

# Board's Report

Dear Members,

Your Directors have pleasure in presenting the 29<sup>th</sup> (Twenty Ninth) Annual Report on the business and operations of your Company along with the Audited Financial Statements for the Financial Year ended December 31, 2023.

## Financial Performance

The financial performance of your Company for the Financial Year ended December 31, 2023 is summarized below:

(₹ in Million)

| Particulars                                 | Standalone                             |  | Consolidated                           |  |
|---|--|--|--|--|
|   | Financial Year ended December 31, 2023 | Financial Year ended December 31, 2022 | Financial Year ended December 31, 2023 | Financial Year ended December 31, 2022 |
| Total Revenue                               | 127,789.68                             | 107,395.82                             | 164,004.22                             | 134,294.07                             |
| Total Expenses                              | 104,108.05                             | 90,550.80                              | 136,605.83                             | 114,057.64                             |
| Profit before tax after exceptional items   | 23,681.63                              | 16,845.02                              | 27,393.60                              | 20,236.37                              |
| Less: Tax Expenses                          | 5,930.37                               | 4,143.03                               | 6,375.47                               | 4,735.23                               |
| Profit after tax                            | 17,751.26                              | 12,701.99                              | 20,559.22*                             | 14,974.33*                             |
| Balance brought forward from last year      | 25,101.68                              | 13,942.96                              | 27,398.84                              | 13,967.42                              |
| Balance carried over to Balance Sheet       | 40,558.69                              | 25,101.68                              | 45,663.50                              | 27,398.84                              |
| General Reserve                             | 444.26                                 | 444.26                                 | 444.26                                 | 444.26                                 |
| Other Reserves                              | 23,259.02                              | 23,132.57                              | 16,761.15                              | 16,685.20                              |
| Reserves & Surplus carried to Balance Sheet | 64,261.97                              | 48,678.51                              | 62,868.91                              | 44,528.30                              |

\*After adjustment on account of non-controlling interest.

## Consolidated Financial Statements

The Consolidated Financial Statements of your Company for the Financial Year 2023 are prepared in compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), Indian Accounting Standards ('Ind AS') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ['SEBI (LODR) Regulations'] which shall also be provided to the Members in their forthcoming Annual General Meeting ('AGM').

## State of the Company's Affairs

Your Company has presence in 27 States and 7 Union Territories in India and 5 other countries across the world (viz. Nepal, Sri Lanka, Morocco, Zambia & Zimbabwe). As of December 31, 2023, the Company has 40 state-of-the-art manufacturing facilities (34 in India and 6 in International Geographies) with more than 2,500 owned vehicles, more than 2,400 primary distributors and more than 120 depots. The Company continues to create long-term value through different facets of its

business and improve its presence, product mix and utilisation levels. With an increasing penetration on the back of a robust distribution network and diversifying product portfolio, the Company has created a sustainable operating efficiency at its manufacturing facilities.

During the year under review, the Board of Directors in their meeting held on December 19, 2023 approved to acquire 100% stake in the business conducted by The Beverage Company (Proprietary) Limited, South Africa along-with its wholly-owned subsidiaries ("Bevco") with an option to accept minority co-investment from large equity fund subject to regulatory and other approvals (if any) including but not limited to PepsiCo Inc. and Competition Commission South Africa. Bevco is engaged in the business of manufacturing and distribution of licensed (PepsiCo Inc.)/own-branded non-alcoholic beverages in South Africa. Bevco has franchise rights from PepsiCo Inc. in South Africa, Lesotho and Eswatini. Additionally, it possesses distribution rights for Namibia and Botswana.

## Deposits

Your Company has not accepted any deposits during the year under review falling within the ambit of Section 73 of the Act and the Companies (Acceptance of Deposits) Rules, 2014.

## Transfer to General Reserve

Your Company has not transferred any amount to General Reserve for the Financial Year 2023.

## Change in the Nature of Business, if any

During the year under review, there was no change in the nature of business of the Company.

## Dividend Distribution Policy

The Board of Directors of the Company in their meeting held on August 9, 2017 approved and adopted a Policy on Distribution of Dividend to comply with Regulation 43A of SEBI (LODR) Regulations and the same is uploaded on website of the Company at <https://varunbeverages.com/wp-content/uploads/2023/03/10-Dividend-Distribution-Policy.pdf>

## Dividend

During the year under review, the Board of Directors in their meeting held on August 3, 2023 declared an interim dividend of ₹ 1.25 per Equity Share (face value of ₹ 5/- per Equity Share) to the eligible equity shareholders of the Company. Further, the Board of Directors have also recommended a final dividend of ₹ 1.25 per Equity Share (face value of ₹ 5/- per Equity Share) for the Financial Year 2023. Total cash outflow for dividend payout would be ₹ 3,248.07 million for the Financial Year 2023.

Your Company has transferred the unpaid/unclaimed dividend (interim and final) to the Unclaimed Dividend Accounts of the respective financial years and the details of the same are uploaded on website of the Company at <https://varunbeverages.com/corporate-governance/>

## Acquisition Guidelines

Your Company applies stringent strategic and financial criteria to any potential acquisition or partnership and to enhance transparency, the Board of Directors of the Company have approved and adopted Acquisition Guidelines for Company's M&A activities for viable acquisitions and the same is uploaded on website of the Company at <https://varunbeverages.com/wp-content/uploads/2023/03/9-VBL-Guidelines-for-Acquisition-in-India.pdf>

## Sub-Division/Split of Equity Shares

During the year under review, pursuant to the approval of Members through Postal Ballot on June 2, 2023,

the Issued, Subscribed and Paid-up Equity Share Capital existing on the Record Date (i.e. June 15, 2023) was sub-divided/split from 1(One) Equity Share having face value of ₹ 10/- each fully paid-up, into 2(Two) Equity Shares having face value of ₹ 5/- each fully paid-up.

## Share Capital

Pursuant to the approval of Members through Postal Ballot on June 2, 2023 for sub-division/split of Equity Shares of the Company from 1(One) Equity Share having face value of ₹ 10/- each fully paid-up, into 2(Two) Equity Shares having face value of ₹ 5/- each fully paid-up, the Authorized Share Capital of the Company stood sub-divided/split from ₹ 10,000,000,000/- (Rupees Ten Billion only) divided into 1,000,000,000 (One Billion) Equity Shares of face value of ₹ 10/- (Rupees Ten only) each to ₹ 10,000,000,000/- (Rupees Ten Billion only) divided into 2,000,000,000 (Two Billion) Equity Shares of face value of ₹ 5/- (Rupees Five only) each.

During the year under review, the Issued, Subscribed and Paid-up Equity Share Capital of your Company was increased/changed from ₹ 6,495,496,200/- (Rupees Six Billion Four Hundred Ninety Five Million Four Hundred Ninety Six Thousand and Two Hundred only) divided into 649,549,620 (Six Hundred Forty Nine Million Five Hundred Forty Nine Thousand and Six Hundred Twenty) Equity Shares of face value of ₹ 10/- (Rupees Ten only) each to ₹ 6,496,074,880 (Rupees Six Billion Four Hundred Ninety Six Million Seventy Four Thousand and Eight Hundred Eighty only) divided into 1,299,214,976 (One Billion Two Hundred Ninety Nine Million Two Hundred Fourteen Thousand and Nine Hundred Seventy Six) Equity Shares of face value of ₹ 5/- (Rupees Five only) each due to sub-division/split of Equity Shares of the Company from 1(One) Equity Share having face value of ₹ 10/- each fully paid-up, into 2 (Two) Equity Shares having face value of ₹ 5/- each fully paid-up, and allotment of 115,736 (One Hundred Fifteen Thousand and Seven Hundred Thirty Six) Equity Shares of the Company in aggregate upon exercise of stock options vested under Employees Stock Option Scheme 2016.

## Employees Stock Option Scheme

Your Company has Employees Stock Option Scheme 2016 ('ESOP Scheme 2016') i.e. in compliance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time ('SEBI ESOP Regulations').

Certificate from Secretarial Auditors of the Company that ESOP Scheme 2016 has been implemented in accordance with the SEBI ESOP Regulations and the resolution(s) passed by the Members of the Company will be uploaded on website viz. <https://varunbeverages.com/agm/> for inspection by Members of the Company.

The statutory disclosures as mandated under the Act and SEBI ESOP Regulations are available on website of the Company at <https://varunbeverages.com/agm/>

### Credit Rating

During the year under review, your Company's credit ratings by CRISIL is as below:

|                   |                                 |
|-------------------|---------------------------------|
| Long Term Rating  | CRISIL AA+/Stable (Re-affirmed) |
| Short Term Rating | CRISIL A1+ (Re-affirmed)        |

### Related Party Transactions

To comply with the provisions of Sections 177 and 188 of the Act and Rules made thereunder read with Regulation 23 of SEBI (LODR) Regulations, your Company took necessary prior approval of the Audit, Risk Management and Ethics Committee before entering into related party transactions. All contracts/arrangements/transactions entered into by the Company during the Financial Year 2023 with related parties, as defined under the Act and SEBI (LODR) Regulations, were in the ordinary course of business and on arm's length basis.

During the year under review, your Company and/or its subsidiaries have not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the Policy of the Company on Related Party Transactions.

None of the transactions with any of the related parties were in conflict with the interest of the Company rather, these were synchronized and synergized with the Company's operations. Attention of Members is drawn to the disclosure of transactions with the related parties set out in Note No. 42 of the Standalone Financial Statements forming part of the Annual Report.

Your Company has framed a Policy on Related Party Transactions in accordance with the Act and SEBI (LODR) Regulations. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and its related parties. The policy is uploaded on website of the Company at <https://varunbeverages.com/wp-content/uploads/2023/03/16-Policy-on-Related-Party-Transactions.pdf>

Since all transactions which were entered into during the Financial Year 2023 were on arm's length basis and in the ordinary course of business and there was no material related party transaction entered by the Company during the Financial Year 2023 as per Policy on Related Party Transactions, hence no detail is required to be provided in Form AOC-2 prescribed under Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

### Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees or Investments covered under the provisions of Section 186 of the Act are given in the Notes to the Standalone Financial Statements.

### Subsidiaries, Associates and Joint Ventures

Your Company has following subsidiaries, associates and joint venture:

#### Subsidiaries

- Varun Beverages (Nepal) Private Limited;
- Varun Beverages Lanka (Private) Limited;
  - Ole Springs Bottlers (Private) Limited (step-down subsidiary);
- Varun Beverages Morocco SA;
- Varun Beverages (Zambia) Limited;
- Varun Beverages (Zimbabwe) (Private) Limited;
- Varun Beverages RDC SAS;
- Varun Beverages International DMCC;
- Varun Beverages South Africa (Pty) Ltd. (w.e.f. 23.05.2023);
- VBL Mozambique, SA (w.e.f. 21.11.2023); and
- Lunarmech Technologies Private Limited

#### Associates

- Clean Max Tav Private Limited; and
- Huoban Energy 7 Private Limited (w.e.f. 09.05.2023)

#### Joint Venture

- IDVB Recycling Operations Private Limited

To comply with the provisions of Section 129 of the Act, a separate statement containing salient features of Financial Statements of Subsidiaries, Associates and Joint Venture of your Company (including their performance and financial position) in prescribed Form AOC-1 forms part of Consolidated Financial Statements and therefore not repeated here to avoid duplication. Further, contribution of Subsidiaries, Associates and Joint Venture to the overall performance of your Company is outlined in Note No. 57 of the Consolidated Financial Statements.

Financial Statements of the aforesaid Subsidiaries, Associates and Joint Venture companies are kept open for inspection by the Members at the Registered Office of your Company on all days except Saturday, Sunday and Public Holiday up to the date of AGM i.e. April 3, 2024 between 11:00 a.m. to 5:00 p.m. as required under Section

136 of the Act. Any Member desirous of obtaining a copy of the said Financial Statements may write to the Company at its Registered Office or Corporate Office. The Financial Statements including the Consolidated Financial Statements and all other documents required to be attached with this Report have been uploaded on website of the Company at <https://varunbeverages.com/annual-reports/>

To comply with the provisions of Regulation 16(c) of SEBI (LODR) Regulations, the Board of Directors of the Company have approved and adopted a Policy for determination of Material Subsidiary and Governance of Subsidiaries and as on December 31, 2023, none of the subsidiary was a material subsidiary of the Company in terms of the said Policy. Policy for determination of Material Subsidiary and Governance of Subsidiaries is uploaded on website of the Company at <https://varunbeverages.com/wp-content/uploads/2023/03/17-3.-Policy-on-Material-Subsidiary-VBL.pdf>

## Directors and Key Managerial Personnel

### Directors

To comply with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Raj Gandhi (DIN: 00003649), Whole-time Director is liable to retire by rotation at the ensuing AGM and being eligible, seeks re-appointment. The Board of Directors, on the recommendation of Nomination and Remuneration Committee ('NRC'), recommended his re-appointment for consideration by the Members at the ensuing AGM.

As recommended by NRC, the Board of Directors in their meeting held on February 5, 2024 approved the re-appointment of Mr. Varun Jaipuria (DIN: 02465412) and Mr. Raj Gandhi (DIN: 00003649) w.e.f. November 1, 2024 and Mr. Rajinder Jeet Singh Bagga (DIN: 08440479) w.e.f. May 2, 2024 as Whole-time Directors for a further period of upto 5 (Five) years, liable to retire by rotation, subject to the approval of Members at the ensuing AGM of the Company. The NRC and Board of Directors are of the view that their skills, background and experience are aligned to the role and capabilities identified by NRC and that they are eligible for re-appointment as Whole-time Directors of the Company. Further, the above-mentioned Directors have affirmed that they are not debarred from holding the office of Director by virtue of any order of SEBI or any other such Authority.

Further, the appointment of Mr. Abhiram Seth (DIN: 00176144) and Mr. Anil Kumar Sondhi (DIN: 00696535) as Independent Directors, not liable to retire by rotation, to hold office for a term of upto 5 (Five) consecutive years w.e.f. May 2, 2023 were approved by

the Shareholders of your Company through Postal Ballot on June 2, 2023.

Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations and are in compliance with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014. Further, the Independent Directors have also confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties as Independent Directors of the Company.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity (including the proficiency) and fulfils the conditions specified in the Act read with Rules made thereunder and SEBI (LODR) Regulations and are eligible & independent of the management.

None of the Directors of the Company are disqualified as per the provisions of Section 164 of the Act. The Directors of the Company have made necessary disclosures under Section 184 and other relevant provisions of the Act.

Brief resume and other details of the Directors being appointed/re-appointed at the ensuing AGM as stipulated under Secretarial Standard-2 issued by the Institute of Company Secretaries of India and Regulation 36 of the SEBI (LODR) Regulations, is separately disclosed in the Notice of ensuing AGM.

Upon completion of their second consecutive term, Mr. Pradeep Sardana (DIN: 00682961) and Dr. Naresh Trehan (DIN: 00012148) ceased to be Independent Directors of your Company w.e.f. March 27, 2023 and November 30, 2023 respectively.

Further, NRC and Board of Directors of the Company in their meetings held on February 5, 2024 approved and recommended the appointment of Dr. Naresh Trehan (DIN: 00012148) as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation, with effect from April 21, 2024 for approval of the Members at the ensuing AGM of the Company. The Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and Dr. Trehan has also consented to act as Director of the Company and affirmed that he is not debarred from holding the office of Director by virtue of any order of SEBI or any other such Authority.

The NRC and Board of Directors are of the view that his skill, background and experience are aligned to the role and capabilities identified by NRC and that he is eligible for appointment as a Non-Executive Non-Independent Director of the Company.

### **Key Managerial Personnel**

Mr. Lalit Malik was appointed as a Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. August 4, 2023 in accordance with the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in place of Mr. Rajesh Chawla, who continues to discharge his responsibilities as CFO (India) of your Company.

Further, Mr. Raj Gandhi (DIN: 00003649), Whole-time Director and Mr. Ravi Batra, Chief Risk Officer & Group Company Secretary, continued to be the Key Managerial Personnel of your Company in accordance with the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **Board Evaluation**

To comply with the provisions of Section 134(3)(p) of the Act and Rules made thereunder and Regulation 17(10) of SEBI (LODR) Regulations, the Board has carried out the annual performance evaluation of the Directors individually including the Independent Directors (wherein the concerned Director being evaluated did not participate), Board as a whole and following Committees of the Board of Directors:

- i) Audit, Risk Management and Ethics Committee;
- ii) Nomination and Remuneration Committee;
- iii) Stakeholders' Relationship Committee; and
- iv) Corporate Social Responsibility Committee.

The manner in which the annual performance evaluation has been carried out is explained in the Corporate Governance Report which forms part of this report. Board is responsible to monitor and review the evaluation framework.

Further, to comply with Regulation 25(4) of SEBI (LODR) Regulations, Independent Directors also evaluated the performance of Non-Independent Directors, Chairman and Board as a whole at a separate meeting of Independent Directors.

### **Board and Committees of the Board**

The number of meetings of the Board and various Committees of the Board including composition are set out in the Corporate Governance Report which

forms part of this report. The intervening gap between the meetings was within the period prescribed under the provisions of Section 173 of the Act and SEBI (LODR) Regulations.

### **Remuneration Policy**

To comply with the provisions of Section 178 of the Act and Rules made thereunder and Regulation 19 of SEBI (LODR) Regulations, the Company's Remuneration Policy for Directors, Key Managerial Personnel (KMP), Senior Management and other Employees of the Company is uploaded on website of the Company at <https://varunbeverages.com/wp-content/uploads/2023/03/12-Remuneration-Policy.pdf> The Policy includes, inter-alia, the criteria for appointment and remuneration of Directors, KMPs, Senior Management Personnel and other employees of the Company.

### **Remuneration of Directors, Key Managerial Personnel and Particulars of Employees**

The statement of disclosure of remuneration under Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules'), is attached to this report as **Annexure - A**.

Further, as per second proviso to Section 136(1) of the Act read with Rule 5 of the Rules, the Board's Report and Financial Statements are being sent to the Members of the Company excluding the statement of particulars of employees as required under Rule 5(2) of the Rules. Any member interested in obtaining a copy of the said statement may write to the Compliance Officer at [complianceofficer@rjcorp.in](mailto:complianceofficer@rjcorp.in) up to the date of AGM. The said statement is also available for inspection by the Members at the Registered Office of your Company on all days except Saturday, Sunday and Public Holiday up to the date of AGM i.e. April 3, 2024 between 11:00 a.m. to 5:00 p.m.

### **Statutory Auditors**

The Shareholders of the Company in their 27<sup>th</sup> & 28<sup>th</sup> AGM held on April 7, 2022 and March 27, 2023 respectively appointed M/s. O P Bagla & Co. LLP, Chartered Accountants (Firm Registration Number 000018N/N500091) and M/s. J C Bhalla & Co., Chartered Accountants (Firm Registration Number 001111N) as Joint Statutory Auditors of the Company for a period of upto 5(Five) consecutive years to hold office till the conclusion of AGM to be held in the year 2027 and 2028 respectively. They have also confirmed that they are not disqualified from continuing as Joint Statutory Auditors of the Company.

The Statutory Auditors' Report for the Financial Year 2023 does not contain any qualification, reservation or adverse remark and forms part of the Annual Report. The Statutory Auditors have not reported any fraud under Section 143(12) of the Act.

### Cost Audit

In terms of Section 148 of the Act and the Companies (Cost Records and Audit) Rules, 2014, Cost Audit is not applicable on the Company for the Financial Year 2023.

### Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

To comply with the provisions of Section 134 of the Act and Rules made thereunder, your Company has complied with the provisions relating to constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year under review, no complaint was received under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### Vigil Mechanism/Whistle Blower Policy

Pursuant to the provisions of Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, the Company has adopted a Vigil Mechanism/Whistle Blower Policy to provide a platform to the Directors and Employees of the Company to raise concerns regarding any irregularity, misconduct or unethical matters/dealings within the Company. The same is detailed in the Corporate Governance Report which forms part of this report.

### Secretarial Auditors

The Board of Directors on recommendation of the Audit, Risk Management and Ethics Committee, have appointed M/s. Sanjay Grover & Associates, Company Secretaries (Firm Registration No.: P2001DE052900) to conduct Secretarial Audit of your Company.

The Secretarial Audit Report for the Financial Year 2023 does not contain any qualification, reservation or adverse remark and is attached to this report as **Annexure - B**.

### Risk Management

The Audit, Risk Management and Ethics Committee of the Board of Directors inter-alia monitor and review the risk management plan and such other functions as assigned from time to time.

Your Company has a robust Risk Management Policy which identifies and evaluates business risks and opportunities.

The Company recognize that these risks needs to be managed and mitigated to protect the interest of the stakeholders and to achieve business objectives. The risk management framework is aimed at effectively mitigating the Company's various business and operational risks through strategic actions.

### Internal Financial Controls

Your Company has in place adequate Internal Financial Controls. The report on Internal Financial Controls issued by M/s. J C Bhalla & Co., Chartered Accountants and M/s. O P Bagla & Co. LLP, Chartered Accountants, Joint Statutory Auditors of the Company is annexed to the Audit Report on the Financial Statements of the Company and does not contain any reportable weakness in the Company.

### Corporate Social Responsibility (CSR)

Your Company has a Corporate Social Responsibility Policy which is uploaded on website of the Company at <https://varunbeverages.com/wp-content/uploads/2023/05/24-CSR-Policy-Clear-Version.pdf>

Annual Report on CSR activities for the Financial Year 2023 as required under Sections 134 and 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure - C**.

### Directors' Responsibility Statement

Pursuant to Section 134(3)(c) read with Section 134(5) of the Act, the Directors state that:

- (a) in the preparation of the annual accounts for the Financial Year ended December 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at December 31, 2023 and of the profits of the Company for the period ended on that date;
- (c) proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;

- (e) proper internal financial controls laid down by the Directors were followed by the Company and that such internal financial controls were adequate and operating effectively; and
- (f) proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

## Other Information

### Management Discussion & Analysis Report

Management Discussion & Analysis Report for the Financial Year 2023, as stipulated under Regulation 34(2)(e) of SEBI (LODR) Regulations, forms part of the Annual Report.

### Business Responsibility and Sustainability Report

Business Responsibility and Sustainability Report for the Financial Year 2023 describing the initiatives taken by the Company from an Environment, Social and Governance perspective as stipulated under Regulation 34(2)(f) of SEBI (LODR) Regulations forms part of the Annual Report.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure - D**.

### Corporate Governance Report

Your Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by Securities and Exchange Board of India. The report on Corporate Governance as stipulated under the SEBI (LODR) Regulations is attached to this report as **Annexure - E**. The certificate from M/s. Sanjay Grover & Associates, Practicing Company Secretaries confirming compliance with the conditions of corporate governance is also attached to the Corporate Governance Report.

### Awards/Recognitions

During the year, your Company has received the following awards:

- (i) PepsiCo's International Bottler of the Year 2022
- (ii) PepsiCo's Best Bottler in the Africa-Middle East-South Asia region
- (iii) PepsiCo's 'Better' category award for our sustainability endeavors

- (iv) Business Excellence (Corporate Governance) of The Year 2022 award by Prime Time Research Media Pvt. Ltd.
- (v) Best Corporate Governance Practices - Varun Beverages Limited award under Business Brand Awards

### Listing

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited and BSE Limited. Both these stock exchanges have nation-wide trading terminals. Annual listing fee for the Financial Year 2023-24 has been paid to the National Stock Exchange of India Limited and BSE Limited.

### Annual Return

Pursuant to Sections 92(3) and 134(3)(a) of the Act, the Annual Return of the Company is uploaded on website of the Company at <https://varunbeverages.com/annual-reports/>

### Research and Development

During the year under review, no Research & Development was carried out.

### Cautionary Statement

Statements in the Board's Report and the Management Discussion & Analysis Report describing the Company's objectives, expectations or forecasts may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from those expressed in the statements.

### General

Your Directors confirm that no disclosure or reporting is required in respect of the following items as there was no transaction on these items during the year under review:

1. Issue of equity shares with differential voting rights as to dividend, voting or otherwise.
2. The Whole-time Directors of the Company does not receive any remuneration or commission from any of its subsidiaries.
3. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
4. Issue of Sweat Equity Shares.
5. No application made or any proceeding pending under Insolvency and Bankruptcy Code, 2016 as at the end of the Financial Year 2023.

6. Details of difference between the amount of valuation at the time of one time settlement and valuation done while taking loan from banks or financial institutions are not applicable.

The Company is in regular compliance of the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

No material changes and commitments have occurred after the closure of the Financial Year 2023 till the date of this Report, which would affect the financial position of your Company.

### **Acknowledgement**

Your Company's organizational culture upholds professionalism, integrity and continuous improvement across all functions as well as efficient utilization of the Company's resources for sustainable and profitable growth.

Your Directors wish to place on record their appreciation for the sincere services rendered by employees of the Company at all levels. Your Directors also wish to place on record their appreciation for the valuable co-operation and support received from various Government Authorities, Banks/Financial Institutions and other stakeholders such as members, customers and suppliers, among others. Your Directors also commend the continuing commitment and dedication of employees at all levels which has been vital for the Company's success. Your Directors look forward to their continued support in future.

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

Date: February 5, 2024  
Place: Gurugram

**Ravi Jaipuria**  
Chairman  
DIN: 00003668



**Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (i) Ratio of the remuneration of each director to the median remuneration of employees of the Company for the Financial Year 2023 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2023:

(₹ in Million)

| Sl. No. | Name of Director/KMP and Designation                                    | Remuneration of Director/KMP for Financial Year 2023 | % increase in Remuneration in Financial Year 2023 | Ratio of Remuneration of Director to Median Remuneration of employees in Financial Year 2023 |
|---------|---|--|---|--|
| 1.      | Mr. Varun Jaipuria,<br>Executive Vice-Chairman &<br>Whole-time Director | 54.02  | -1.22*  | 138.51   |
| 2.      | Mr. Raj Gandhi,<br>Whole-time Director                                  | 62.45  | 10.33   | 160.13   |
| 3.      | Mr. Rajinder Jeet Singh Bagga,<br>Whole-time Director                   | 57.66  | 9.93  | 147.85   |
| 4.      | Mr. Lalit Malik,<br>Chief Financial Officer (CFO)                       | 20.63  | Not Comparable <sup>@</sup>                       | Not Applicable   |
| 5.      | Mr. Rajesh Chawla,<br>Chief Financial Officer                           | 6.35   | Not Comparable <sup>@</sup>                       | Not Applicable   |
| 6.      | Mr. Ravi Batra,<br>Chief Risk Officer &<br>Group Company Secretary      | 14.85  | 11.65   | Not Applicable   |

\* Decrease in remuneration as he decided to forego his incentive during the year under review.

@ Mr. Lalit Malik appointed as CFO with effect from August 4, 2023 in place of Mr. Rajesh Chawla, who continues to discharge his responsibilities as CFO (India) of the Company.

Note: Since Independent Directors received no remuneration, except sitting fee for attending Board/Committee meetings, the required details are not applicable.

- (ii) Number of permanent employees as on December 31, 2023 were 9,973 and median remuneration was ₹ 0.39 Million annually. Median remuneration of employees (excluding above Directors and KMPs) in Financial Year 2023 has increased by 5.78%.

It is hereby affirmed that the above-mentioned remuneration is in accordance with the Remuneration Policy of the Company which is uploaded on website of the Company at <https://varunbeverages.com/wp-content/uploads/2023/03/12-Remuneration-Policy.pdf>

- (iii) Average percentile increase already made in the salaries of employees other than Managerial Personnel was 9.75% and average percentile increase in the remuneration of Managerial Personnel was 5.79% vis-a-vis the last Financial Year.

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

**Ravi Jaipuria**  
Chairman  
DIN: 00003668

Date: February 5, 2024  
Place: Gurugram

**Annexure - B**

**Secretarial Audit Report  
For the Financial Year ended December 31, 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Varun Beverages Limited**  
**(CIN: L74899DL1995PLC069839)**  
F-2/7, Okhla Industrial Area, Phase-I,  
New Delhi-110020

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Varun Beverages Limited** (the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**We report that-**

- a) Maintenance of secretarial records are the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations, standards etc. is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year started from January 1, 2023 and ended on December 31, 2023 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.
- We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2023 according to the provisions of:
- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable;
  - (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; {Not applicable during the audit period}
    - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; {Not applicable during the audit period}
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; {Not applicable during the audit period}
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; {Not applicable during the audit period} and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, with which the Company has generally complied with. The Company is generally regular in filing e-forms with Registrar of Companies under the provisions of the Act.

During the audit period, we are of the opinion that the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines to the extent applicable.

The Company is PepsiCo's second largest global franchise (outside United States) and have a strategic association with PepsiCo since 1991. The Company is a trusted business partner to PepsiCo and possesses the rights to manufacture, distribute and sell carbonated soft drinks, fruit juice-based drinks, packaged drinking water and sports and energy drinks. As informed by the Management, Food Safety & Standards Act, 2006, Rules and Regulations made thereunder, are specifically applicable to the Company.

In our opinion and to the best of our information and according to explanations given to us, we believe that the Company is having systems in place to check the compliance of laws specifically applicable to the Company.

**We further report that** the Board Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of Board of Directors that took

place during the audit period were carried out in compliance with the provisions of the Act.

Advance notice is given to all directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes, the decisions at the Board meetings were taken unanimously.

**We further report that** there are systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period:

1. the Board of Directors in its meeting held on May 2, 2023 and Members of the Company through postal ballot on June 2, 2023 approved the sub-division/split of existing equity shares of the Company such that 1 (One) equity share having face value of ₹ 10/- (Rupees Ten only) each fully paid-up, be sub-divided/split into 2(Two) equity shares having face value of ₹ 5/- (Rupees Five only) each fully paid-up on the Record Date (i.e. June 15, 2023); and
2. the Board of Directors in their meeting held on May 2, 2023 and Members of the Company through postal ballot on June 2, 2023 approved the alteration of Capital Clause of the Memorandum of Association of the Company by deleting the existing Clause V of the Memorandum of Association of the Company and inserting the following new Clause V:

*"V. The Authorized Share Capital of the Company is ₹ 10,00,00,00,000/- (Rupees One Thousand Crore only) divided into 2,00,00,00,000 (Two Hundred Crore) Equity Shares of face value of ₹ 5/- (Rupees Five only) each."*

For **Sanjay Grover & Associates**

Company Secretaries

Firm Registration No.: P2001DE052900

Peer Review Certificate No.: 4268/2023

**Kapil Dev Taneja**

Partner

Place: New Delhi

CP No.: 22944/Mem. No. F4019

Date: February 5, 2024

UDIN.: FO0401NE003372054

## Annexure - C

## Annual report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2023

### 1. Brief outline on CSR Policy of the Company

Your Company has a CSR Policy which is uploaded on website of the Company at <https://varunbeverages.com/wp-content/uploads/2023/05/24-CSR-Policy-Clear-Version.pdf>

During the year under review, Company has spent ₹ 158.50 Million on promoting healthcare, education, vocational skills, regional equality, water conservation, eradicating hunger, environmental sustainability, etc. through RJ Foundation having Regn. No. CSR00006099. For more details, please refer page no. 84 of the Annual Report.

### 2. Composition of CSR Committee

Composition of the CSR Committee and details of attendance during Financial Year 2023 are as under:

| Sl. No. | Name of Director    | Designation/Nature of Directorship                        | Number of meetings of CSR Committee held during the Financial Year 2023 | Number of meetings of CSR Committee attended during the Financial Year 2023 |
|---------|---------------------|---|---|---|
| 1       | Mr. Ravi Jaipuria   | Chairman<br>(Non-executive Chairman)                      | 2   | 2   |
| 2       | Mr. Varun Jaipuria  | Member<br>(Executive Vice Chairman & Whole-time Director) | 2   | 0   |
| 3       | Mr. Raj Gandhi      | Member<br>(Whole-time Director)                           | 2   | 2   |
| 4       | Dr. Naresh Trehan*  | Member<br>(Independent Director)                          | 2   | 1   |
| 5       | Ms. Rashmi Dhariwal | Member<br>(Independent Director)                          | 2   | 2   |

\*Ceased to be member of the Committee w.e.f. 30.11.2023 upon completion of second consecutive term as an Independent Director of the Company.

Note: Video/Tele-conferencing facility is offered to facilitate Directors to participate in the meetings.

### 3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

Composition of CSR Committee: <https://varunbeverages.com/composition-of-the-committees-of-the-board/>

CSR Policy: <https://varunbeverages.com/wp-content/uploads/2023/05/24-CSR-Policy-Clear-Version.pdf>

CSR Projects: <https://varunbeverages.com/wp-content/uploads/2024/02/27-CSR-Projects-FY-23.pdf>

### 4. Executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable

Not Applicable

### 5. (a) Average net profit of the Company as per sub-section (5) of Section 135: ₹ 7,924.47 Million

(b) Two percent of average net profit of the Company as per sub-section (5) of Section 135: ₹ 158.50 Million

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(d) Amount required to be set off for the financial year, if any: Nil

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 158.50 Million

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project): ₹ 158.50 Million  
 (b) Amount spent in Administrative Overheads: Nil  
 (c) Amount spent on Impact Assessment, if applicable: Not Applicable  
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)]: ₹ 158.50 Million  
 (e) CSR amount spent or unspent for the financial year 2023:

| Total Amount Spent for the Financial Year (in ₹) | Amount Unspent (in ₹)   |                  |   |               |                  |
|--|---|------------------|---|---------------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per sub-section (6) of Section 135 |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135 |               |                  |
|  | Amount (in ₹)   | Date of transfer | Name of the Fund  | Amount (in ₹) | Date of transfer |
| 158.50 Million                                   | Nil   | Not Applicable   | Nil   | Nil           | Not Applicable   |

- (f) Excess amount for set off, if any: Nil

| Sl. No. | Particular  | Amount (in ₹)  |
|---------|---|----------------|
| (i)     | Two percent of average net profit of the Company as per sub-section (5) of Section 135                      | Not Applicable |
| (ii)    | Total amount spent for the financial year   |                |
| (iii)   | Excess amount spent for the financial year [(ii)-(i)]   |                |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any |                |
| (v)     | Amount available for set off in succeeding Financial Years [(iii)-(iv)]                                     |                |

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

| Sl. No. | Preceding Financial Year(s) | Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (in ₹) | Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in ₹) | Amount Spent in the Financial Year (in ₹) | Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of Section 135, if any |                  | Amount remaining to be spent in succeeding Financial Years (in ₹) | Deficiency, if any |
|---------|-----------------------------|---|---|---|--|------------------|---|--------------------|
|         |                             |   |   |   | Amount (in ₹)  | Date of Transfer |   |                    |
| Nil     |                             |   |   |   |  |                  |   |                    |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year:

√ Yes                      No

If Yes, enter the number of Capital assets created/acquired: 1(One)

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year:

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property]         | Pincode of the property or asset(s) | Date of creation                   | Amount of CSR amount spent | Details of entity/Authority/beneficiary of the registered owner |               |   |
|---------|---|-------------------------------------|------------------------------------|----------------------------|---|---------------|---|
|         |   |                                     |                                    |                            | CSR Registration Number, if applicable                          | Name          | Registered address                                      |
| 1.      | Cost of construction incurred on Gaushala for animal welfare at Village Dautana, Tehsil Chhata, near Kosi Kalan | Mathura-281401, Uttar Pradesh       | March 29, 2023 and August 25, 2023 | ₹ 7.31 Million             | CSR00006099   | RJ Foundation | F-2/7, Okhla Industrial Area, Phase-I, New Delhi-110020 |

**9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135:**

Not applicable.

Date: February 5, 2024

Place: Gurugram

**Raj Gandhi**

Whole-time Director

DIN: 00003649

**Ravi Jaipuria**

Chairman - CSR Committee

DIN: 00003668

**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

**(a) Conservation of energy**

|     |   |   |
|-----|---|---|
| (i) | Steps taken or impact on conservation of energy | <p>A multi-pronged and sustainable approach is deployed in most of our plants as well as products to infuse the concept of energy conservation. Some of the energy conservation measures adopted across the manufacturing units were:</p> <ol style="list-style-type: none"> <li>1. Use of frequency drive in ammonia and air compressor which saves electric energy.</li> <li>2. Use of frequency drive in boiler for ID and FD fan which saves electric energy.</li> <li>3. Heat recovery from hot compressed gases and used for heating water.</li> <li>4. Recovery of treated hot water from three stage syrup transfer PHE.</li> <li>5. Beverage filling at ambient temperature leading to huge power savings in refrigeration.</li> <li>6. Replacement of CFL/FTL lamps with LED lamps.</li> <li>7. Replacement of low efficiency pump with high energy efficient pump.</li> <li>8. Improving efficiency on critical resources like water and energy by doing water recoveries and optimizing energy consumption.</li> <li>9. Optimizing the resource consumptions and minimizing wastages by automations and controls.</li> <li>10. Installation of steam operated pump trap - SOPT for better steam condensate recovery across all units.</li> <li>11. Direct Coupled HP Compressors (No gear Box).</li> <li>12. IE 5 permanent magnet motor.</li> <li>13. Adiabatic cooling tower.</li> <li>14. Improving condensate recovery by installation of SOPT and better technology equipment which helped in improving boiler efficiency.</li> <li>15. Heat recovery from High Pressure Air Compressors and Ammonia Refrigeration Compressors.</li> <li>16. Installation of de-superheaters.</li> <li>17. Installation of Godrej Control Air- IFC for optimizing HP requirements at preform blow moulding machines and Cold CIP which requires no heat during operation.</li> </ol> |
|-----|---|---|

|       |  |  |
|-------|--|--|
| (ii)  | Steps taken by the Company for utilizing alternate sources of energy | <ol style="list-style-type: none"> <li>1. The Company has successfully utilized the environment friendly fuels like biomass and PNG operated boiler for steam generation and installed solar panels in many plants to generate clean energy.</li> <li>2. In our pursuit of creating a green future, we are proactively shifting to renewable energy sources to fulfil our energy needs, pledging to broaden our renewable energy portfolio. By utilizing solar and wind on-site, as well as adopting open access (group captive power) sourcing methods, we are augmenting our renewable energy capacity. We are steadfast in our commitment to increasing the adoption of renewable energy at all our manufacturing and office locations.</li> </ol> <p>In our sustainability journey, the incorporation of renewable energy sources has resulted in the generation of ~58 million kWh units in FY 2023 up from ~21 million kWh units in FY 2022. This accomplishment not only underscores our dedication to reducing our environmental footprint but has also directly contributed to a reduction in energy consumption sourced from the electricity grid.</p> |
| (iii) | Capital investment on energy conservation equipments                 | <ol style="list-style-type: none"> <li>1. Installation and commissioning of Solar Plant at Nuh and Greater Noida Plants. Further, all new upcoming plants are coming with solar panel installed at roof top like Sandila, Pathankot, Supa, etc.</li> <li>2. Air recovery system in Blow Moulding Machine.</li> <li>3. Filling machines which are capable of filling beverage at ambient temperature with high speed running.</li> <li>4. Green Oven for Bottle Blowing machine which consumes less energy as compared to the traditional ones.</li> <li>5. High energy efficient pumps.</li> <li>6. Steam condensate recovery system across all units.</li> <li>7. Investment is done in Godrej Control Air IFC.</li> <li>8. Installation of de-superheaters.</li> <li>9. Investment in modification of existing CIP system to enable cold CIP.</li> </ol>   |

### (b) Technology absorption

|      |   |  |
|------|---|--|
| (i)  | Efforts made towards technology absorption  | The Company has been continuously improving on resource use efficiencies, especially that of common resources such as water, fuel and energy. The Company follows series of environment performance indicators for monitoring natural resources consumption on per case basis and continual improvement is being achieved and sustained.   |
| (ii) | Benefits derived like product improvement, cost reduction, product development or import substitution | Over the past ten years, Company has reduced water usage on per case basis and significant reduction of energy consumption on per case basis. Some of the factories have also received the Green Factory certification from Indian Green Building Council (IGBC), Gold rating. Your Company also achieved significant reduction in weight of closure (from 1880 long height closure to 1881 short height closure) and preforms over years. This is implemented across all units resulting in to saving of resin consumption. Usage of nitrogen in packaged drinking water enables unit to reduce 10% of package weight. We also started metal cage for preform storage and handling to minimize recycling waste. Recently three of our units Sathariya, Sandila and Sricity received CII National award and noteworthy achievement for excellence in water management within the fence. Sandila unit additionally rewarded in 'out of fence' category of water management excellence as recognized by CII. |



|       |  |   |
|-------|--|---|
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- | There is no imported technology involved in the operation of the Company.   |
| (a)   | Details of technology imported   | N.A.  |
| (b)   | Year of import   | N.A.  |
| (c)   | Whether the technology been fully absorbed   | N.A.  |
| (d)   | If not fully absorbed, areas where absorption has not taken place and the reasons thereof                                | N.A.  |
| (iv)  | Expenditure incurred on Research and Development   | Due to the nature of its business, the Company need not to initiate specific research and development activities, however Company supports all the pilot projects feasibility and commercialization along with PepsiCo. |

### (c) Foreign Exchange Earnings & Outgo

(₹ in Million)

| Sl. No | Particulars                     | As at<br>December 31, 2023 | As at<br>December 31, 2022 |
|--------|---------------------------------|----------------------------|----------------------------|
| (i)    | Earnings in Foreign Currency    | 2,586.62                   | 2,297.96                   |
| (ii)   | Expenditure in Foreign Currency | 13,685.96                  | 9,557.91                   |

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

**Ravi Jaipuria**

Chairman

DIN : 00003668

Date: February 5, 2024

Place: Gurugram