,813.32</b> |
| For the purpose of statement of cash flow, cash and cash equivalent comprises of the following: |                 |                 |
| Balances with banks   | 4,340.60        | 1,812.53        |
| Cash on hand  | 0.78            | 0.79            |
|   | <b>4,341.38</b> | <b>1,813.32</b> |

**9 Other bank balances**

|   |                 |                 |
|---|-----------------|-----------------|
| Bank Deposit with more than three months maturity | 1,416.33        | 2,814.52        |
| <b>TOTAL</b>                                      | <b>1,416.33</b> | <b>2,814.52</b> |



# 10 Equity share capital

## AUTHORISED

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

| As at<br>31 December, 2022 | As at<br>31 December, 2021 |
|----------------------------|----------------------------|
| 110.00                     | 110.00                     |
| 110.00                     | 110.00                     |

## ISSUED, SUBSCRIBED AND FULLY PAID-UP

995,020 Shares of par value of Rs. 10/- each (Previous year)  
995,020 Shares of par value of Rs. 10/- each)

|       |       |
|-------|-------|
| 99.50 | 99.50 |
| 99.50 | 99.50 |

### Notes:

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

| Equity share capital                                   | 31 December, 2022 | 31 December, 2021 |
|--|-------------------|-------------------|
| No. of Shares outstanding at the beginning of the year | 995,020           | 995,020           |
| Add: Equity shares issued as fully paid up shares.     | -                 | -                 |
| No. of Shares outstanding at the end of the year       | 995,020           | 995,020           |

b) The company has only one class of equity shares having a par value of ` 10/- each. The holders of the equity shares are entitled to receive dividends as declared from time to time, and are entitled to voting rights proportionate to their share holding at the meetings of shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive assets of the Company remaining after settlement of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Varun Beverages Limited is the holding company of the company, holding 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          | 31 December, 2022 | 31 December, 2021 |
|----------------------------------|-------------------|-------------------|
| Varun Beverages Limited          | 547645(55.04%)    | 547645(55.04%)    |
| Lunarmech Investments & Holdings | 50000(5.03%)      | 50000(5.03%)      |
| Mr.Vivek Gupta                   | 397159(39.91%)    | 397159(39.91%)    |

e) The company has not issued any bonus shares or shares pursuant to contract without payment being recovered in cash during the period of last 5 years immediately preceding the balance sheet date. However the company has issued 735000 equity shares during the FY 20-21 in pursuant to the scheme of amalgamation without payment being recovered in cash.

| S. No. | Promoter' Name          | No. of Shares | %age of shares held | %age change during the year |
|--------|-------------------------|---------------|---------------------|-----------------------------|
| 1      | Varun Beverages Limited | 547645        | 55.04               | No change                   |
| 2      | Vivek Gupta             | 397159        | 39.91               | No change                   |
| 3      | Vivek gupta (HUF)       | 108           | 0.01                | No change                   |
| 4      | Shalini Gupta           | 108           | 0.01                | No change                   |

# 11 Other equity

## a) Retained Earning

As per Last balance Sheet

8,845.23 6,075.11

Add: Net Profit after Tax

4,788.51 2,769.87

Remeasurement gains/losses on defined employment benefit

-2.54 0.25

Total-(A)

13,631.20 8,845.23

## b) Capital Reserve

As per Last balance Sheet

-66.00 -66.00

Total-(B)

-66.00 -66.00

Total-(A+B)

13,565.20 8,779.23



| PARTICULARS                                     | As at              | As at              |
|---|--------------------|--------------------|
|   | 31 December , 2022 | 31 December , 2021 |
| <b>15 Deferred tax liabilities (net)</b>        |                    |                    |
| Deferred tax arising from temporary differences |                    |                    |
| As at beginning of the year                     | 101.62             | 126.60             |
| Adjustment during the year                      | -33.07             | -24.97             |
| Adjustments due to Ind AS                       |                    |                    |
| <b>Total</b>                                    | <b>68.55</b>       | <b>101.62</b>      |
| <b>18 Other Current liabilities</b>             |                    |                    |
| Statutory Dues Payable                          | 85.38              | 10.25              |
| Advances from customers and others              | 216.02             | 11.51              |
| <b>TOTAL</b>                                    | <b>301.40</b>      | <b>21.75</b>       |
| <b>19 Current tax liabilities (Net)</b>         |                    |                    |
| Provision for current tax                       |                    |                    |
| As per last balance sheet                       | 567.55             | 389.20             |
| Add:- Provision for Current Year                | 1,685.74           | 835.94             |
| Less:-Amount adjusted during the year           | 33.84              | 20.47              |
| Less:-Set off against Taxes paid/Mat credit     | -1,543.11          | -678.05            |
| <b>Provision for current tax ( Net )</b>        | <b>744.02</b>      | <b>567.55</b>      |
| <b>TOTAL</b>                                    | <b>744.02</b>      | <b>567.55</b>      |



| PARTICULARS                       | Year Ended<br>31 December, 2022 | Year Ended<br>31 December, 2021 |
|-----------------------------------|---------------------------------|---------------------------------|
| <b>20 Revenue from operations</b> |                                 |                                 |
| Sale of Products                  | 22,735.70                       | 15,371.38                       |
| <b>Other operating revenue</b>    |                                 |                                 |
| Export Incentive                  | 37.99                           | 102.18                          |
| Scrap Sales                       | 40.01                           | 27.27                           |
|                                   | <u>78.00</u>                    | <u>129.45</u>                   |
| <b>TOTAL INCOME</b>               | <u>22,813.70</u>                | <u>15,500.83</u>                |

**A) Disclosure on revenue pursuant to Ind AS 115- Revenue from contract with customers:  
Reconciliation of revenue recognised with the contracted price:**

|  |                  |                  |
|--|------------------|------------------|
| Gross revenue/Contracted price                     | 22,739.17        | 15,377.23        |
| Adjustments:                                       |                  |                  |
| Sales return                                       | -3.47            | -5.85            |
| <b>Revenue as per Statement of Profit and Loss</b> | <u>22,735.70</u> | <u>15,371.38</u> |

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

|  |                  |                  |
|--|------------------|------------------|
| Revenue from customers outside India                   | 5,916.49         | 5,009.37         |
| Revenue from customers within India                    | 16,819.21        | 10,362.01        |
| <b>Revenue as per the Statement of Profit and Loss</b> | <u>22,735.70</u> | <u>15,371.38</u> |

**C) Contract balances:**

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

| Receivables                               | Year Ended<br>31 December, 2022 | Year Ended<br>31 December, 2021 |
|---|---------------------------------|---------------------------------|
| Trade receivables                         | 6,243.98                        | 2,460.16                        |
| Less: Allowances for expected credit loss | -                               | -                               |
|   | <u>6,243.98</u>                 | <u>2,460.16</u>                 |

**Contract liabilities**

|                        | Year Ended<br>31 December, 2022 | Year Ended<br>31 December, 2021 |
|------------------------|---------------------------------|---------------------------------|
| Advance from Customers | 213.66                          | 10.43                           |
|                        | <u>213.66</u>                   | <u>10.43</u>                    |

**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.





| PARTICULARS   | Year Ended        |                   |
|---|-------------------|-------------------|
|   | 31 December, 2022 | 31 December, 2021 |
| <b>21 Other income</b>  |                   |                   |
| Interest On Fixed Deposit Receipts  | 175.76            | 116.47            |
| Interest Received on Electricity Security   | 2.97              | 0.90              |
| Net Gain in Foreign Currency Transactions   | 390.22            | 333.33            |
| Profit on Sale of Fixed assets  | -1.48             | 468.16            |
| Unwinding of interest on security deposit   | 2.42              | 2.17              |
| <b>TOTAL</b>  | <b>569.89</b>     | <b>921.04</b>     |
| <b>22 Cost of material consumed</b>   |                   |                   |
| <b>Raw material and packing material consumed</b>   |                   |                   |
| Inventories at Beginning of the Year  | 1,159.22          | 741.42            |
| Add : Purchases during the year (Net)   | 12,510.39         | 9,225.19          |
|   | 13,669.62         | 9,966.61          |
| Less : Sale of Raw material   | 648.18            | 9.98              |
| Less : Inventories at the end of the year   | 1,489.09          | 1,159.22          |
| <b>TOTAL</b>  | <b>11,532.34</b>  | <b>8,797.41</b>   |
| <b>23 Changes in Inventories of finished goods, stock-in-trade and work-in-progress</b>     |                   |                   |
| <b>AS AT THE BEGINNING OF THE YEAR</b>  |                   |                   |
| 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>AS AT THE CLOSING OF THE YEAR</b>  |                   |                   |
| Finished Goods  | 0.75              | 7.30              |
| Finished Goods-in Transit   | 208.94            | 594.57            |
| Semi Finished Goods   | 33.50             | 22.20             |
|   | 243.18            | 624.07            |
| <b>NET</b>  | <b>380.88</b>     | <b>-416.91</b>    |
| <b>24 Employee benefit expenses</b>   |                   |                   |
| Salaries and wages *  | 685.08            | 563.98            |
| Employer's contribution to provident and other funds  | 14.81             | 12.87             |
| Staff welfare expenses  | 23.88             | 8.58              |
| <b>TOTAL</b>  | <b>723.77</b>     | <b>585.42</b>     |
| * Managerial Remuneration paid to Directors   | 171.00            | 129.00            |
| <b>Employee benefits</b>  |                   |                   |
| <b>Defined contribution plans</b>   |                   |                   |
| Contribution to defined contribution plans, recognised as expense for the year is as under: |                   |                   |
| Employer's contribution to provident and other funds  | 14.81             | 12.87             |



## 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 2022, 31 December 2021 :

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

| Particulars                          | 31 December , 2022 | 31 December , 2021 |
|--------------------------------------|--------------------|--------------------|
| Balance at the beginning of the year | 48.38              | 39.62              |
| Interest cost                        | 3.42               | 2.62               |
| Current service cost                 | 6.75               | 6.48               |
| Benefits settled                     | -6.49              | -                  |
| Actuarial loss/(gain)                | 3.40               | -0.34              |
| Balance at the end of the year       | 55.46              | 48.38              |

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

| Particulars   | 31 December , 2022 | 31 December , 2021 |
|---|--------------------|--------------------|
| Current service cost  | 6.75               | 6.48               |
| Interest cost   | 3.42               | 2.62               |
| Liability taken of transferred employees from holding company |                    |                    |
| Total   | 10.17              | 9.10               |

### Amount recognised in Other Comprehensive Income:

| Particulars   | 31 December , 2022 | 31 December , 2021 |
|---|--------------------|--------------------|
| Net cumulative unrecognized actuarial gain/(loss) opening | -                  | -                  |
| Actuarial gain / (loss) for the year on PBO               | -3.40              | 0.34               |
| Actuarial gain /(loss) for the year on Asset              | -                  | -                  |
| Unrecognized actuarial gain/(loss) for the year           | -3.40              | 0.34               |

### Amount recognised in the balance sheet

| Particulars   | 31 December , 2022 | 31 December , 2021 |
|---|--------------------|--------------------|
| Present value of defined benefit obligation                     | 55.46              | 48.38              |
| Fair value of plan assets                                       |                    |                    |
| Net assets/(liability) recognized in balance sheet as provision | -55.46             | -48.38             |
| Bifurcation of closing net liability at the end of year         |                    |                    |
| Current   | 6.08               | 4.96               |
| Non-Current   | 49.38              | 43.43              |

### iii. Actuarial assumptions

#### a) Economic assumptions

| Particulars                | 31 December , 2022 | 31 December , 2021 |
|----------------------------|--------------------|--------------------|
| i) Discounting rate        | 0.08               | 0.08               |
| ii) Future salary increase | 0.06               | 0.06               |

#### b) Demographic assumption

| Particulars               | 31 December , 2022    | 31 December , 2021    |
|---------------------------|-----------------------|-----------------------|
| 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 quantitative sensitivity analysis for significant assumption is as shown below:

- A) Impact of the change in discount rate  
Present Value obligation at the end of the period
- a) Impact due to increase of 0.5%
- b) Impact due to decrease of 0.5%

|    |       |       |
|----|-------|-------|
|    | 55.46 | 48.38 |
| a) | -2.99 | -2.79 |
| b) | 3.27  | 3.05  |



- B) **Impact of the change in salary increase**  
 Present Value obligation at the end of the period  
 a) Impact due to increase of 0.5%  
 b) Impact due to decrease of 0.5%

|       |       |
|-------|-------|
| 55.46 | 48.38 |
| 3.30  | 3.07  |
| -3.04 | -2.83 |

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.

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

| Year           | 31 December, 2022 | 31.03.2022 |
|----------------|-------------------|------------|
| 0 to 1 year    | 6.08              | 4.96       |
| 1 to 2 year    | 0.87              | 0.78       |
| 2 to 3 year    | 3.40              | 0.78       |
| 3 to 4 year    | 0.83              | 2.67       |
| 4 to 5 year    | 0.99              | 0.73       |
| 5 to 6 year    | 0.81              | 0.79       |
| 6 year onwards | 42.48             | 35.68      |

### 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

Balance at the beginning of the year

Add: Interest cost

Add: Current service cost

Less: Benefits paid

Add: Net actuarial gain/loss during the year

Balance at the end of the year

| 31 December, 2022 | 31 December, 2021 |
|-------------------|-------------------|
| 12.73             | 12.73             |
| 0.90              | 0.58              |
| 2.32              | 2.20              |
| -1.26             | -0.06             |
| 0.98              | 1.16              |
| 15.67             | 16.62             |

#### 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

Present value of defined benefit obligation

Fair value of plan assets

Net assets/(liability) recognized in balance sheet as provision

| 31 December, 2022 | 31 December, 2021 |
|-------------------|-------------------|
| 15.67             | 16.62             |
| -                 | -                 |
| -15.67            | -16.62            |

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

##### Particulars

Current service cost

Interest on defined benefit obligation

Net actuarial gain/loss in the year

Total

| 31 December, 2022 | 31 December, 2021 |
|-------------------|-------------------|
| 2.32              | 2.20              |
| 0.90              | 0.58              |
| 0.98              | 1.16              |
| 4.20              | 3.94              |

#### Actuarial assumptions

##### a) Economic assumptions

##### Particulars

i) Discounting rate

ii) Future salary increase\*

| 31 December, 2022 | 31 December, 2021 |
|-------------------|-------------------|
| 0.08              | 0.08              |
| 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**

i) Retirement age (years)

ii) Mortality table

iii) Ages

Up to 30 years

From 31 to 44 years

Above 44 years

|                     | 31 December , 2022    | 31 December , 2021    |
|---------------------|-----------------------|-----------------------|
|                     | 58.00                 | 58.00                 |
|                     | 100% of IALM(2012-14) | 100% of IALM(2012-14) |
| Withdrawal rate (%) | Withdrawal rate (%)   |                       |
| 3                   | 3                     |                       |
| 2                   | 2                     |                       |
| 1                   | 1                     |                       |

**Bifurcation of closing net liability**

Current

Non-current

|  | 31 December , 2022 | 31 December , 2021 |
|--|--------------------|--------------------|
|  | 1.91               | 1.64               |
|  | 13.76              | 11.09              |

A quantitative sensitivity analysis for significant assumption is as shown below:

**A) Impact of the change in discount rate**

Present Value obligation at the end of the period

a) Impact due to increase of 0.5%

b) Impact due to decrease of 0.5%

|  |       |       |
|--|-------|-------|
|  | 15.67 | 12.73 |
|  | -0.83 | -0.69 |
|  | 0.90  | 0.75  |

**B) Impact of the change in salary increase**

Present Value obligation at the end of the period

a) Impact due to increase of 0.5%

b) Impact due to decrease of 0.5%

|  |       |       |
|--|-------|-------|
|  | 15.67 | 12.73 |
|  | 0.91  | 0.76  |
|  | -0.84 | -0.70 |

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

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

| Year           |  |  | 31 December , 2022 | 31 December , 2021 |
|----------------|--|--|--------------------|--------------------|
| 0 to 1 year    |  |  | 1.91               | 1.64               |
| 1 to 2 year    |  |  | 0.27               | 0.21               |
| 2 to 3 year    |  |  | 1.59               | 0.21               |
| 3 to 4 year    |  |  | 0.22               | 1.28               |
| 4 to 5 year    |  |  | 0.27               | 0.17               |
| 5 to 6 year    |  |  | 0.21               | 0.19               |
| 6 year onwards |  |  | 11.19              | 9.03               |

**25 Finance costs**

**Interest on :**

- Term loans(Including buyers credit)

- Working capital Loans

- Lease Liability

- Others

|  |        |       |
|--|--------|-------|
|  | 133.74 | 34.51 |
|  | 0.07   | 0.23  |
|  | 15.61  | 22.51 |
|  | 3.31   | 2.08  |

**TOTAL**

|  |        |       |
|--|--------|-------|
|  | 152.73 | 59.33 |
|--|--------|-------|

**26 Depreciation and amortization expense**

Depreciation of property, plant and equipment (Refer Note 3(a))

Depreciation of right-of-use asset (Refer Note 3(b))

|  |        |        |
|--|--------|--------|
|  | 747.52 | 709.51 |
|  | 71.50  | 71.50  |
|  | 819.02 | 781.01 |





## 27 Other expenses

|  | For the Year ended<br>31 December , 2022 | For the Year ended<br>31 December , 2021 |
|--|--|--|
| <b>Manufacturing Expenses</b>            |  |  |
| Power and Fuel                           | 747.76                                   | 740.41                                   |
| Stores & Spares Consumed                 | 28.26                                    | 79.95                                    |
| <b>Repairs &amp; Maintenance</b>         |  |  |
| - Plant & Machinery                      | 71.82                                    | 52.40                                    |
| - Building                               | 25.71                                    | 57.67                                    |
| - Miscellaneous                          | 14.18                                    | 29.47                                    |
| <br>Bank Charges                         | <br>16.46                                | <br>6.70                                 |
| Rent, Rates & Taxes                      | 17.37                                    | 11.84                                    |
| Printing & Stationery                    | 2.45                                     | 1.83                                     |
| Communication Expenses                   | 3.79                                     | 2.71                                     |
| Conveyance & Travelling                  | 24.28                                    | 33.92                                    |
| Insurance                                | 50.30                                    | 17.02                                    |
| Legal & Professional Charges             | 64.81                                    | 48.48                                    |
| General Office & Misc. Expenses          | 34.59                                    | 34.02                                    |
| Irrecoverable balance written off        | 69.89                                    | -  |
| Computer Expenses                        | 0.95                                     | 1.08                                     |
| Vehicle Running & Maintenance            | 26.65                                    | 19.58                                    |
| <u>Auditors' Remuneration</u>            |  |  |
| - As Audit Fees                          | 2.75                                     | 2.11                                     |
| - For Tax Audit and Income Tax Matters   | 0.33                                     | -  |
| - For Other Services                     | 1.49                                     | -  |
| Freight Outward & Octroi Charges         | 389.18                                   | 459.30                                   |
| Corporate Social Responsibility Expenses | 75.33                                    | 39.86                                    |
| <br><b>TOTAL</b>                         | <br><b>1,668.35</b>                      | <br><b>1,638.36</b>                      |



## 28 Income Taxes

The major components of income tax expense for the year ended 31 December 2022 and 31 December 2021 are:

### A. Statement of profit and loss:

#### (i) Profit & loss section

|  | 31 Dec 2022     | 31 Dec 2021   |
|--|-----------------|---------------|
| Current income tax charge  | 1,685.74        | 835.94        |
| MAT credit entitlement   | 0.00            | 0.00          |
| Adjustments in respect of current income tax of previous year            | 75.26           | 20.47         |
| <b>Deferred tax:</b>   |                 |               |
| Relating to origination and reversal of temporary differences            | (32.22)         | (25.30)       |
| <b>Income tax expense reported in the statement of Profit &amp; loss</b> | <b>1,728.78</b> | <b>831.11</b> |

#### (ii) OCI Section

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

|  |               |             |
|--|---------------|-------------|
| Net loss/(gain) on remeasurements of defined benefit plans | (0.86)        | 0.08        |
| <b>Income tax charged to OCI</b>                           | <b>(0.86)</b> | <b>0.08</b> |

### B. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for FY ended 31 December 2022 and 31 December 2021:

|   | 31 Dec 2022     | 31 Dec 2021     |
|---|-----------------|-----------------|
| Accounting profit before tax from continuing operations                               | 6,517.29        | 3,600.99        |
| Profit/(loss) before tax from a discontinued operation                                | 0.00            | 0.00            |
| <b>Accounting profit before income tax</b>  | <b>6,517.29</b> | <b>3,600.99</b> |
| At India's statutory income tax rate of 25.17% (31 December 2021: 25.17%)             | 1,640.27        | 906.30          |
| Adjustments in respect of current income tax of previous years                        |                 |                 |
| Expenses not allowed as deduction   | 17.59           | 0.00            |
| Profit on Sale of Agricultural Land   | 0.00            | (70.42)         |
| Adjustments in respect of current income tax of previous year                         | 75.26           | 20.47           |
| 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 | (4.70)          | (25.23)         |
| <b>At the effective income tax rate of 26.52 % (31 December 2021: 23.08%)</b>         | <b>1,728.43</b> | <b>831.12</b>   |
| Income tax expense reported in the statement of profit and loss                       | 1,728.78        | 831.11          |
| Income tax attributable to a discontinued operation                                   | 0.00            | 0.00            |
|   | <b>1,728.78</b> | <b>831.11</b>   |

### C. Deferred tax

#### Deferred tax relates to the following:

|  | Balance sheet |                | Statement of profit and loss |                |
|--|---------------|----------------|------------------------------|----------------|
|  | 31 Dec 2022   | 31 Dec 2021    | 31 Dec 2022                  | 31 Dec 2021    |
| Deferred tax arising from temporary differences          | -68.55        | -101.62        | (32.22)                      | (25.30)        |
| Tax (income)/expense during the period recognised in OCI |               |                | (0.86)                       | 0.08           |
| <b>Deferred tax expense/(income)</b>                     |               |                | <b>(33.07)</b>               | <b>(25.22)</b> |
| <b>Net deferred tax assets/(liabilities)</b>             | <b>-68.55</b> | <b>-101.62</b> | <b>0.00</b>                  | <b>0.00</b>    |

Reflected in the balance sheet as follows:

|  | 31 Dec 2022    | 31 Dec 2021     |
|--|----------------|-----------------|
| Deferred tax assets (continuing operations)      | 0.00           | 0.00            |
| Deferred tax liabilities (continuing operations) | (68.55)        | (101.62)        |
| <b>Deferred tax liabilities, net</b>             | <b>(68.55)</b> | <b>(101.62)</b> |

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

|  | 31 Dec 2022  | 31 Dec 2021   |
|--|--------------|---------------|
| Opening balance as of 1 January 2021                               | 101.62       | 126.60        |
| Tax (income)/expense during the period recognised in Profit & loss | (32.22)      | (25.06)       |
| Tax (income)/expense during the period recognised in OCI           | (0.86)       | 0.08          |
| Discontinued operation   | 0.00         | 0.00          |
| <b>Closing balance as at 31 December 2022</b>                      | <b>68.55</b> | <b>101.62</b> |



## 29 Fair values measurements

(i) Financial instruments by category (Amount in Rupees Lacs, unless otherwise stated)

| Particulars                          | 31 December 2022 |                  | 31 December 2021 |                 |
|--------------------------------------|------------------|------------------|------------------|-----------------|
|                                      | FVTOCI           | Amortised cost   | FVTOCI           | Amortised cost  |
| <b>Financial assets</b>              |                  |                  |                  |                 |
| Other financial assets (non current) | -                | 102.64           | -                | 90.85           |
| Trade receivables                    | -                | 6,243.98         | -                | 2,460.16        |
| Cash and cash equivalents            | -                | 4,341.38         | -                | 1,813.32        |
| Other bank balance                   | -                | 1,416.33         | -                | 2,814.52        |
| Other financial assets (current)     | -                | 118.34           | -                | 56.36           |
| <b>Total financial assets</b>        | -                | <b>12,222.68</b> | -                | <b>7,235.20</b> |
| <b>Financial liabilities</b>         |                  |                  |                  |                 |
| Borrowings (non current)             | -                | 2,368.93         | -                | 4,117.37        |
| Borrowings (current)                 | -                | 2,894.86         | -                | -               |
| Lease Liabilities(non current)       | -                | 32.21            | -                | 114.89          |
| Lease Liabilities(current)           | -                | 82.82            | -                | 75.23           |
| Trade payables                       | -                | 1,051.46         | -                | 1,078.00        |
| Other financial liabilities          | -                | 58.92            | -                | 4.56            |
| <b>Total financial liabilities</b>   | -                | <b>6,489.19</b>  | -                | <b>5,390.05</b> |

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 2022**

|   | Retained Earnings | Total        |
|---|-------------------|--------------|
| Remeasurement gains (losses) on defined benefit plans | -3.40             | -3.40        |
| Income tax effect                                     | -0.86             | -0.86        |
|   | <b>-2.54</b>      | <b>-2.54</b> |

**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> |





### 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 2022 and 31 December 2021.

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 2022 and 31 December 2021.

##### 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/<br>decrease in<br>basis points | Effect on profit<br>before tax<br>(` Rs in Lacs) |
|-----------|--|--|
| 31-Dec-22 |  |  |
| INR       | + 0.5%                                   | -26.32   |
| INR       | - 0.5%                                   | 26.32  |
| 31-Dec-21 |  |  |
| INR       | + 0.5%                                   | (20.59)  |
| INR       | - 0.5%                                   | 20.59  |

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<br>Foreign<br>currency rate | Effect on profit<br>before tax<br>(` Rs in Lacs) |
|-----------|---------------------------------------|--|
| 31-Dec-22 | 5%                                    | 261.10   |
|           | -5%                                   | -261.10  |
| 31-Dec-21 | 5%                                    | 205.87   |
|           | -5%                                   | -205.87  |

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-22</b>            |                  |                 |           |                 |
| Borrowings                  | 2,894.86         | 2,368.93        | -         | 5,263.80        |
| Lease liabilities           | 90.33            | 33.43           | -         | 123.76          |
| Trade payables              | 1,051.46         | -               | -         | 1,051.46        |
| Other financial liabilities | 58.92            | -               | -         | 58.92           |
|                             | <b>4,095.57</b>  | <b>2,402.36</b> | <b>-</b>  | <b>6,497.93</b> |
| <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> |

## 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

|                               | 31 December 2022 | 31 December 2021 |
|-------------------------------|------------------|------------------|
| Total Liabilities             | 7,674.30         | 6,142.09         |
| Less: Cash & Cash Equivalents | 4,341.38         | 1,813.32         |
| Net debts                     | 3,332.91         | 4,328.77         |
| Total equity                  | 13664.70         | 8878.73          |
| Gearing ratio (%)             | 24.4%            | 48.8%            |

**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

| Particulars                    | Currency | 31 December 2022<br>Foreign Currency<br>(In Lacs) | 31 December 2022<br>(Rs in Lacs) | 31 December 2021<br>Foreign Currency<br>(In Lacs) | 31 December 2021<br>(Rs in Lacs) |
|--------------------------------|----------|---|----------------------------------|---|----------------------------------|
| <b>Liabilities</b>             |          |   |                                  |   |                                  |
| Indusind BANK (CAPEX)          | EURO     | 59.24   | 5,222.07                         | 48.45   | 4,117.37                         |
| Interest Payable               | EURO     | 0.62  | 55.02                            | 0.05  | 4.56                             |
| Trade Payable                  | USD      | 6.85  | 566.95                           | 8.27  | 614.14                           |
| Trade Payable                  | EURO     | -   | -                                | 1.20  | 101.89                           |
| Advance from Customers         | USD      | 2.55  | 210.94                           | -   | -                                |
| <b>Assets</b>                  |          |   |                                  |   |                                  |
| Trade Receivable               | USD      | 38.87   | 3,217.93                         | 17.03   | 1,265.53                         |
| HDFC Bank (EEFC A/c)           | USD      | -   | -                                | 6.23  | 462.90                           |
| -Cheques/Remittance in transit | USD      | 12.89   | 1,066.90                         | -   | -                                |





**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\***

|  |                                       |
|--|---------------------------------------|
| M/s Varun Beverages Ltd                          | Holding                               |
| M/s Varun Beverages (Nepal) Private Limited      | Fellow Subsidiary                     |
| M/s Varun Beverages Lanka (Private) Limited      | Fellow Subsidiary                     |
| M/s Varun Beverages Morocco SA                   | Fellow Subsidiary                     |
| M/s Varun Beverages (Zambia) Limited;            | Fellow Subsidiary                     |
| M/s Varun Beverages (Zimbabwe) (Private) Limited | Fellow Subsidiary                     |
| M/s Varun Beverages DMC , Dubai                  | Fellow Subsidiary                     |
| M/s Ole Spring Bottler Pvt. Ltd.                 | Fellow Subsidiary                     |
| M/s Devyani Food Industries Kenya Limited        | Subsidiary of ultimate parent company |

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

|  |  |
|--|--|
| Shri NSMM Charitable And Welfare Trust | Directors and their relatives having common control. |
|--|--|

**iii)****Key Managerial Personnel\***

|                    |   |
|--------------------|---|
| Ø Mr. Vivek Gupta  | Whole time director                       |
| Ø Mr. Praveen Jain | Chief Financial Officer (upto 12/08/2022) |

\* 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 Dec 2022  | 31 Dec 2021  |
| <b>Purchase Of Rm/Pm</b>                                  |                          |  |  |
| M/S Varun Beverages Ltd                                   | Holding                  | 1,273.79   | 1,258.74   |
| <b>Reimbursement Of Taxes &amp; Expenses Paid To</b>      |                          |  |  |
| M/S Varun Beverages Ltd                                   | Holding                  | 0.36   | 0.69   |
| <b>Remuneration paid to KMP</b>                           |                          |  |  |
| Mr. Vivek Gupta   | Key Managerial Personnel | 171.00   | 129.00   |
| Mr. Praveen Jain  | Key Managerial Personnel | 9.12   | 16.20  |
| <b>Sale of Finished goods (Net of GST &amp; Discount)</b> |                          |  |  |
| M/S Varun Beverages Ltd                                   | Holding                  | 16,510.63  | 10,913.78  |
| M/s Varun Beverages (Zimbabwe) (Private) Ltd              | Fellow Subsidiary        | 5,391.66   | 1,524.62   |
| M/s Varun Beverages Morocco SA                            | Fellow Subsidiary        | 852.45   | 242.51   |
| M/s Varun Beverages (Zambia) Ltd                          | Fellow Subsidiary        | 686.69   | 416.63   |
| M/s Varun Beverages (Lanka) Pvt Ltd                       | Fellow Subsidiary        | 539.27   | 285.34   |
| M/s Varun Beverages Nepal Pvt. Ltd., Nawalprasi Nepal     | Fellow Subsidiary        | 26.20  | 5.47   |
| M/s Ole Springs Bottlers (Pvt.) Ltd.                      | Fellow Subsidiary        | -  | 23.11  |
| M/s Varun Beverages DMC , Dubai                           | Fellow Subsidiary        | 290.25   | -  |
| M/s Devyani Food Industries Kenya Limited                 | Fellow Subsidiary        | 37.76  | -  |

**C)****Balances outstanding as at the year end**

| Description  |                          | 31 Dec 2022 (Negative indicates credit balance) | 31 Dec 2021 (Negative indicates credit balance) |
|--|--------------------------|---|---|
| Mr. Vivek Gupta  | Key Managerial Personnel | 9.88  | 7.96  |
| M/S Varun Beverages Ltd  | Holding                  | 3,026.06  | 1,190.82  |
| M/s Varun Beverages (Zimbabwe) (Private) Ltd   | Fellow Subsidiary        | 1,928.23  | 423.94  |
| M/s Varun Beverages Morocco SA   | Fellow Subsidiary        | 254.93  | -   |
| M/s Varun Beverages (Zambia) Ltd   | Fellow Subsidiary        | 481.68  | 234.88  |
| M/s Varun Beverages (Lanka) Pvt Ltd  | Fellow Subsidiary        | 208.11  | 151.92  |
| Varun Beverages Nepal Pvt. Ltd., Nawalprasi Nepal  | Fellow Subsidiary        | 5.15  | -   |
| M/s Varun Beverages DMC , Dubai  | Fellow Subsidiary        | 78.42   | -   |
| M/s Ole Springs Bottlers (Pvt.) Ltd.   | Fellow Subsidiary        | -   | 26.03   |
| M/s Devyani Food Industries Kenya Limited  | Fellow Subsidiary        | -   | -   |
| <b>D</b>   |                          |   |   |
| Provision for doubtful debts/expenses recognised during the period in respect of bad or doubtful debts due from related parties. |                          | NIL   | NIL   |





## 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.

|  | 31/12/2022<br>Buildings | 31/12/2021<br>Buildings |
|--|-------------------------|-------------------------|
| Opening balance (refer note 3B)        | 163.53                  | 235.03                  |
| Additions                              | -                       | -                       |
| Depreciation                           | (71.50)                 | -71.50                  |
| Impairment                             | -                       | -                       |
| Closing balance as at 31 December 2022 | 92.03                   | 163.53                  |

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

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

|  | Note | For the year ended<br>31 Dec 2022 | For the year ended<br>31 December 2021 |
|--|------|-----------------------------------|--|
| Depreciation   | 26   | 71.50                             | 71.50                                  |
| Interest on lease liabilities  | 25   | 15.61                             | 22.51                                  |
| Expense relating to short term lease/variable lease payments not included in the m | 27   | 2.00                              | 1.44                                   |
| Net impact on statement of profit and loss   |      | 89.11                             | 95.45                                  |

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

|                          | For the year ended<br>31 Dec 2022 | For the year ended<br>31 December 2021 |
|--------------------------|-----------------------------------|--|
| Payment for finance cost | 15.61                             | 22.51                                  |
| Principal repayments     | 75.09                             | 63.87                                  |
| Total cash outflows      | 90.70                             | 86.38                                  |

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.

#### vi. Maturity of lease liabilities

Future minimum lease payments were as follows:

|  | Lease payment | Interest expense | Net Present Value |
|--|---------------|------------------|-------------------|
| Not later than 1 year                    | 90.33         | 7.52             | 82.82             |
| Later than 1 year not later than 5 years | 33.43         | 1.22             | 32.21             |
| Later than 5 years                       | -             | -                | -                 |
| <b>Total</b>                             | <b>123.76</b> | <b>8.73</b>      | <b>115.03</b>     |



### 36 Financial Ratios

| Ratio                           | Numerator   | Denominator   | 31-Dec-22 | 31-Dec-21 | % change | Reason for variance                          |
|---------------------------------|---|---|-----------|-----------|----------|--|
| Current ratio                   | Current Assets  | Current Liabilities   | 2.79      | 5.25      | -46.84   | Repayment due for Loan during the next year. |
| Debt- Equity Ratio              | Total Debt  | Shareholder's Equity  | 0.39      | 0.46      | -16.93   |  |
| Debt Service Coverage ratio     | Earnings for debt service = Net profit after taxes + Non-cash operating expenses+Interest | Debt service = Interest & Lease Payments + Principal Repayments             | 25.27     | 29.31     | -13.76   |  |
| Return on Equity ratio          | Net Profits after taxes – Preference Dividend   | Average Shareholder's Equity  | 0.42      | 0.37      | 14.93    |  |
| Inventory Turnover ratio        | Cost of goods sold  | Average Inventory   | 7.70      | 7.22      | 6.72     |  |
| Trade Receivable Turnover Ratio | Net credit sales = Gross credit sales - sales return                                      | Average Trade Receivable  | 5.24      | 7.14      | -26.57   | Slow recovery from trade receivable.         |
| Trade Payable Turnover Ratio    | Net credit purchases = Gross credit purchases - purchase return                           | Average Trade Payables  | 13.24     | 10.04     | 31.86    | Increase in credit purchase.                 |
| Net Capital Turnover Ratio      | Net sales = Total sales - sales return  | Working capital = Current assets – Current liabilities                      | 2.48      | 2.08      | 19.12    |  |
| Net Profit ratio                | Net Profit  | Net sales = Total sales - sales return                                      | 0.21      | 0.18      | 17.46    |  |
| Return on Capital Employed      | Earnings before interest and taxes  | Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability | 0.35      | 0.28      | 25.64    | Increase in profit.                          |
| Return on Investment            | Earnings before interest and taxes  | Average total assets  | 0.37      | 0.29      | 25.12    |  |

\* Average= (Opening+Closing)/2



# **OTHER NOTES ON ACCOUNTS**

## **37 Contingent liabilities and commitments**

| Particulars  | 31 December 2022<br>(₹) | 31 December 2021<br>(₹) |
|--|-------------------------|-------------------------|
| <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) | 3,399.62                | 917.04                  |
| Letters of Credit opened in favour of inland/overseas suppliers  | 478.47                  | -                       |
|  | <b>3,878.09</b>         | <b>917.04</b>           |

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:

|  | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| Amount required to be spent for the year on CSR activities as per section 135(5) of companies Act 2013 | 45.35            | 26.48            |
| Carry forward from previous year   | 29.98            | 43.36            |
| Gross amount required to be spent  | 75.33            | 69.84            |
| Amount spent during the year   | 62.42            | 39.86            |
| Unspent amount   | 12.91            | 29.98            |

41 Value of imported/indigenous raw material and packing material consumed and the percentage of each to total consumption:-

| Particulars                                | %     | 31-12-22  | %     | 31-12-21 |
|--|-------|-----------|-------|----------|
| <b>RAW MATERIAL &amp; PACKING MATERIAL</b> |       |           |       |          |
| - Imported                                 | 88.68 | 10,227.29 | 74.13 | 6,521.19 |
| - Indigenous                               | 11.32 | 1,305.06  | 25.87 | 2,276.23 |
|  |       | 11,532.34 |       | 8,797.41 |

## **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. Additional regulatory information required by Schedule III

- (i) Details of benami property held No proceedings have been initiated on or are pending against the entity for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- (ii) Borrowing secured against current assets Entity has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the entity with banks and financial institutions are in agreement with the books of accounts.
- (iii) Willful defaulter Entity hasn't been declared willful defaulter by any bank or financial institution or government or any government authority.
- (iv) Relationship with struck off companies Entity has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.
- (v) Compliance with number of layers of companies Entity has complied with the number of layers prescribed under the Companies Act, 2013.
- (vi) Compliance with approved scheme(s) of arrangements Entity has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (vii) Utilisation of borrowed funds and share premium Entity has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (intermediaries) with the understanding that the intermediary shall, a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries Entity has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whichever is recorded in writing or otherwise) that the group shall, a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- (viii) Undisclosed income There is no income unrecorded or disclosed as income during the current or previous year in the tax documents under the Income Tax Act, 1961, that has not been recorded in the books of account.
- (ix) Details of crypto currency or virtual currency Entity has not traded or invested in crypto currency or virtual currency, during the current or previous year.
- (x) Valuation of PPE, intangible asset and investment property Entity has not revalued its property, plant and equipment (including right-of-use assets) or

44. Earnings per share (EPS)

|  | Year ended<br>31 December 2022 | Year ended<br>31 December 2021 |
|--|--------------------------------|--------------------------------|
| Profit/loss for the year   | 6,617.29                       | 3,600.99                       |
| Less: Provision for Income Tax   | 1,695.74                       | 535.94                         |
| Less: Income Tax Adjustment  | 75.26                          | 20.47                          |
| Less: Dividend Tax   | -32.22                         | -25.30                         |
| Profit/loss attributable to the Equity Shareholders - (A)                                      | 4,768.61                       | 2,759.67                       |
| Basic Weighted average number of Equity Shares outstanding during the year (B) (Refer Note-43) | 995,020                        | 995,020                        |
| Nominal value of Equity Shares (₹)   | 10                             | 10                             |
| Basic/Weighted Earnings per share (₹) - (A/B)  | 4.81.25                        | 2.78.37                        |

In terms of our report of even date submitted  
For APAS & CO LLP  
Chartered Accountants  
Firm Registration No: 00340CIC000800

Rajesh Ranjan  
Partner  
M No. 975015  
Place: New Delhi  
Dated: 16 January 2023

Ravindra Kumar Bhatia  
Director  
(DIN: 02151521)

Ravindra Kumar Bhatia  
Director  
(DIN: 05166046)

UDIN: 23535395B4TWUW805

