

Corporate Governance Report

To comply with Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [‘SEBI (LODR) Regulations’], the report containing the details of Corporate Governance of Varun Beverages Limited (‘the Company’/ ‘VBL’) is as follows:

Company’s Philosophy on Corporate Governance

Corporate Governance is creation and enhancing long term sustainable value for the stakeholders through ethically driven business process. At VBL, it is imperative that your Company affairs are being managed in a fair and transparent manner.

Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success and we remain committed towards maximizing stakeholders’ value, be it shareholders, employees, suppliers, customers, investors, communities or policy makers. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust, is integral to creating enduring value for all.

We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving. Our multiple initiatives towards maintaining the highest standards of governance are detailed hereinafter.

The Corporate Governance framework of the Company is based on the following broad practices:

- (a) Engaging a diverse and highly professional, experienced and competent Board of Directors, with versatile expertise in industry, finance, management and law.
- (b) Deploying well defined governance structures that establishes checks and balances and delegates decision making to appropriate levels in the organization.
- (c) Adoption and implementation of fair, transparent and robust systems, processes, policies and procedures.
- (d) Making high level of disclosures for dissemination of corporate, financial and operational information to all its stakeholders.

- (e) Having strong systems and processes to ensure full and timely compliance with all legal and regulatory requirements and zero tolerance for non-compliance.

Best Corporate Governance practices

VBL maintains the highest standards of Corporate Governance. It is the Company’s constant endeavour to adopt the best Corporate Governance practices keeping in view the international codes of Corporate Governance and practices of well-known global companies. Some of the best implemented global governance norms include the following:

- All securities related filings with Stock Exchanges and SEBI are reviewed by the Company’s Board of Directors.
- The Company has following Board Committees: Audit, Risk Management and Ethics Committee, Stakeholders’ Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Allotment Committee, QIP Committee and Investment and Borrowing Committee.
- The Company also undergoes Secretarial Audit conducted by an independent firm of Practicing Company Secretaries. The Secretarial Audit Report is placed before the Board and forms part of the Annual Report.
- Observance and adherence of all applicable Laws including Secretarial Standards issued by the Institute of Company Secretaries of India.

Governance Policies

At VBL, we strive to conduct our business and strengthen our relationships in a manner that is dignified, distinctive and responsible. We adhere to ethical standards to ensure integrity, transparency, independence and accountability in dealing with all stakeholders. Therefore, we have adopted various codes and policies to carry out our duties in an ethical manner. Some of the codes and policies are as follows:

- Code of Conduct for Board of Directors and Senior Management;
- Code of Conduct for Prohibition of Insider Trading;
- Code of practices and procedures for fair disclosure of Unpublished Price Sensitive Information;



- Policy on Related Party Transactions;
- Corporate Social Responsibility Policy;
- Policy for Determination of Material Subsidiary and Governance of Subsidiaries;
- Policy for Determination of Materiality of Events / Information;
- Remuneration Policy for Directors, Key Managerial Personnel, Members of Senior Management and other Employees of the Company;
- Familiarization Programme for Independent Directors;
- Vigil Mechanism/Whistle Blower Policy;
- Policy for Preservation of Documents;
- Policy on Diversity of the Board of Directors;
- Risk Management Policy;
- Dividend Distribution Policy;
- Archival Policy;
- Guidelines for Acquisition in India;
- Environment, Health and Safety Policy;
- Anti-Bribery Policy; and
- Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace.

Board of Directors

As at December 31, 2020, 5 (Five) out of 10 (Ten) Directors on the Board were Independent Directors. At VBL, it is our belief that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board’s actions and decisions are aligned with the

Company’s best interests. The Board critically evaluates the Company’s strategic direction, management policies and their effectiveness.

Size and composition of the Board of Directors as at December 31, 2020 is given below:

| Category | Name of Directors |
|--------------------------------------|-------------------------------|
| Non-executive Chairman | Mr. Ravi Jaipuria* |
| Executive / Whole-time Directors | Mr. Varun Jaipuria* |
| | Mr. Raj Gandhi |
| | Mr. Kapil Agarwal |
| | Mr. Rajinder Jeet Singh Bagga |
| Non-executive, Independent Directors | Dr. Naresh Trehan |
| | Dr. Ravi Gupta |
| | Mr. Pradeep Sardana |
| | Ms. Rashmi Dhariwal |
| | Ms. Sita Khosla |

*Mr. Ravi Jaipuria and Mr. Varun Jaipuria are Promoters of the Company.

Inter-se Relationship among Directors

Except Mr. Ravi Jaipuria and Mr. Varun Jaipuria, none of the Director is a relative of other Director(s). Mr. Varun Jaipuria is the son of Mr. Ravi Jaipuria, Non-executive Chairman of the Company.

Core Skills / Expertise / Competencies available with the Board

The Board comprises qualified Members who possess required skills, expertise and competencies that allow them to make effective contributions to the Board and its Committees.

The Matrix setting out the Skills, Expertise and Competencies available with the Board in context of business of the Company is as under:

| Sl. No. | Name of Director | Leadership /Operations | Strategic Planning | Industry Experience, Technical, Research & Development and Innovation | Global Business | Finance & Legal | Corporate Governance, Compliance & Risk Management |
|---------|-------------------------------|------------------------|--------------------|-----------------------------------------------------------------------|-----------------|-----------------|----------------------------------------------------|
| 1 | Mr. Ravi Jaipuria | √ | √ | √ | √ | √ | √ |
| 2 | Mr. Varun Jaipuria | √ | √ | √ | √ | √ | √ |
| 3 | Mr. Raj Gandhi | √ | √ | √ | √ | √ | √ |
| 4 | Mr. Kapil Agarwal | √ | √ | √ | √ | √ | √ |
| 5 | Mr. Rajinder Jeet Singh Bagga | √ | √ | √ | √ | √ | √ |
| 6 | Dr. Naresh Trehan | √ | √ | √ | √ | √ | √ |
| 7 | Dr. Ravi Gupta | √ | √ | √ | √ | √ | √ |
| 8 | Mr. Pradeep Sardana | √ | √ | √ | √ | √ | √ |
| 9 | Ms. Rashmi Dhariwal | √ | √ | √ | √ | √ | √ |
| 10 | Ms. Sita Khosla | √ | √ | √ | √ | √ | √ |



Selection of Independent Directors

Considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field / profession and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as an Independent Director on the Board. The Committee, inter-alia, considers criteria as prescribed under the Companies Act, 2013 ('the Act') and SEBI (LODR) Regulations viz. positive attributes, area of expertise, number of directorships and memberships held in various committees of other companies by such persons in accordance with the Company's Policy. The Board considers the Committee's recommendation and takes appropriate decision.

A statement in connection with fulfilling the criteria of Independence and directorships as required under the provisions of the Act and SEBI (LODR) Regulations received from each of Independent Directors is disclosed in the Board's Report. Your Company had also issued formal appointment letters to all the Independent Directors in the manner provided under the Act. Terms and Conditions for appointment of Independent Directors are available on website <https://varunpepsi.com/wp-content/uploads/2018/05/Terms-and-conditions-of-appointment-of-the-Independent-Directors-Revised-March-19-2018.pdf>

In the opinion of the Board, the Independent Directors fulfill the conditions as specified in the Act and SEBI (LODR) Regulations and are Independent of the management.

Independent Directors' Induction and Familiarization

The provision of an appropriate induction programme for new Directors and ongoing training for existing Directors is a major contributor in maintaining the high Corporate Governance standards of the Company. The Whole-time Directors and the Company Secretary are jointly responsible for ensuring such induction and training programmes are provided to the Directors. The management provides such information and training either at the meeting of Board of Directors or otherwise. The details of such familiarization programme for Independent Directors are posted on website of the Company at <https://varunpepsi.com/wp-content/uploads/2016/12/Familiarisation-Programme-For-Independent-Directors.pdf>

Board Evaluation

The Board of Directors of the Company ensures formation and monitoring of robust evaluation framework of the Individual Directors including Chairman of the Board, Board as a whole and various Committees thereof and carries out the evaluation of the Board, the Committees of the Board and Individual Directors, including the Chairman of the Board on annual basis.

Board Evaluation for the Financial Year ended December 31, 2020 has been completed by the Company internally which included the evaluation of the performance of the Board as a whole, Board Committees and Directors individually and results of the same were shared with the Board.

Internal Audit

As recommended by the Audit, Risk Management and Ethics Committee, the Board of Directors in their meeting held on February 7, 2020 re-appointed M/s O. P. Bagla & Co., LLP, Chartered Accountants as Internal Auditors of the Company for the Financial Year 2020 to conduct internal audit of the Company and their report on findings is submitted to the Audit, Risk Management and Ethics Committee on periodic basis.

Separate Meeting of Independent Directors

To comply with the provisions of Schedule IV of the Act read with Regulation 25 of SEBI (LODR) Regulations, the Independent Directors met once during the Financial Year 2020, without the presence of Non-Independent Directors and members of the management team and inter-alia reviewed:

- The performance of Non-Independent Directors and the Board as a whole;
- The performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-executive Directors; and
- The quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to formal meetings, interactions also took place between the Chairman and Independent Directors.

Board Meetings, Board Committee Meetings and Procedure

The Board is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness and ensures that shareholders' long term interests are being served.

As at the end of the year under review, the Board has 7 (Seven) Committees, namely Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Share Allotment Committee, QIP Committee and Investment and Borrowing Committee.



The Company's internal guidelines for Board/Board Committee meetings facilitate the decision making process at its meetings in an informed and efficient manner.

Board Meetings

The Board meets at regular intervals to discuss and decide on Company / business policies and strategies apart from other regular business matters. The Board/Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to all Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. The Board is updated on the discussions held at the Committee meetings and the recommendations made by various Committees.

The agenda of the Board/Committee Meetings is set by the Chief Risk Officer & Group Company Secretary in consultation with the Whole-time Director(s) and the Chairman of the Company. The agenda is generally circulated a week prior to the date of the meeting and includes detailed notes on items to be discussed at the meeting to enable the Directors to take an informed decision. However, in case of urgency, the agenda is circulated along with shorter notice as per the provisions of the Secretarial Standard on Meetings of the Board of Directors. Usually meetings of the Board are held at the Corporate Office of the Company at Gurugram.

Board meets at least once in a quarter to review inter-alia the quarterly results, compliances and performance of the Company. Additional meetings are held on a need basis.

The Company also provides facility to the Directors to attend meetings of the Board and its Committees through Video/Tele Conferencing mode.

4 (Four) Board meetings were held during the Financial Year 2020 on February 7, 2020, May 5, 2020, August 4, 2020 and November 3, 2020. The gap between two Board meetings was within the limit prescribed under Section 173(1) of the Act and Regulation 17(2) of the SEBI (LODR) Regulations.

Board Business

The business of the Board inter-alia includes:

- Framing and overseeing progress of the Company's annual plan and operating framework.
- Framing strategies for direction of the Company and for corporate resource allocation.
- Reviewing financial plans of the Company.
- Reviewing the quarterly and annual financial results of the Company.

- Reviewing the Annual Report including Audited Annual Financial Statements for adoption by the Members.
- Reviewing progress of various functions and business of the Company.
- Reviewing the functioning of the Board and its Committees.
- Reviewing the functioning of subsidiary companies.
- Considering / approving the declaration / recommendation of dividend.
- Reviewing and resolving fatal or serious accidents or dangerous occurrences, any material significant effluent or pollution problems or significant labour issues, if any.
- Reviewing the details of significant development in human resources and industrial relations front.
- Reviewing details of foreign exchange exposure and steps taken by the management to limit the risks of adverse exchange rate movement.
- Reviewing compliance with all relevant legislations and regulations and litigation status, including materiality, important show cause, demand, prosecution and penalty notices, if any.
- Advising on corporate restructuring such as merger, acquisition, joint venture or disposals, if any.
- Appointing Directors on the Board and Key Managerial Personnel, if any.
- Reviewing various policies of the Company and monitoring implementation thereof.
- Reviewing details of risk evaluation and internal controls.
- Reviewing reports on progress made on the ongoing projects.
- Monitoring and reviewing board evaluation framework.

Board Support

The Chief Risk Officer & Group Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. He is also responsible for preparation of Agenda in consultation with the Whole-time Director(s) and the Chairman of the Company and convening of Board and Committee Meetings. The Chief Risk Officer & Group Company Secretary attends all the meetings of the Board and its Committees, advises and assures the Board on Compliance and Governance principles.



Recording Minutes of proceedings of Board and Committee meetings

The Chief Risk Officer & Group Company Secretary ensures appropriate recording of minutes of proceedings of each Board and Committee Meeting. The minutes are entered in the Minutes Book within 30 (Thirty) days from the date of conclusion of the meetings as per the Secretarial Standards issued by the Institute of Company Secretaries of India.

Post meeting follow-up mechanism

The guidelines for Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Committees thereof. Important decisions taken at Board/Committee meetings are communicated promptly to the concerned departments/divisions. Action-taken report (if any) on decisions/minutes of the previous meeting(s) is placed at the succeeding meeting of the Board/Committees for noting.

Attendance of Directors at Board Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships / Memberships of Committees and Shareholding of each Director in the Company:

| Name and DIN | Category & Designation | Attendance in Financial Year 2020 | | Number of Directorships in other Companies as on December 31, 2020 [§] | | Committee Membership and Chairmanship in other Companies [#] as on December 31, 2020 | | Shareholding in the Company as on December 31, 2020 |
|------------------------------------------|--------------------------------------------------------------------|-----------------------------------|-----|---------------------------------------------------------------------------------|--------|-----------------------------------------------------------------------------------------------|------------|-----------------------------------------------------|
| | | Board Meetings | AGM | Private | Public | Chairmanship | Membership | |
| Mr. Ravi Jaipuria (00003668) | Promoter (Non-executive Chairman) | 4/4 | Yes | 4 | 8 | Nil | Nil | Nil |
| Mr. Varun Jaipuria (02465412) | Promoter & Whole-time Director (Executive Director) | 4/4 | Yes | 4 | 2 | Nil | Nil | 50,663,250 |
| Mr. Raj Gandhi (00003649) | Whole-time Director (Executive Director) | 4/4 | Yes | 3 | 7 | Nil | 3 | 611,250 |
| Mr. Kapil Agarwal (02079161) | Whole-time Director & Chief Executive Officer (Executive Director) | 4/4 | Yes | Nil | Nil | Nil | Nil | 410,464 |
| Mr. Rajinder Jeet Singh Bagga (08440479) | Whole-time Director (Executive Director) | 4/4 | Yes | Nil | Nil | Nil | Nil | 129,750 |
| Dr. Naresh Trehan (00012148) | Non-executive & Independent Director | 4/4 | Yes | 9 | 1 | Nil | Nil | Nil |
| Dr. Ravi Gupta (00023487) | Non-executive & Independent Director | 4/4 | Yes | 11 | 3 | Nil | 1 | Nil |
| Mr. Pradeep Sardana (00682961) | Non-executive & Independent Director | 4/4 | Yes | Nil | Nil | Nil | Nil | 1,287 |
| Ms. Rashmi Dhariwal (00337814) | Non-executive & Independent Director | 4/4 | Yes | 5 | 4 | 1 | 4 | Nil |
| Ms. Sita Khosla (01001803) | Non-executive & Independent Director | 4/4 | Yes | Nil | Nil | Nil | Nil | Nil |

[#] Includes only Audit Committee and Stakeholders' Relationship Committee in all public limited companies (whether listed or not) and excludes private limited companies, foreign companies and Section 8 companies.

[§] Does not include directorship in foreign companies.

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

Pursuant to Part C of Schedule V of the SEBI (LODR) Regulations, details of Directorship in other listed entity and category of Directorship as on December 31, 2020, are mentioned below:

| Sl. No. | Name of Director | Company | Category of Directorship |
|---------|-------------------|---------------------------|--------------------------|
| 1. | Mr. Ravi Jaipuria | Lemon Tree Hotels Limited | Non-executive Director |

Committees of the Board

The Board Committees play a vital role in strengthening the Corporate Governance practices. The Board Committees are set up under formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board as a part of good governance practice. The Board supervise the execution of responsibilities by the Committee. Minutes of the proceedings of all the Committee meetings are



circulated to the Board to take note of the same. The Board Committees may request special invitees to join the meeting, as appropriate.

As required under Schedule V (Annual Report) of the SEBI (LODR) Regulations, mandatory disclosure(s) related to the Audit, Risk Management and Ethics Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee are as follows:

(i) Audit, Risk Management and Ethics Committee

The terms of reference and composition of the Audit, Risk Management and Ethics Committee satisfy the requirements of Section 177 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulations 18 and 21 of the SEBI (LODR) Regulations.

The brief terms of reference of Audit, Risk Management and Ethics Committee are as under:

- Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible.
- Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the Company and approval of payment for any other services rendered by the statutory auditors of the Company.
- Reviewing with the Management the quarterly / annual results and annual financial statements and Auditors' Report thereon before submission to the Board for approval. This would, inter-alia, include reviewing changes in the accounting policies and reasons for the same, major accounting entries involving estimates based on exercise of judgement by Management, significant adjustments made in the financial statements.
- Review the Management's Discussion and Analysis of financial condition and results of operations.
- Scrutiny of inter-corporate loans and investments.
- Evaluation of internal financial controls and risk management systems.
- Reviewing the functioning of the whistle blower / vigil mechanism.

- Evaluate and review the risk management plan, the risk management system, including risk policy, risk process (risk identification, assessment, mitigation and monitoring), cyber security processes and risk registers laid down by the Management.

The Audit, Risk Management and Ethics Committee met 4 (Four) times during the Financial Year 2020 on February 7, 2020, May 5, 2020, August 4, 2020 and November 3, 2020.

Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2020:

| Sl. No. | Name | Category | Designation | No. of Meetings Attended |
|---------|---------------------|----------------------|-------------|--------------------------|
| 1 | Dr. Ravi Gupta | Independent Director | Chairman | 4/4 |
| 2 | Ms. Rashmi Dhariwal | Independent Director | Member | 4/4 |
| 3 | Ms. Sita Khosla | Independent Director | Member | 4/4 |
| 4 | Mr. Raj Gandhi | Executive Director | Member | 4/4 |

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

The Chief Risk Officer & Group Company Secretary acts as Secretary to the Committee.

The Chairman of the Audit, Risk Management and Ethics Committee was present at the last AGM held on June 26, 2020.

(ii) Stakeholders' Relationship Committee

The terms of reference and composition of the Stakeholders' Relationship Committee satisfy the requirements of Section 178 of the Act and Regulation 20 of SEBI (LODR) Regulations.

The objective of the Stakeholders' Relationship Committee is to consider and resolve the grievances of security holders of the Company including but not limited to complaints related to transfer of shares, non-receipt of annual report, non-receipt of declared dividends and review of services rendered by the Registrar and Share Transfer Agent.

The Stakeholders' Relationship Committee met 1 (One) time during the Financial Year 2020 on December 31, 2020.



Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2020:

| Sl. No. | Name | Category | Designation | No. of Meeting Attended |
|---------|---------------------|----------------------|-------------|-------------------------|
| 1 | Ms. Sita Khosla | Independent Director | Chairperson | 0/1 |
| 2 | Ms. Rashmi Dhariwal | Independent Director | Member | 1/1 |
| 3 | Mr. Raj Gandhi | Executive Director | Member | 1/1 |

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

The Chief Risk Officer & Group Company Secretary acts as Secretary to the Committee and also designated as a Compliance Officer of the Company.

The Chairperson of the Stakeholders' Relationship Committee was present at the last AGM held on June 26, 2020.

Investor Grievances / Complaints

The details of the Investor Complaints received and resolved during the Financial Year ended December 31, 2020 are as follows:

| Opening Balance | No. of complaints received | No. of complaints resolved | No. of complaints not solved to the satisfaction of shareholders | No. of complaints pending |
|-----------------|----------------------------|----------------------------|------------------------------------------------------------------|---------------------------|
| 0 | 38 | 38 | 0 | 0 |

To enable investors to share their grievance or concern, Company has set up a dedicated e-mail ID complianceofficer@rjcorp.in.

(iii) Nomination and Remuneration Committee

The terms of reference and composition of the Nomination and Remuneration Committee satisfy the requirements of Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations and SEBI (Share Based Employee Benefits) Regulations, 2014 as amended from time to time.

The brief terms of reference of Nomination and Remuneration Committee are as under:

- Formulating the criteria for determining qualifications, positive attributes and

independence of a director and recommending to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees, and for evaluation of the performance of independent directors and the Board of Directors;

- Devising a policy on diversity of the Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board of Directors their appointment and removal, and carrying out evaluation of every director's performance;
- Determine whether to extend or continue the term of appointment of the independent directors on the basis of the report of performance evaluation of independent directors; and
- Framing suitable policies and systems to ensure that there is no violation by an employee as well as by the Company of any applicable laws in India or overseas, including:
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

The Nomination and Remuneration Committee met 2 (Two) times during the Financial Year 2020 on February 7, 2020 and November 3, 2020.

Composition of the Committee and attendance of the Members at the meetings held during the Financial Year 2020:

| Sl. No. | Name | Category | Designation | No. of Meetings Attended |
|---------|---------------------|------------------------|-------------|--------------------------|
| 1 | Ms. Rashmi Dhariwal | Independent Director | Chairperson | 2/2 |
| 2 | Dr. Ravi Gupta | Independent Director | Member | 2/2 |
| 3 | Mr. Ravi Jaipuria | Non-executive Chairman | Member | 2/2 |

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

The Chief Risk Officer & Group Company Secretary acts as Secretary to the Committee.



The Chairperson of the Nomination and Remuneration Committee was present at the last AGM held on June 26, 2020.

Performance evaluation criteria for Independent Directors

The Nomination and Remuneration policy of the Company lays down the criteria of appointment and remuneration of Directors/Key Managerial Personnel including criteria for determining qualification, positive attributes, independence of Directors, criteria for performance evaluation of Executive

and Non-executive Directors (including Independent Directors) and other matters as prescribed under the provisions of the Act and the SEBI (LODR) Regulations. An indicative list of factors that may be evaluated including but not limited to participation and contribution by a Director, commitment, effective deployment of knowledge and expertise, effective management of relationship with stakeholders, integrity and maintenance of confidentiality and independence of behaviour and judgement.

Remuneration of Directors

Details of remuneration paid to Directors of the Company for the Financial Year ended December 31, 2020, are as follows:

| (₹ in million) | | | | | | |
|----------------|-------------------------------|-------------|--------|------------|-----------------|-------|
| Sl. No. | Name | Sitting Fee | Salary | Perquisite | Bonus/Incentive | Total |
| 1 | Mr. Varun Jaipuria | - | 41.42 | 0.04 | 2.23 | 43.69 |
| 2 | Mr. Raj Gandhi | - | 41.56 | 0.04 | - | 41.60 |
| 3 | Mr. Kapil Agarwal | - | 68.31 | 0.03 | - | 68.34 |
| 4 | Mr. Rajinder Jeet Singh Bagga | - | 31.55 | 0.04 | - | 31.59 |
| 5 | Dr. Ravi Gupta | 1.00 | - | - | - | 1.00 |
| 6 | Mr. Pradeep Sardana | 0.40 | - | - | - | 0.40 |
| 7 | Ms. Rashmi Dhariwal | 1.30 | - | - | - | 1.30 |
| 8 | Ms. Sita Khosla | 0.90 | - | - | - | 0.90 |

Since all the stock options have been vested and exercised accordingly during the year under review, no options have been exercised by any Director of the Company under Employee Stock Option Scheme -2013.

The details of specific service contracts, notice period and severance fees etc. are governed by the appointment letter issued to respective Director at the time of his / her appointment.

Criteria of making payments to Non-executive Directors including all pecuniary relationship or transactions of Non-executive Directors

The Independent Directors are not paid any remuneration other than the sitting fee for attending meetings of the Board and the Committees thereof as approved by the Board.

There has been no pecuniary relationship or transactions of the Non-executive Directors vis-à-vis the Company during the year except the sitting fee paid to them as detailed above.

Prohibition of Insider Trading

To comply with the provisions of Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted a Code of Conduct for Prohibition of Insider Trading and the same is uploaded on website of the Company at <https://varunpepsi.com/wp-content/uploads/2020/01/Code-of-Conduct-for-Prohibition-of-Insider-Trading.pdf>.

Vigil Mechanism / Whistle Blower Policy

To comply with the provisions of Section 177 of the Act and Regulation 22 of SEBI (LODR) Regulations, the Company has adopted a Vigil Mechanism / Whistle Blower Policy for Directors and Employees of the Company. Under the Vigil Mechanism Policy, the protected disclosures can be made by a victim through an e-mail or a letter to the Chief Risk Officer & Group Company Secretary (Vigilance Officer) or to the Chairperson of the Audit, Risk Management and Ethics Committee.

The Policy provides for adequate safeguards against victimization of Directors and Employees who avail of the vigil mechanism and also provides a direct access to the Vigilance Officer or the Chairperson of the Audit, Risk Management and Ethics Committee, in exceptional cases. No personnel of the Company has been denied access to the Audit, Risk Management and Ethics Committee.

The main objective of this policy is to provide a platform to Directors and Employees to raise concerns regarding any irregularity, misconduct or unethical matters / dealings within the Company which may have a negative bearing on the organization either financially or otherwise.

This policy provides an additional channel to the normal management hierarchy for employees to raise concerns about any breach of the Company’s values or instances of violations of the Company’s Code of Conduct. Therefore, it is in line with the Company’s commitment to open communication and to highlight any such matters which



may not be getting addressed in a proper manner. During the year under review, no complaint was received under the Whistle Blower Policy.

Compliance with the Code of Conduct

To comply with the provisions of Regulation 17(5) of SEBI (LODR) Regulations, the Company has adopted “Code of Conduct for Board of Directors and Senior Management” (Code). Code is available on website of the Company at

<https://varunpepsi.com/wp-content/uploads/2019/03/Code-Of-Conduct-For-Board-Of-Directors-and-Senior-Management-Revised.pdf>.

On the basis of declarations received from Board Members and Senior Management Personnel, the Whole-time Director & Chief Executive Officer has given a declaration that the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code during the Financial Year 2020. A copy of such declaration is also attached with this report.

General Body Meetings

Annual General Meeting

The Annual General Meetings (‘AGM’) of the Company during the preceding three years were held at the following venues, dates and times, wherein the following special resolutions were passed:

| AGM | Financial Year | Day, Date & Time | Venue | Brief description of Special Resolutions |
|------------------|----------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 25 th | 2019 | Friday, June 26, 2020 at 11:00 a.m. | Registered Office Through Video Conferencing / Other Audio Visual Means facility | <ul style="list-style-type: none"> • Payment of profit related commission to Non-executive Directors. |
| 24 th | 2018 | Wednesday, April 17, 2019 at 11:00 a.m. | PHD Chamber of Commerce and Industry, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 | <ul style="list-style-type: none"> • Re-appointment of Dr. Naresh Trehan as an Independent Director. • Raising of Capital through Qualified Institutions Placement (QIP). |
| 23 rd | 2017 | Tuesday, April 17, 2018 at 11:00 a.m. | PHD Chamber of Commerce and Industry, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 | <ul style="list-style-type: none"> • Re-appointment of Mr. Pradeep Sardana as an Independent Director. • Ratification of Re-appointment of Ms. Geeta Kapoor as an Independent Director. • Ratification of Re-appointment of Mr. Sanjoy Mukerji as an Independent Director. • Alteration of Memorandum of Association of the Company for aligning the same as per Table - A of the Companies Act, 2013. • Alteration of Articles of Association of the Company for aligning the same as per the provisions of the Companies Act, 2013. |

Extra-ordinary General Meeting

Apart from the Annual General Meeting, no other General Meeting was held during the Financial Year 2020.

Postal Ballot

During the year, no special resolution was passed through postal ballot.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require special resolution through postal ballot.

Means of Communication

Information like Quarterly / Half Yearly / Annual Financial Results and press releases on significant developments in the Company that have been made available from time to time have been submitted to the Stock Exchanges to enable them to put on their websites and communicate to their Members. The same is also made available to Institutional Investors or to the Analysts, if any and are also hosted on the Company’s website at www.varunpepsi.com.



The Quarterly / Half Yearly / Annual Financial Results are published in English and Hindi language newspapers normally in Business Standard. Moreover, a report on Management Discussion & Analysis as well as Business Responsibility Report also forms part of the Annual Report. The Company is filing all reports / information including Quarterly Financial Results, Shareholding Pattern, and Corporate Governance Report etc., electronically on NSE website viz. www.nseindia.com and on BSE website viz. www.bseindia.com.

General Shareholders Information

A) Annual General Meeting

Date: April 7, 2021 (Wednesday)

Time: 11:00 a.m. (IST)

Venue/Mode: Through Video Conferencing / Other Audio Visual Means facility

B) Financial Year

The Financial Year of the Company starts from January 1 and ends on December 31 every year.

C) Financial Calendar 2021 (tentative)

First Quarter Results : On or before May 15, 2021

Second Quarter Results: On or before August 14, 2021

Third Quarter Results : On or before November 14, 2021

Audited Annual Results for the year ending on

December 31, 2021 : On or before March 1, 2022

Annual Book Closure : March 31, 2021 to April 7, 2021 (both days inclusive)

D) Dividend and its Payment

During the year under review, the Board of Directors in their meeting held on August 4, 2020 declared an interim dividend of ₹ 2.50 per equity share (face value of ₹ 10/- per equity share) to the eligible equity shareholders of the Company.

The Company has transferred the unpaid or unclaimed Interim Dividend to the Unclaimed Dividend Account - Varun Beverages Limited and the details of unpaid and unclaimed dividend amount lying in the said Accounts (maintained with HDFC Bank Limited for the dividend declared in 2017, Yes Bank Limited for the dividend declared in 2018, IndusInd Bank Limited for the dividend declared in 2019 and Axis Bank Limited for the dividend declared in 2020) are uploaded on website of the Company at <https://varunpepsi.com/corporate-governance/>.

E) Listing of Shares on Stock Exchanges and Stock Code

| Sl. No. | Name and Address of the Stock Exchange | Stock code |
|---------|----------------------------------------------------------------------------------------------------------------------------|------------|
| 1 | National Stock Exchange of India Limited, Exchange Plaza, Block G, C/1, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 | VBL |
| 2 | BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 | 540180 |

Annual listing fee for the Financial Year 2020- 21 has been paid to the National Stock Exchange of India Limited and BSE Limited.

F) Listing of Debt Instruments on Stock Exchanges and Codes: N.A.

G) Market Price Data for the period from January 1, 2020 to December 31, 2020

| Month | BSE | | | NSE | | |
|--------|----------|---------|---------------|----------|---------|---------------|
| | High (₹) | Low (₹) | Volume (Nos.) | High (₹) | Low (₹) | Volume (Nos.) |
| Jan-20 | 869.95 | 685.50 | 439,260 | 870.00 | 684.75 | 4,669,038 |
| Feb-20 | 863.05 | 750.00 | 1,345,029 | 862.95 | 750.25 | 5,956,211 |
| Mar-20 | 832.75 | 485.05 | 429,767 | 832.95 | 482.20 | 5,921,444 |
| Apr-20 | 687.40 | 502.05 | 191,134 | 688.00 | 500.00 | 4,324,106 |
| May-20 | 690.85 | 571.60 | 331,992 | 692.00 | 571.25 | 5,611,396 |
| Jun-20 | 738.40 | 589.10 | 2,388,654 | 739.05 | 586.00 | 8,573,396 |
| Jul-20 | 733.00 | 662.00 | 261,149 | 732.00 | 661.35 | 6,081,574 |
| Aug-20 | 797.00 | 680.55 | 210,293 | 796.80 | 680.00 | 5,332,146 |
| Sep-20 | 784.95 | 662.00 | 927,963 | 778.00 | 665.75 | 4,345,564 |
| Oct-20 | 735.00 | 645.20 | 226,219 | 710.00 | 646.35 | 6,532,083 |
| Nov-20 | 924.30 | 656.40 | 647,330 | 924.00 | 654.90 | 9,553,038 |
| Dec-20 | 999.10 | 823.30 | 327,681 | 999.75 | 821.85 | 8,395,920 |

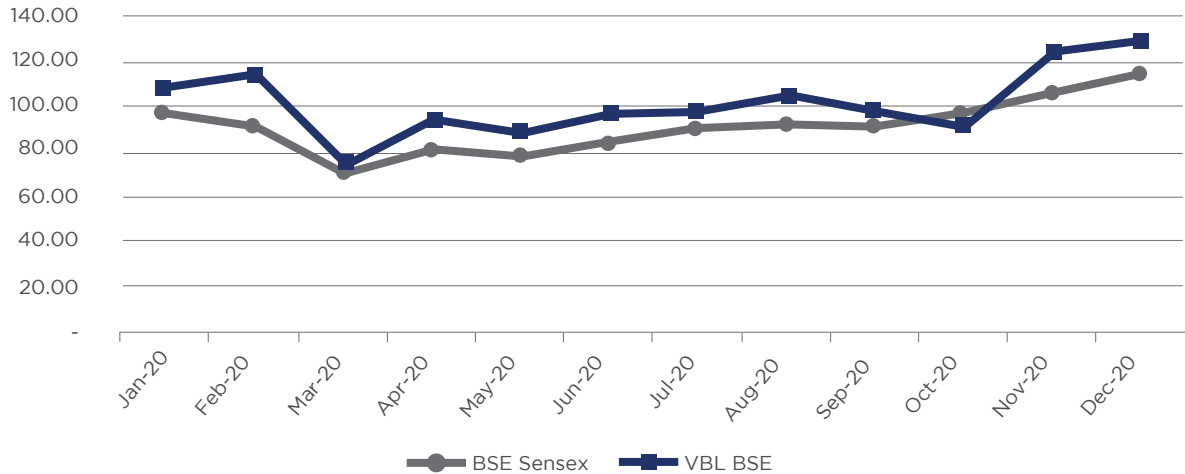


Performance in comparison to broad - based indices

Performance on BSE

Comparison of share price of VBL with BSE Sensex.

Performance on BSE (Indexed)

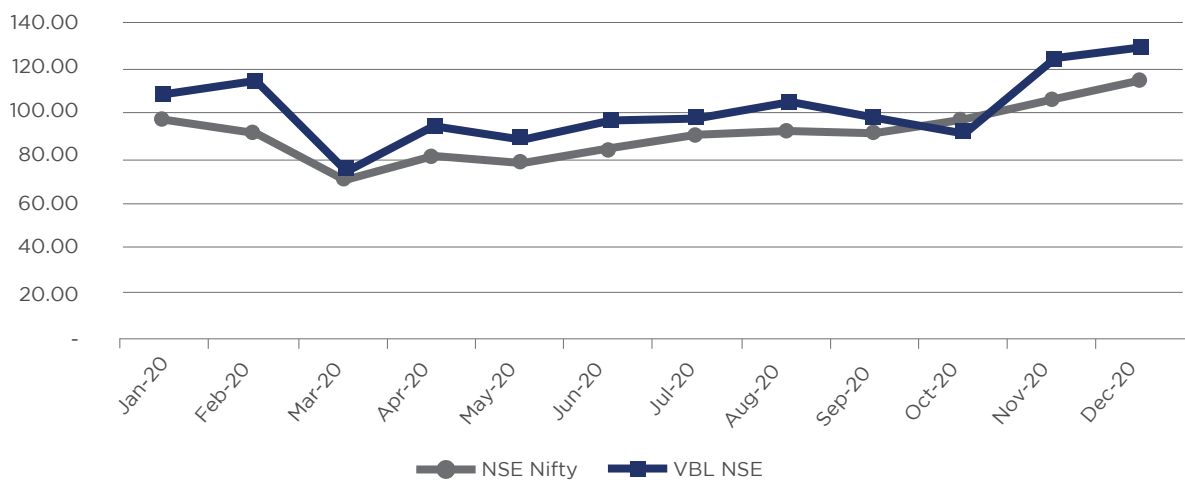


| | Jan'20 | Feb'20 | Mar'20 | Apr'20 | May'20 | Jun'20 | Jul'20 | Aug'20 | Sep'20 | Oct'20 | Nov'20 | Dec'20 |
|-------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| VBL BSE | 109.09 | 113.95 | 74.94 | 94.80 | 89.31 | 96.43 | 99.94 | 103.98 | 98.71 | 92.48 | 123.35 | 129.31 |
| BSE Sensex | 98.71 | 92.83 | 71.43 | 81.73 | 78.60 | 84.64 | 91.16 | 93.64 | 92.28 | 96.03 | 107.02 | 115.75 |

Performance on NSE

Comparison of share price of VBL with NSE Nifty.

Performance on NSE (Indexed)



| | Jan'20 | Feb'20 | Mar'20 | Apr'20 | May'20 | Jun'20 | Jul'20 | Aug'20 | Sep'20 | Oct'20 | Nov'20 | Dec'20 |
|------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| VBL NSE | 108.26 | 114.75 | 74.72 | 94.49 | 89.14 | 96.10 | 99.93 | 103.87 | 98.55 | 92.42 | 122.97 | 129.28 |
| NSE Nifty | 98.30 | 92.06 | 70.66 | 81.03 | 78.73 | 84.66 | 91.00 | 93.58 | 92.43 | 95.68 | 106.58 | 114.90 |



H) Registrar and Share Transfer Agent

All the work relating to the shares held in physical form as well as the shares held in the electronic (demat) form is being done at one single point through SEBI Registered Category 1 Registrar and Share Transfer Agent (RTA), whose details are given below:

KFin Technologies Private Limited

(formerly Karvy Fintech Private Limited)

Selenium Tower B,

Plot No. 31 and 32, Gachibowli

Financial District, Nanakramguda, Hyderabad 500 032

Tel: +91 40 6716 2222

Fax: +91 40 23431551

Email: einward.ris@kfintech.com

Website: www.kfintech.com

SEBI Registration No. INR000000221

I) Share Transfer System

As on December 31, 2020 - 288,688,429 (Two Hundred Eighty-Eight Million Six Hundred Eighty-Eight Thousand Four Hundred Twenty-Nine) equity shares of the Company were in dematerialized form and 291 (Two Hundred Ninety One) equity shares were held in physical form.

Transfer of Equity Shares in dematerialized form are done through depositories with no involvement of the Company. In terms of SEBI (LODR) regulations, effective from 1st April, 2019, securities of listed companies can be transferred in dematerialized form except where the claim is lodged for transmission or transposition of shares. Company obtains a half-yearly certificate from a Company Secretary in Practice as required under Regulation 40(9) of SEBI (LODR) Regulations and file copy of the said certificate with the Stock Exchanges.

Accordingly, to avail benefits of dematerialization, Members are advised to dematerialize the shares held by them in physical form.

J) Distribution of Shareholding (as on December 31, 2020)

(Nominal Value ₹ 10 per share)

| Shareholding | No. of Shareholders | Percentage | Amount (₹) | Percentage |
|----------------|---------------------|---------------|----------------------|---------------|
| 1 - 5000 | 46,730 | 93.60 | 29,619,980 | 1.03 |
| 5001 - 10000 | 1,258 | 2.52 | 8,724,910 | 0.30 |
| 10001 - 20000 | 749 | 1.50 | 11,091,810 | 0.38 |
| 20001 - 30000 | 314 | 0.63 | 7,697,780 | 0.27 |
| 30001 - 40000 | 140 | 0.28 | 4,883,060 | 0.17 |
| 40001 - 50000 | 109 | 0.22 | 4,872,090 | 0.17 |
| 50001 - 100000 | 211 | 0.42 | 14,569,320 | 0.50 |
| 100001 & Above | 414 | 0.83 | 2,805,428,250 | 97.18 |
| Total | 49,925 | 100.00 | 2,886,887,200 | 100.00 |

K) Categories of Shareholders (as on December 31, 2020)

| Sl. No. | Description | Total No. of Equity Shares | Percentage |
|---------|------------------------------------------|----------------------------|------------|
| 1 | Alternative Investment Fund | 1,052,225 | 0.36 |
| 2 | Body Corporates | 6,772,624 | 2.35 |
| 3 | Clearing Members | 124,501 | 0.04 |
| 4 | Directors (Other than Promoter Director) | 1,152,751 | 0.40 |
| 5 | Employees | 428,853 | 0.15 |
| 6 | Foreign Institutional Investors | 202,062 | 0.07 |



| Sl. No. | Description | Total No. of Equity Shares | Percentage |
|---------|-------------------------------------|----------------------------|---------------|
| 7 | Foreign Nationals | 6,000 | 0.00 |
| 8 | Foreign Portfolio - Corporates | 42,487,803 | 14.72 |
| 9 | Foreign Portfolio Investors | 16,361,507 | 5.67 |
| 10 | HUF | 220,458 | 0.08 |
| 11 | Insurance Companies | 116,762 | 0.04 |
| 12 | Mutual Funds | 15,754,896 | 5.46 |
| 13 | NBFC | 2,800 | 0.00 |
| 14 | Non Resident Indians | 617,146 | 0.21 |
| 15 | Non Resident Indian Non Repatriable | 467,404 | 0.16 |
| 16 | Promoter and Promoter Group | 191,691,041 | 66.40 |
| 17 | Resident Individuals | 9,783,876 | 3.39 |
| 18 | Qualified Institutional Buyer | 1,444,611 | 0.50 |
| 19 | Trusts | 1,400 | 0.00 |
| | Total | 288,688,720 | 100.00 |

L) Dematerialization of Shares and Liquidity

As on December 31, 2020, 99.99% of the total equity shares were held in dematerialized form. The Company's shares are actively traded on the stock exchanges.

The Company does not have any GDR's/ADR's/Warrants or any Convertible instruments having any impact on equity.

M) Commodity price risk or foreign exchange risk and hedging risk

The details for the same have been provided in the Notes to Financial Statements of the Company for the Financial Year 2020.

N) Credit Rating

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

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

O) Plant locations

The Plant locations have been provided at page no. 9 of the Annual Report.

P) Reconciliation of Share Capital Audit

The Reconciliation of Share Capital Audit is conducted by a Company Secretary in practice to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited ('Depositories') and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized

form (held with Depositories) and that the requests for dematerialization of shares are processed by the Registrar and Share Transfer Agent within statutory period and uploaded with the concerned depositories.

Q) Equity Shares in the Suspense Account

The Company does not have any shares in the demat suspense account or unclaimed suspense account as on December 31, 2020.

R) Compliances under SEBI (LODR) Regulations

The Company is regularly complying with the SEBI (LODR) Regulations as stipulated therein. Information, certificates and returns as required under the provisions of SEBI (LODR) Regulations are sent to the stock exchanges within the prescribed time.

S) CEO and CFO Certification

To comply with Regulation 17(8) of SEBI (LODR) Regulations, the Whole-time Director & Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company have given Compliance Certificate stating therein matters prescribed under Part B of Schedule II of the said Regulations which forms part of this Corporate Governance Report.

To comply with Regulation 33(2)(a) of SEBI (LODR) Regulations, while placing the Quarterly Financial Results before the Board of Directors, the CEO and CFO certifies that the Financial Results do not contain any false or misleading statement or figures or do not omit any material fact which may make the statements or figures contained therein misleading.



T) Certificate from Company Secretary in Practice regarding Non-disqualification of Directors

None of the Directors on the Board of the Company have been debarred or disqualified from appointment or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority, as stipulated under Regulation 34 of the SEBI (LODR) Regulations and certificate in this respect received from an Independent Firm of Practising Company Secretaries is annexed.

U) Fees paid to the Statutory Auditors

Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to Statutory Auditors of the Company and their other associated firms during the Financial Year ended December 31, 2020, is as follows:

(₹ in Million)

| Particulars | M/s. Walker Chandiook & Co. LLP | M/s. APAS & Co. |
|---------------------------|---------------------------------|-----------------|
| Audit Fee | 6.80 | 4.93 |
| Other Services | 0.00 | 1.53 |
| Reimbursement of expenses | 0.50 | 0.02 |
| Total | 7.30 | 6.48 |

V) Information on deviation from Accounting Standards, if any

No deviations from Indian Accounting Standards (Ind AS) in preparation of annual accounts for the Financial Year 2020.

W) Investor Correspondence

Mr. Ravi Batra
 Chief Risk Officer & Group Company Secretary
 Plot No. 31, Institutional Area, Sector - 44,
 Gurugram 122 002 (Haryana)
 Tel: +91 124 4643100
 Email: ravi.batra@rjcorp.in

X) Disclosure of Compliance with Corporate Governance requirements specified in Regulation 17 to 27 and Regulation 46 of SEBI (LODR) Regulations

The Company has complied with the applicable provisions of SEBI (LODR) Regulations including Regulation 17 to 27 and Regulation 46 of SEBI (LODR) Regulations.

The Company submits a quarterly compliance report on Corporate Governance signed by Compliance Officer to the Stock Exchange(s) within 15 (Fifteen) days from the close of every quarter. Such quarterly compliance reports on Corporate Governance are also posted on website of the Company.

Compliance of the conditions of Corporate Governance have also been audited by an Independent Firm of Practising Company Secretaries.

After being satisfied of the above compliances, they have issued a compliance certificate in this respect. The said certificate is annexed with this report and the same will be forwarded to the Stock Exchanges along with the Annual Report of the Company.

DISCLOSURES

(i) The Company has not entered into any materially significant related party transactions which have potential conflict with the interests of the Company at large. The Board of Directors had approved a Policy on Related Party Transactions and the same is uploaded at <https://varunpepsi.com/wp-content/uploads/2016/09/Policy-On-Related-Party-Transactions.pdf>

(ii) The Company has complied with the requirements of Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets and there was no instances of non-compliance during the last three years except that during the last Financial Year 2019, composition of Board was not compliant of Regulation 17 of SEBI (LODR) Regulations from May 2, 2019 to July 31, 2019 as half of the directors were not Independent Directors and in this respect penalty as imposed by the National Stock Exchange of India Limited and BSE Limited was deposited by the Company. Presently, the Company is compliant of all the applicable provisions of SEBI (LODR) Regulations.

(iii) Policy for Determination of Material Subsidiary and Governance of Subsidiaries can be accessed at <https://varunpepsi.com/wp-content/uploads/2021/02/1doc.pdf>

(iv) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 forms part of the Board's Report.

Green Initiative

Pursuant to Sections 101 and 136 of the Act read with the Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014, the Company



can send Notice of Annual General Meeting, Financial Statements and other communication in electronic form. Your Company is sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Board's Report along with their annexure etc. for the Financial Year 2020 in electronic mode to the shareholders who have registered their e-mail address with the Company and/or their respective Depository Participants (DPs).

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail addresses with their concerned

DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the Company / RTA, by sending a letter, duly signed by the first/sole holder quoting details of Folio Number.

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

Date: February 16, 2021
Place: Gurugram

Ravi Jaipuria
Chairman
DIN: 00003668

