Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

1. Corporate information

Varun Beverages Limited (the "Company") is a public limited Company domiciled in India. Its registered office is at F-2/7, Okhla Industrial Area, Phase-I, New Delhi- 110 020. The Company's equity shares are listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India ("NSE"). The Company was incorporated on 16 June 1995 under the provision of the Companies Act, 1956. The Company is primarily engaged in manufacturing, selling, bottling and distribution of beverages of PepsiCo's brand in geographically pre-defined territories as per franchisee agreement with PepsiCo India Holdings Private Limited.

2. Basis for preparation

These standalone financial statements ("financial statements") of the Company have been prepared in accordance with Indian Accounting Standard ("Ind AS") and comply with requirements of Ind AS notified under section 133 of the Companies Act, 2013 ("the Act"), read together with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, stipulation contained in Schedule III (Revised) and other pronouncements/ provisions of applicable laws. These financial statements are authorised for issue on 16 February 2021 in accordance with a resolution of the Board of Directors. The Board of Directors can permit the revision to the standalone financial statements after obtaining necessary approvals or at the instance of regulatory authorities as per provisions of the Act.

These standalone financial statements have been prepared using the significant accounting policies and measurement basis summarised below. These accounting policies have been used consistently throughout all periods presented in these standalone financial statements except as mentioned in note 3.2 below.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

i. Derivative financial instruments;

ii. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

iii. Defined benefit plans- plan assets measured at fair value; and

iv. Share based payments.

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current if it satisfies any of the following conditions:

i. Expected to be realised or intended to sold or consumed in normal operating cycle;

ii. Held primarily for the purpose of trading;

iii. Expected to be realised within twelve months after the reporting period; or

iv. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current if it satisfies any of the following conditions:

i. It is expected to be settled in normal operating cycle;

ii. It is held primarily for the purpose of trading;

iii. It is due to be settled within twelve months after the reporting period; or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and its realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

The Company follows calendar year as its financial year as approved by the Company Law Board, New Delhi.

The financial statements of the Company are presented in Indian Rupees (₹), which is also its functional currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirement of Schedule III to the Act, unless otherwise stated.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

3. Significant accounting policies

3.1 Fair value measurements

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.2 Revenue recognition

Revenue is recognised upon transfer of control of promised goods or services to customers at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price allocated to that performance obligation as per contractually agreed terms with the customers. The transaction price of goods sold and services rendered is net of various discounts and schemes offered by the Company as part of the contract. Revenue is recorded provided the recovery of consideration is probable and determinable. Revenue from sale of goods and services transferred to distributors/intermediaries are recognised at a point in time.

a) *Sale of goods:*

Revenue from the sale of manufactured and traded goods products is recognised upon transfer of control of products to the customers which coincides with their delivery to customer and is measured at fair value of consideration received/receivable, net of discounts, amount collected on behalf of third parties and applicable taxes.

b) *Interest:*

Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable. For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate ("EIR"). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial assets. Interest income is included in other income in the Statement of Profit and Loss.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

c) ***Dividends:***

Dividend is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

d) ***Commission:***

Commission income is recognised rateably over the contract period as per the agreed contractual terms.

e) ***Services rendered:***

Revenue from service related activities including management and technical know-how service is recognised as and when services are rendered and on the basis of contractual terms with the parties.

3.3 Inventories

Inventories are valued as follows:

a) **Raw materials, components, stores and spares:** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a moving weighted average cost basis.

However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

b) **Work-in-progress:** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads including depreciation. Cost is determined on a weighted average basis.

c) **Intermediate goods/ Finished goods:**

i. **Self manufactured -** At lower of cost and net realisable value. Cost for this purpose includes material, labour and appropriate allocation of overheads. Cost is determined on a weighted average basis.

ii. **Traded -** At lower of cost and net realisable value. Cost of inventory comprises all costs of purchases, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition and is determined on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Provision for obsolescence is determined based on management's assessment and is charged to the Statement of Profit and Loss.

3.4 Property, plant and equipment

Measurement at recognition:

Property, plant and equipment and capital work-in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost comprises the purchase price, borrowing costs if capitalisation criteria are met and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

a) it is probable that future economic benefits associated with the item will flow to the entity; and

b) the cost of the item can be measured reliably.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increased the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

the Statement of Profit and Loss for the period during which such expenses are incurred. Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as a part of indirect construction cost to the extent the expenditure is related to construction or is incidental thereto. Other indirect costs incurred during the construction periods which are not related to construction activity nor are incidental thereto are charged to the Statement of Profit and Loss.

Value for individual assets acquired for a consolidated price, the cost is apportioned to the various assets on their relative fair values basis as determined by competent valuers.

Depreciation:

The management has estimated, supported by technical assessment, the useful lives of property, plant and equipment. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Useful lives (upto)
Leasehold land	Over lease period
Buildings-factory	30 years
Buildings-others	60 years
Plant and equipment	20 years
Furniture and fixtures	10 years
Delivery vehicles	10 years
Vehicles (other than delivery vehicles)	7 years
Office equipment	4 years
Computer equipment	4 years
Containers	6 years
Post-mix vending machines and refrigerators (Visi - Cooler)	8 years
Power generating assets	22 years

Freehold land is not depreciated.

Depreciation on property, plant and equipment is provided over the useful lives of assets as specified in Schedule II to the Act except where the management, based on independent technical assessment, depreciates certain assets are over estimated useful lives which are different from the useful lives prescribed in the Schedule II to the Act. The Company has used the remaining useful lives to compute depreciation on its property, plant and equipment, acquired under the business transfer agreement based on external technical evaluation.

Depreciation on property, plant and equipment which are added/disposed off during the year is provided on pro-rata basis with reference to the month of addition/deletion.

The Company has technically evaluated all the property, plant and equipment for determining the separate identifiable assets having different useful lives under the component approach. On technical evaluation of all separate identifiable components, the management is of the opinion that they do not have any different useful life from that of the principal asset.

In case of revaluation of leasehold land, the resulting amortisation of the total revalued amount is expensed off to the Statement of Profit and Loss.

Derecognition:

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds or amount of security deposit adjusted and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is de-recognised.

Breakages of containers are adjusted on 'first bought first broken' basis, since it is not feasible to specifically identify the broken containers in the fixed assets records.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

3.5 Intangible assets

Intangible assets are initially recognised at:

a) In case the assets are acquired separately, then at cost,

b) In case the assets are acquired in a business combination or under any asset purchase agreement, at fair value.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment loss. Intangible assets with finite useful life are assessed for impairment whenever there is an indication that the intangible assets may be impaired. Amortisation of intangible assets such as softwares and distribution network is computed on a straight-line basis, at the rates representing estimated useful life of 4 years and 8 years respectively.

The franchise rights and trademarks acquired as part of business combinations normally have a remaining legal life of not exceeding twenty years but is renewable every twenty years and is well established. The Company intends to renew these rights continuously and evidence supports its ability to do so. An analysis of product life cycle studies, market and competitive trends provides evidence that the product will generate net cash inflows for the Company for an indefinite period. Therefore, these rights have been carried at cost without amortisation, but is tested for impairment annually, at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3.6 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised, if any. All other borrowing costs are expensed to the Statement of Profit and Loss in the period in which they occur.

3.7 Leases

Transition to Ind AS 116 - Leases

The Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 - Leases ("Ind AS 116") which replaces the existing lease standard, Ind AS 17 - Leases, and other interpretations. Ind AS 116 – Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company has adopted Ind AS 116, w.e.f. 01 January 2020 using modified retrospective method with right-of-use asset recognised at an amount equal to the lease liability in the balance sheet on the initial date of application.

The Company as a lessee

The Company enters into an arrangement for lease of buildings and equipments. Such arrangements are generally for a fixed period but may have extension or termination options. In accordance with Ind AS 116 – Leases, at inception of the contract, the Company assesses whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to control the use an asset (the underlying asset) for a period of time in exchange for consideration'.

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

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

a) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

b) The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

c) The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

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

The right-of-use asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses (unless such right of use assets fulfills the requirements of Ind AS 40 - Investment Property and is accounted for as there under), if any and adjusted for any re-measurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use asset are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the Statement of Profit and Loss.

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

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

a) Fixed payments, including in-substance fixed payments;

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) Amounts expected to be payable under a residual value guarantee; and

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

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero, as the case may be.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item in the standalone financial statements of the Company.

The Company has elected not to apply the requirements of Ind AS 116 - Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Company as a lessor

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

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

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

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

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

Lease policy on or before 31 December 2019:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Company as a lessor

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on straight line basis over the term of the relevant lease.

3.8 Employee benefits

Contribution to provident and other funds

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

Gratuity is a defined benefit scheme. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. The Company recognises termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised

immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring cost

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated absences

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit which are computed based on the actuarial valuation using the projected unit credit method at the period end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the balance is presented as a non-current liability.

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

All other employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

3.9 Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments which are classified as equity-settled transactions.

The cost of equity-settled transactions is determined by the fair value at the date of grant using an appropriate valuation model. That cost is recognised as an employee benefit expense with a corresponding increase in 'Share option outstanding account' in other equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions.

Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are

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met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the Company or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the Statement of Profit and Loss.

3.10 Foreign currency transactions and translations

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

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

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

Exchange differences pertaining to long-term foreign currency monetary items obtained or given on or before 31 December 2016: Exchange differences arising on conversion of long term foreign currency monetary items used for acquisition of depreciable fixed assets are added to the cost of fixed assets and is depreciated over the remaining life of the respective fixed asset and in other cases, is recorded under the head 'Foreign Currency Monetary Item Translation Difference Account' and is amortised over the period of maturity of underlying long term foreign currency monetary items, in accordance with the option available under Ind AS 101.

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

3.11 Business combination and goodwill

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

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the Company is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments' ('Ind AS 109'), is measured at fair value with changes in fair value recognised in the Statement of Profit and Loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

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

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

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

3.12 Government grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

When loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. That grant is recognised in the Statement of Profit and Loss under 'other operating revenue'. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to assets are presented in the balance sheet by deducting the grant from the carrying value of the asset and non-monetary grant is recognised at a nominal value.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Grants related to income are recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'.

Total government grant recognised in the Statement of Profit and Loss under the head 'Other operating revenue' amounts to ₹ 655.79 million (31 December 2019: ₹ 1,186.62 million) under different industrial promotion tax exemption schemes.

3.13 Income taxes

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 and rules thereunder. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in OCI or in equity).

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their book bases. Deferred tax liabilities are recognised for all temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum Alternate Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the relevant members of the Company will pay normal income tax during the specified period. Such asset is reviewed at each reporting period end and the adjusted based on circumstances then prevailing.

Deferred tax on business combination

When a liability assumed is recognised at the acquisition date but the related costs are not deducted in determining taxable profits until a later period, a deductible temporary difference arises which results in a deferred tax asset. A

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

deferred tax asset also arises when the fair value of an identifiable asset acquired is less than its tax base. In both cases, the resulting deferred tax asset affects goodwill.

3.14 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. The business activities of the Company predominantly fall within a single operating segment, i.e., manufacturing and sale of beverages within India.

3.15 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the

Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

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

3.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss ("FVTPL"), transaction costs that are attributable to the acquisition of the financial asset.

For purposes of subsequent measurement, financial assets are classified as follows:

a) Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost where the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and contractual terms of the asset give rise to cash flows on specified dates that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income from these financial assets is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

b) Debt instruments at fair value through other comprehensive income

Assets that are held for collection of contractual cashflows and for selling the financial assets, where the cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). The Company has not designated any debt instrument in this category.

c) Debt instruments at fair value through profit or loss

Fair Value Through Profit or Loss ("FVTPL") is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss. The Company has not designated any debt instrument in this category.

d) Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 'Business Combinations' applies are Ind AS classified as at FVTPL. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair values. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

De-recognition

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive the contractual cash flows from the asset in a transaction in which substantially all the risks and rewards of ownership of the asset are transferred.

Impairment of financial assets

The Company measures the Expected Credit Loss ("ECL") associated with its assets based on historical trends, industry practices and the general business environment in which it operates. The impairment methodology applied depends on whether there has been a significant increase in credit risk. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Statement of Profit and Loss under the head 'other expenses'.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Subsequent measurement

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

a) Financial liabilities at FVTPL

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

This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses are recognised in the Statement of Profit and Loss, except for those attributable to changes in own credit risk, which are recognised in OCI. These gains/ loss are not subsequently transferred to the Statement of Profit and Loss.

b) Financial liabilities at amortised cost

After initial recognition, financial liabilities designated at amortised costs are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date of executing a derivative contract and are subsequently remeasured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Statement of Profit and Loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

3.17 Investment in subsidiaries and associates

An investor, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, an investor controls an investee if and only if the investor has all the following:

a) power over the investee;

b) exposure, or rights, to variable returns from its involvement with the investee; and

c) the ability to use its power over the investee to affect the amount of the investor's returns.

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Company has elected to recognise its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'.

Investment carried at cost is tested for impairment as per Ind-AS 36.

3.18 Non-current assets classified as held for sale

Non-current assets classified as held for sale are presented separately in the Balance Sheet and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arises on remeasurement or sale is included in the Statement of Profit and Loss.

If an entity has classified an asset (or disposal group) as held for sale, but the held-for-sale criteria as specified in standard are no longer met, the entity shall cease to classify the asset (or disposal group) as held for sale.

The Company measures a non-current asset that ceases to be classified as held for sale (or ceases to be included in a disposal group classified as held for sale) at the lower of:

a) its carrying amount before the asset (or disposal group) was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held for sale; and

b) its recoverable amount at the date of the subsequent decision not to sell.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

3.19 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, cheques on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

3.20 Dividend distribution to equity holders

The Company recognizes a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

3.21 Provisions

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

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

3.22 Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent assets are only disclosed when it is probable that the economic benefits will flow to the entity.

3.23 Earnings per share

Basic earnings/ (loss) per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events, other than conversion of potential equity shares, that have changed the number of equity shares outstanding without a corresponding change in resources.

In case of a bonus issue, the number of ordinary shares outstanding is increased by number of shares issued as bonus shares in current year and comparative period presented as if the event had occurred at the beginning of the earliest year presented.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.24 Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

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

i) Judgements

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

a) Contingencies

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

b) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

ii) Estimates and assumptions

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

a) Useful lives of tangible/intangible assets

The Company reviews its estimate of the useful lives of tangible/intangible assets at each reporting date, based on the expected utility of the assets.

b) Defined benefit obligation

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

c) Inventories

The Company estimates the net realisable values of inventories, taking into account the most reliable evidence available at

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

d) Business combinations

The Company uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination.

e) Impairment of non-financial assets and goodwill

In assessing impairment, Company estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

f) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

4A. Property, plant and equipment

(₹ in million)

	Land freehold#	Land leasehold#	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2020	5,760.18	5,326.08	10,483.85	28,496.82	178.98	971.36	198.98	185.85	4,038.31	9,622.39	65,262.80
Additions for the year	108.56	6.57	450.82	2,228.53	10.15	228.71	33.50	11.21	350.98	2.73	3,431.76
Addition on account of transition to Ind AS 116 (Refer footnote iv below)	-	-	192.59	7.88	-	-	-	-	-	-	200.47
Government grant related to asset received (Refer footnote iii below)	-	(6.37)	-	-	-	-	-	-	-	-	(6.37)
Disposals for the year	-	(1.55)	-	(329.80)	(0.22)	(28.36)	(1.18)	(3.33)	(1,922.77)	(14.35)	(2,301.56)
Balance as at 31 December 2020	**5,868.74**	**5,324.73**	**11,127.26**	**30,403.43**	**188.91**	**1,171.71**	**231.30**	**193.73**	**2,466.52**	**9,610.77**	**66,587.10**
Accumulated Depreciation											
Balance as at 01 January 2020	-	230.99	1,594.05	6,749.60	99.40	702.30	123.98	111.69	1,747.51	5,503.61	16,863.13
Depreciation charge for the year	-	71.71	460.31	1,821.20	13.26	86.98	30.41	28.22	455.51	1,113.17	4,080.77
Reversal on disposals for the year	-	-	-	(62.08)	(0.17)	(23.02)	(1.00)	(2.62)	(1,315.73)	(13.85)	(1,418.47)
Balance as at 31 December 2020	**-**	**302.70**	**2,054.36**	**8,508.72**	**112.49**	**766.26**	**153.39**	**137.29**	**887.29**	**6,602.93**	**19,525.43**
Carrying amount as at 31 December 2020	**5,868.74**	**5,022.03**	**9,072.90**	**21,894.71**	**76.42**	**405.45**	**77.91**	**56.44**	**1,579.23**	**3,007.84**	**47,061.67**

(₹ in million)

	Land freehold#	Land leasehold#	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Containers	Post-mix vending machines and refrigerators (Visi Cooler)	Total
Gross carrying amount											
Balance as at 01 January 2019	3,393.10	3,284.27	5,800.89	16,061.13	148.69	955.18	165.50	138.19	3,323.43	8,101.72	41,372.10
Additions for the year	527.84	112.01	1,387.71	4,980.31	15.59	37.96	37.32	41.75	787.63	859.08	8,787.20
Acquisition through business combination during the year (Refer note 49A)	1,839.24	1,965.04	3,295.39	7,730.79	14.84	15.65	6.44	6.84	312.53	721.66	15,908.42
Government grant related to asset received (Refer footnote iii below)	-	-	-	(251.05)	-	-	-	-	-	-	(251.05)
Disposals/adjustments for the year	-	(35.24)	(0.14)	(24.36)	(0.14)	(37.43)	(10.28)	(0.93)	(385.28)	(60.07)	(553.87)
Balance as at 31 December 2019	**5,760.18**	**5,326.08**	**10,483.85**	**28,496.82**	**178.98**	**971.36**	**198.98**	**185.85**	**4,038.31**	**9,622.39**	**65,262.80**
Accumulated Depreciation											
Balance as at 01 January 2019	-	170.84	1,279.16	5,213.93	87.29	649.59	101.73	86.64	1,385.75	4,414.13	13,389.06
Depreciation charge for the year	-	60.15	314.89	1,543.43	12.33	72.57	26.42	28.95	634.92	1,127.06	3,820.72
Reversal on disposals/adjustments of assets for the year	-	-	-	(7.76)	(0.22)	(19.86)	(4.17)	(3.90)	(273.16)	(37.58)	(346.65)
Balance as at 31 December 2019	**-**	**230.99**	**1,594.05**	**6,749.60**	**99.40**	**702.30**	**123.98**	**111.69**	**1,747.51**	**5,503.61**	**16,863.13**
Carrying amount as at 31 December 2019	**5,760.18**	**5,095.09**	**8,889.80**	**21,747.22**	**79.58**	**269.06**	**75.00**	**74.16**	**2,290.80**	**4,118.78**	**48,399.67**

#The Company had acquired leasehold lands at Sonarpur (Kolkata) amounting to ₹ 1.50 million (31 December 2019: ₹ 1.50 million), Pathankot (Punjab) amounting to ₹ Nil (31 December 2019: ₹ 197.10 million) and Sangli (Maharashtra) amounting to ₹ Nil (31 December 2019: ₹ 1.55 million) and freehold land at Nelamangala (Karnataka) amounting to ₹ Nil (31 December 2019: ₹ 1,316.60 million) which is yet to be registered in the name of the Company.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Property, plant and equipment (contd.)

Footnotes to Note 4A:

i. Refer Note 52 for information on property, plant and equipment pledged as security by the Company.

ii. Pre-operative expenses incurred and capitalised during the year are as under:

(₹ in million)

Net Book Value	31 December 2020	31 December 2019
Balance at the beginning of the year	2.46	149.29
Add: Incurred during the year		
Finance costs	-	131.93
Other expenses	56.21	71.37
Less: Capitalised during the year	(36.10)	(350.13)
Amount carried over	**22.57**	**2.46**

iii. During the year ended on 31 December 2020, the Company has received government grant related to assets under the Punjab Industrial and Business Development Policy, 2017 amounting to ₹ 6.37 million and for previous year ended on 31 December 2019, the Company has received government grant related to assets under the Central Capital Investment Subsidy NEIIPP, 2007 amounting to ₹ 251.05 million. The grant received has been deducted against the carrying value of the asset.

iv. The below schedule includes leased assets represents right of use assets, details of which are as under (Refer note 45):

(₹ in million)

	Leased buildings	Leased plant and equipment	Total
Gross carrying amount			
Balance as at 01 January 2020	-	-	-
Addition on account of transition to Ind AS 116	192.59	7.88	200.47
Additions for the year	-	-	-
Disposals for the year	-	-	-
Balance as at 31 December 2020	192.59	7.88	200.47
Accumulated Depreciation			
Balance as at 01 January 2020	-	-	-
Depreciation charge for the year	79.84	0.96	80.80
Reversal on disposals for the year	-	-	-
Balance as at 31 December 2020	79.84	0.96	80.80
Carrying amount as at 31 December 2020	**112.75**	**6.92**	**119.67**

The Company has adopted Ind AS 116 effective 01 January 2020, using modified retrospective method hence not applicable for comparative year.

v. The amount of contractual commitments for the acquisitions of property, plant and equipment are disclosed in Note 42.

4B. Capital work-in-progress: The changes in the carrying value of capital work-in-progress for the year ended 31 December 2020 and 31 December 2019 are as follows :

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2020	585.75
Additions for the year	2,483.65
Transfer to property, plant and equipment	(2,679.35)
Balance as at 31 December 2020	**390.05**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2019	3,392.26
Additions for the year	3,561.52
Transfer to property, plant and equipment	(6,368.03)
Balance as at 31 December 2019	**585.75**

5A. Goodwill

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2020	19.40
Acquired during the year	-
Balance as at 31 December 2020	**19.40**
Amortisation and impairment	
Balance as at 01 January 2020	-
Amortisation charge for the year	-
Balance as at 31 December 2020	-
Carrying amount as at 31 December 2020	**19.40**

(₹ in million)

	Amount
Gross carrying amount	
Balance as at 01 January 2019	19.40
Acquired during the year	-
Balance as at 31 December 2019	**19.40**
Amortisation and impairment	
Balance as at 01 January 2019	-
Amortisation charge for the year	-
Balance as at 31 December 2019	**-**
Carrying amount as at 31 December 2019	**19.40**

5B. Other intangible assets

(₹ in million)

	Franchise rights/ trademarks (Refer note i)	Distribution network	Computer software	Total
Gross carrying amount				
Balance as at 01 January 2020	6,042.96	157.64	274.37	6,474.97
Additions for the year	-	-	1.96	1.96
Balance as at 31 December 2020	6,042.96	157.64	276.33	6,476.93
Amortisation and impairment				
Balance as at 01 January 2020	656.97	20.77	198.76	876.50
Amortisation charge for the year	-	19.70	27.70	47.40
Balance as at 31 December 2020	656.97	40.47	226.46	923.90
Carrying amount as at 31 December 2020	**5,385.99**	**117.17**	**49.87**	**5,553.03**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	Franchise rights/ trademarks (Refer note i)	Distribution network	Computer software	Total
Gross carrying amount				
Balance as at 01 January 2019	5,657.86	157.64	225.30	6,040.80
Additions for the year	150.00	-	48.87	198.87
Acquisition through business combination during the year (Refer note 49A)	235.10	-	-	235.10
Disposals/adjustments for the year	-	-	0.20	0.20
Balance as at 31 December 2019	6,042.96	157.64	274.37	6,474.97
Amortisation and impairment				
Balance as at 01 January 2019	656.97	1.07	166.96	825.00
Amortisation charge for the year	-	19.70	31.60	51.30
Reversal on disposal/adjustments of assets for the year	-	-	0.20	0.20
Balance as at 31 December 2019	656.97	20.77	198.76	876.50
Carrying amount as at 31 December 2019	**5,385.99**	**136.87**	**75.61**	**5,598.47**

Footnotes to Note 5A and 5B:

(i) The Company has considered the related provisions of Ind AS 38 on 'Intangibles Assets' which permit certain intangible assets to have an indefinite life and accordingly the carrying value of these franchisee rights have been considered to have an indefinite life. These franchisee rights meet the prescribed criteria of renewal at nominal cost, renewal with no specific conditions attached and is supported by evidences of being renewed. Management is of the opinion that, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the franchise rights are expected to generate net cash inflows for the Company.

Goodwill and franchise rights with indefinite useful lives are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The assumptions used in this impairment assessment are most sensitive to following:

a) Weighted average cost of capital ''WACC'' of 13.30% for the explicit period and 13.57% for the terminal year.

b) For arriving at the terminal value, approximate growth rate of 5% is considered.

c) Number of years for which cash flows were considered are 5 years.

d) The approximate rate of growth in sales is estimated at 10%-20% in the discrete period.

No impairment loss was identified on the above assessment.

(ii) The amount of contractual commitments for the acquisitions of intangible assets are disclosed in Note 42.

(iii) Refer Note 52 for information on other intangible assets pledged as security by the Company.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

6. Investments in subsidiaries and associates

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Investment in subsidiaries (at cost) (unquoted)		
In equity shares		
17,392,760 (31 December 2019: 14,284,240) fully paid equity shares of MAD 50 each in Varun Beverages Morocco SA*#	6,179.18	4,922.56
643,853,670 (31 December 2019: 56,775,000) fully paid equity shares of LKR 10 each in Varun Beverages Lanka (Private) Limited**#	3,149.55	235.17
1,080,000 (31 December 2019: 1,080,000) fully paid equity shares of NPR 1,000 each in Varun Beverages (Nepal) Private Limited	798.91	798.91
18,710,100 (31 December 2019: 3,150,000) fully paid equity shares of ZMW 10 each in Varun Beverages (Zambia) Limited***#	3,231.01	2,670.39
935 (31 December 2019: 935) fully paid equity shares of USD 1 each in Varun Beverages (Zimbabwe) (Private) Limited	0.06	0.06
547,645 (31 December 2019: 200,000) fully paid equity shares of ₹ 10 each in Lunarmech Technologies Private Limited@^	162.93	150.38
Nil (31 December 2019: 35,474) fully paid equity shares of ₹ 10 each in Angelica Technologies Private Limited~@^	-	12.56
In preference shares		
Equity portion of Nil (31 December 2019: 58,707,866) redeemable preference shares in Varun Beverages (Lanka) Private Limited**	-	287.80
	13,521.64	**9,077.83**
Aggregate amount of unquoted investments	**13,521.64**	**9,077.83**

*During the year ended on 31 December 2020, loans given to Varun Beverages Morocco SA ("VBL Morocco") amounting to ₹ 999.17 million (31 December 2019: ₹ 1,182.46 million) and Interest receivable amounting to ₹ 257.45 million (31 December 2019: ₹ Nil) were converted into equity investment.

**During the year ended on 31 December 2020, redeemable preference shares (classified as loans) given to Varun Beverages Lanka (Private) Limited ("VBL Lanka") amounting to ₹ 2,626.57 million (31 December 2019: ₹ Nil) were converted into equity investment. Accordingly, the equity portion of ₹ 287.80 million of this investment has been added to the cost of equity investment in VBL Lanka.

***During the year ended on 31 December 2020, loans given to Varun Beverages (Zambia) Limited ("VBL Zambia") amounting to ₹ 560.62 million (31 December 2019: ₹ Nil) were converted into equity investment.

@The National Company Law Tribunal, through its order dated 22 May 2020 has approved the scheme of amalgamation of the subsidiary of the Company, namely, Angelica Technologies Private Limited ("Angelica") with Lunarmech Technologies Private Limited ("Lunarmech") (subsidiary of Angelica Technologies Private Limited). The approved scheme of amalgamation has been filed with the Registrar of Companies on 07 July 2020. Consequently, 98 (Ninety eight) fully paid-up equity shares of Lunarmech of the face value of ₹ 10 each have been allotted for every 10 (Ten) fully paid-up equity shares of the face value of ₹ 10 each of Angelica. This has no impact on the standalone financial statements.

^The Company, on 09 September 2019, has acquired 20% shareholding in Lunarmech for a purchase consideration of ₹ 150.38 million.

~The Company, on 04 November 2019, has acquired board control in its associate, Angelica. Consequently, both Angelica and Lunarmech became subsidiaries of the Company w.e.f. 04 November 2019.

#These investments were tested for impairment in accordance with Ind AS 36 "Impairment of Assets".

Refer note 54 for information required under Section 186 (4) of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Information about investments along with proportion of ownership interest held and country of incorporation are as follows:

Name of the company/entity	Country of incorporation and principal place of business	Proportion of ownership interests held by the Company at year end	
		As at 31 December 2020	As at 31 December 2019
Varun Beverages (Nepal) Private Limited ('VBL Nepal')	Nepal	100%	100%
Varun Beverages Lanka (Private) Limited ('VBL Lanka')	Sri Lanka	100%	100%
Varun Beverages Morocco SA ('VBL Morocco')	Morocco	100%	100%
Ole Spring Bottlers (Private) Limited ('Ole')*	Sri Lanka	100%	100%
Varun Beverages (Zambia) Limited ('VBL Zambia')	Zambia	90%	90%
Varun Beverages (Zimbabwe) (Private) Limited ('VBL Zimbabwe')	Zimbabwe	85%	85%
Varun Beverages (Botswana) (Proprietary) Limited ^	Botswana	-	90%
Angelica Technologies Private Limited	India	-	47.30%
Lunarmech Technologies Private Limited∞	India	55%	55%

* subsidiary of VBL Lanka

^subsidiary of VBL Zambia till 12 May 2020

∞ subsidiary of Angelica Technologies Private Limited till 04 November 2019

7. Investments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Fair value through Profit or Loss		
Investment in equity shares (unquoted)		
200 (31 December 2019: 200) shares of ₹ 50 each in The Margao Urban Co-operative Bank Limited	0.01	0.01
250 (31 December 2019: 250) shares of ₹ 10 each in The Goa Urban Co-operative Bank Limited**	0.00	0.00
	0.01	**0.01**
Aggregate amount of unquoted investments	0.01	0.01

**Rounded off to Nil.

8. Loans

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans carried at amortised cost		
Security deposits	390.41	421.22
Loans to related parties, considered good - Unsecured	2,310.09	5,621.55
	2,700.50	**6,042.77**
Loans to subsidiaries, in the ordinary course of business		
Varun Beverages (Zimbabwe) (Private) Limited	1,084.85	648.60
Varun Beverages (Zambia) Limited#	497.14	1,030.28
Varun Beverages Morocco SA#	728.10	1,676.77
Varun Beverages Lanka (Private) Limited#	-	2,265.90

#The loans granted were tested for impairment in accordance with Ind AS 109.

Refer note 54 for information required under Section 186 (4) of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

9. Other non-current financial asset

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Financial asset at amortised cost		
Balance in deposit accounts with more than 12 months maturity#	1.21	8.90
	1.21	**8.90**

#Pledged as security with electricity department/banks.

10. Other non-current assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Capital advances	713.09	544.65
Advances other than capital advances		
- Income tax paid (includes amount paid under protest)	165.68	168.63
- Balance with statutory authorities (paid under protest)	140.54	166.03
- Prepaid expenses	34.17	37.60
	1,053.48	**916.91**

11. Inventories

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Valued at lower of cost or net realisable value)		
Raw and packing materials (including goods in transit of ₹ 74.39 (31 December 2019: ₹ 176.91))	2,525.43	2,651.70
Work in progress	81.57	61.18
Intermediate goods (including goods in transit of ₹ 28.76 (31 December 2019: ₹ 35.86))	1,643.18	1,836.56
Finished goods (including goods in transit of ₹ 10.31 (31 December 2019: ₹ 26.03))	1,205.16	1,095.62
Stores and spares	1,335.27	1,084.77
	6,790.61	**6,729.83**

The Company manufactures as well as purchases the same product from market for sale. In the absence of demarcation between manufactured and purchased goods, stock in trade values, which are not significant, are not separately ascertainable.

The cost of inventories recognised as an expense during the year is disclosed in Note 30, Note 31 and Note 32.

12. Trade receivables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Trade receivable, considered good - Unsecured	1,643.31	1,198.33
Trade receivable, considered good - Secured	61.98	106.98
Trade receivable - Credit impaired	223.82	216.26
	1,929.11	**1,521.57**
Less : Allowance for expected credit loss	(223.82)	(216.26)
	1,705.29	**1,305.31**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Includes amounts due, in the ordinary course of business, from subsidiaries		
Varun Beverages (Zambia) Limited	30.77	10.61
Varun Beverages (Zimbabwe) (Private) Limited	28.10	22.79
Varun Beverages Morocco SA	7.98	1.59
Ole Spring Bottlers (Private) Limited	2.73	-
Varun Beverages (Nepal) Private Limited	391.23	476.05
Lunarmech Technologies Private Limited	37.44	2.92
Includes amounts due, in the ordinary course of business, from companies in which directors of the Company are also directors:		
Alisha Torrent Closures (India) Private Limited	9.13	3.20
Devyani Airport Services (Mumbai) Private Limited	0.26	0.57

Trade receivables are non-interest bearing and credit period generally falls in the range of 0 to 120 days terms.

13. Cash and cash equivalents

(also for the purpose of Standalone Cash Flow Statement)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Balance with banks in current accounts	250.98	261.63
Balance in deposits with original maturity of less than three months	9.23	2.11
Cheques/drafts on hand	100.01	54.37
Cash on hand	3.82	5.40
	364.04	**323.51**

14. Bank balances other than cash and cash equivalents

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Deposits with original maturity more than 3 months but less than 12 months *	0.11	-
Unpaid dividend account**	0.61	0.65
	0.72	**0.65**

*Pledged as security with statutory authorities/banks

**These balances are not available for use by the Company and corresponding balance is disclosed as unclaimed dividend in note 25.

15. Loans

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans carried at amortised cost		
Loans to related party, considered good - Unsecured	-	282.34
Security deposits	99.94	69.37
	99.94	**351.71**
Loans to a subsidiary, in the ordinary course of business		
Varun Beverages Lanka (Private) Limited#	-	282.34

#The loan granted was tested for impairment in accordance with Ind AS 109.

Refer note 54 for information required under Section 186 (4) of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

16. Other financial assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Interest accrued on:		
- Loan to subsidiaries*	245.77	378.04
- Term deposits	0.23	0.21
- Others	15.68	11.88
Dividend receivable**	192.19	192.19
Guarantee commission receivable#	10.26	54.16
Government grant receivable	1,197.24	1,840.78
Claim receivables	350.56	277.12
Other receivables^	118.27	65.71
	2,130.20	**2,820.09**
*Amounts due from subsidiaries		
Varun Beverages (Zambia) Limited	92.40	84.57
Varun Beverages (Zimbabwe) (Private) Limited	94.26	45.15
Varun Beverages Morocco SA	59.11	248.32
	245.77	**378.04**
**Amount due from a subsidiary, namely, Varun Beverages (Nepal) Private Limited	192.19	192.19
# Amounts due from subsidiaries:		
Varun Beverages (Nepal) Private Limited	-	6.44
Varun Beverages Morocco SA	1.42	1.38
Varun Beverages (Zimbabwe) (Private) Limited	8.84	46.34
	10.26	**54.16**
^ Includes amounts due from subsidiaries:		
Varun Beverages Morocco SA	11.89	7.87
Varun Beverages (Zambia) Limited	6.45	12.43
Varun Beverages Lanka (Private) Limited	2.93	0.80
Varun Beverages (Zimbabwe) (Private) Limited	13.17	9.04
Varun Beverages (Nepal) Private Limited	0.33	1.61
	34.77	**31.75**

17. Other current assets

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(Unsecured, considered good)		
Security deposits	1.27	1.28
Other advances :		
- Employees	40.99	69.08
- Contractors and suppliers	745.46	565.40
- Prepaid expenses	126.41	101.01
- Balance with statutory/government authorities	517.54	772.15
- Other advances	53.48	45.91
	1,485.15	**1,554.83**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

18. Equity share capital

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Authorised share capital:		
500,000,000 (31 December 2019: 500,000,000) equity shares of ₹10 each	5,000.00	5,000.00
	5,000.00	**5,000.00**
Issued, subscribed and fully paid up:		
288,688,720 (31 December 2019: 288,688,720) equity shares of ₹ 10 each	2,886.89	2,886.89
	2,886.89	**2,886.89**

a) Reconciliation of share capital

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2020	288,688,720	2,886.89
Add: Change during the year	-	-
Balance as at 31 December 2020	**288,688,720**	**2,886.89**

(₹ in million)

Particulars	No. of shares	Amount
Balance as at 01 January 2019	182,641,940	1,826.42
Add: Shares issued on exercise of employee stock options during the year	13,285	0.13
Add: Bonus shares issued during the year (Refer note (d) below)	91,327,613	913.28
Add: Shares issued pursuant to Qualified institutional placement ("QIP") (Refer note (h) below)	14,705,882	147.06
Balance as at 31 December 2019	**288,688,720**	**2,886.89**

b) Terms/rights attached to shares

The Company has only one class of equity shares having a par value of ₹ 10 each. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

c) List of shareholders holding more than 5% of the equity share capital of the Company at the beginning and at the end of the year:

Shareholders as at 31 December 2020	No. of shares	%
R J Corp Limited	79,933,517	27.69%
Ravi Kant Jaipuria & Sons (HUF)	53,881,805	18.66%
Mr. Varun Jaipuria	50,663,250	17.55%

Shareholders as at 31 December 2019	No. of shares	%
R J Corp Limited	81,033,517	28.07%
Ravi Kant Jaipuria & Sons (HUF)	57,481,805	19.91%
Mr. Varun Jaipuria	50,663,250	17.55%

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

As per records of the Company, including its register of shareholders/members and other declaration received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

During the year ended 31 December 2019, the Company has issued 91,327,613 equity shares of ₹ 10 each as fully paid-up bonus shares in the ratio of 1 (One) equity share for every 2 (Two) equity share outstanding on record date.

e) Shares reserved for issue under options (Refer note 50)

Under Employee Stock Option Scheme, 2013:

	As at 31 December 2020	As at 31 December 2019
No. of equity shares of ₹ 10 each at an exercise price of ₹ 149.51 per share		
Options outstanding at the beginning of the year	-	23,285
Less: Options lapsed during the year	-	10,000
Less: Shares issued on exercise of employee stock options	-	13,285
	-	-

f) Shares held by holding and ultimate holding company

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
RJ Corp Limited, Parent* company	799.34	810.34
79,933,517 (31 December 2019: 81,033,517) fully paid equity shares of ₹ 10 each		
Ravi Kant Jaipuria & Sons (HUF), Parent* of RJ Corp Limited	538.82	574.82
53,881,805 (31 December 2019: 57,481,805) fully paid equity shares of ₹ 10 each		
	1,338.16	**1,385.16**

*as defined under Ind AS 110 - Consolidated Financial Statements ("Ind AS 110").

g) Preference share capital

The Company also has authorised preference share capital of 50,000,000 (31 December 2019: 50,000,000) preference shares of ₹ 100 each. The Company does not have any outstanding issued preference shares.

h) Pursuant to QIP, 14,705,882 equity shares of the Company of ₹ 10 each were allotted at ₹ 612 per equity share: (Refer note 58)

(₹ in million)

Date of allotment	Share capital	Securities premium
07 September 2019	147.06	8,852.93

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

19. Other equity

Refer Standalone Statement of Changes in Equity for detailed movement in Other Equity balance.

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Capital reserve	533.93	533.93
General reserve	444.26	444.26
Securities premium	26,178.17	26,178.17
Retained earnings	10,074.42	8,619.78
Foreign currency monetary item translation difference account	-	8.14
	37,230.78	**35,784.28**

Description of nature and purpose of each reserve:

Capital reserve - Created on merger of Varun Beverages (International) Limited with the Company pursuant to and in accordance with the Court approved scheme of amalgamation. Includes gain from bargain purchases.

General reserve - Created by way of transfer from debenture redemption reserve on redemption of debentures and is not an item of other comprehensive income.

Securities premium - Created to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

Retained earnings - Created from the profit of the Company, as adjusted for distributions to owners, transfers to other reserves, etc.

Foreign currency monetary item translation difference account - Created for recording exchange differences arising on restatement of long term foreign currency monetary items, other than for acquisition of fixed assets, and is being amortised over the maturity period of such monetary items.

20. Borrowings

A. Non-current borrowings:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Term loans (secured) (Refer note 20D)		
- Foreign currency loans from banks	914.08	1,752.25
- Indian rupee loans from banks	17,710.27	20,364.53
- Indian rupee loan from a financial institutions	919.16	800.29
	19,543.51	**22,917.07**

Loans and borrowing above are recognised at amortised cost/ fair value taking into account any discount or premium on acquisition and fee or costs that are part of effective interest rate, accordingly the outstanding balances above may not necessarily reconcile with repayment amounts.

B. Current borrowings:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Loans repayable on demand		
Working capital facilities from banks (secured) (Refer footnote (a))	5,355.40	2,110.44
Working capital facility from bank (unsecured) (Refer footnote (b))	1,000.00	2,000.00
	6,355.40	**4,110.44**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(a) Working capital facilities from banks are secured by first charge on entire current assets of the Company ranking pari-passu amongst the banks and second charge on the movable and immovable assets of the Company pertaining to specific manufacturing units. One facility from bank is secured by subservient charge over entire current assets and movable fixed assets (both present and future) of the Company and another facility from bank is secured by subservient charge over movable fixed assets of the Company. These facilities carry interest rates ranging between 4.75% to 5.90% (31 December 2019: 8.35% to 9.65%).

(b) During the current year, Company has availed a working capital facility from a bank carrying rate of interest of 5.60% per annum and is repayable in two equal instalments at the end of eight and nine month from the date of disbursement. During the previous year ended on 31 December 2019, working capital facility from a bank carried rate of interest of 7.15% per annum and was repayable in one instalment at the end of six month from the date of disbursement. The outstanding amount of ₹ 2,000.00 million were repaid during the year.

There are no defaults in repayment of principal borrowings or interest there on.

C. Other non-current financial liabilities:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Lease liabilities (Refer note 45)	79.50	-
	79.50	**-**

D. Terms and conditions/details of securities for loans:

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
Term loans				
(i) Foreign currency loan from banks (secured)				
Loan carrying rate of interest of LIBOR+1.60% (31 December 2019: LIBOR+1.60%) and is repayable in two equal instalments of SGD 16.56 each in May 2021 and May 2022. The Company has executed a cross currency swap to hedge total loan of SGD 33.13 to USD 25.00 and interest rate swap to hedge its exposure.	914.08	914.08	1,752.25	-
Loan is secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory/franchisee rights acquired under the acquisition under slump sale basis except vehicles.				
	914.08	**914.08**	**1,752.25**	**-**
(ii) Indian rupee loan from banks (secured)				
Loans carrying weighted average rate of interest 6.86% (31 December 2019: 8.92%) depending upon tenure of the loans. For repayment terms refer note 20E.	17,600.10	3,598.41	20,283.64	4,942.71
These loan are secured on first pari-passu charge on the entire movable and immovable property, plant and equipment of the Company including the territory / franchisee rights acquired under the business acquisition except vehicles.				

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Name of the bank/instrument	Loan outstanding			
	31 December 2020		31 December 2019	
	Non-current	Current	Non-current	Current
(iii) Vehicle rupee term loan (secured)				
Loans carrying rate of interest in range of 7.90%-9.25% (31 December 2019: 7.90%-10.15%). They are repayable generally over a period of three to five years in equal monthly instalments as per the terms of the respective agreements. Vehicle loans are secured against respective vehicles financed.	110.17	59.73	80.89	38.15
	17,710.27	**3,658.14**	**20,364.53**	**4,980.86**
(iv) Indian rupee loan from a financial institutions (secured)				
Interest free loan from The Pradeshiya Industrial & Investment Corporation of U.P. Limited are repayable in one instalment after expiry of seven years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.52%-9.72%. The repayments are due as following: **Date of repayment — Amount** 25 December 2023 — 155.79 30 November 2024 — 177.83 01 November 2025 — 211.98	389.38	-	356.42	-
Interest free loan from The Director of Industries and Commerce, Haryana are repayable in one instalment after expiry of five years from the date of disbursement. Loan is secured against bank guarantee equivalent to 100% of loan amount valid upto the repayment date of loan plus six months grace period. The loans are recognised at amortised cost basis using weighted average rate of borrowing on date of receipt, i.e., 8.33%. The repayments are due as following: **Date of repayment — Amount** 16 January 2023 — 94.01 30 March 2023 — 90.73 07 June 2023 — 175.00 25 October 2023 — 73.66 20 February 2024 — 91.36 27 May 2024 — 36.85 29 August 2024 — 39.10 17 February 2025 — 43.98 13 October 2025 — 23.96	529.78	-	443.87	-
	919.16	**-**	**800.29**	**-**
Total	**19,543.51**	**4,572.22**	**22,917.07**	**4,980.86**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

E. Repayment terms:

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
1	Term loan - 1	-	-	57.67	114.60	The loan was originally repayable in two instalments of ₹ 57.30 each due in May 2020 and June 2020 and one instalment of ₹ 57.84 due in May 2021. The outstanding amount of ₹ 172.44 was repaid during the year.
2	Term loan - 2	350.00	175.00	700.00	350.00	Pre payment of one instalment of ₹ 175.00 due in May 2021. One instalment of ₹ 175.00 due in June 2021, two instalments of ₹ 175.00 each due in May 2022 and June 2022.
3	Term loan - 3	598.59	-	996.56	-	Pre payment was for two instalments of ₹ 150.00 due in May 2021 and ₹ 250.00 due in June 2021 and two instalments of ₹ 300.00 each due in May 2022 and June 2022.
4	Term loan - 4	249.66	125.00	499.23	50.00	Pre payment was done for one instalment of ₹ 125.00 due in May 2021. One instalment of ₹ 125.00 due in June 2021 and two instalments of ₹ 125.00 each due in May 2022 and June 2022.
5	Term loan - 5	-	150.00	300.00	300.00	Pre payment was done for one instalment of ₹ 150.00 due in May 2021. One instalment of ₹ 150.00 due in June 2021.
6	Term loan - 6	589.25	294.63	1,178.45	392.83	Pre payment was done for one instalment of ₹ 294.63 due in May 2021. One instalment of ₹ 294.63 due in June 2021 and two instalments of ₹ 294.63 each due in May 2022 and June 2022.
7	Term loan - 7	321.09	-	581.36	-	Pre payment was done for two instalments of ₹ 76.96 due in May 2021 and of ₹ 183.31 due in June 2021. One instalment of ₹ 183.31 due in May 2022 and ₹ 137.78 due in June 2022.
8	Term loan - 8	101.60	-	217.50	115.90	Pre payment was done for two instalments of ₹ 57.95 each due in May 2021 and June 2021. Two instalments of ₹ 57.95 due in May 2022 and ₹ 43.65 due in June 2022.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
9	Term loan - 9	-	-	150.00	100.00	The loan was originally repayable in two instalments of ₹ 50.00 each due in May 2020 and June 2020, two instalments of ₹ 50.00 each due in May 2021 and June 2021 and one instalment of ₹ 50.00 due in May 2022. The outstanding amount of ₹ 250.00 was repaid during the year.
10	Term loan - 10	-	-	240.00	80.00	The loan was originally repayable in two instalments of ₹ 40.00 each due in May 2020 and June 2020, two instalments of ₹ 40.00 each due in May 2021 and June 2021, two instalments of ₹ 40.00 each due in May 2022 and June 2022 and two instalments of ₹ 40.00 each due in May 2023 and June 2023. The outstanding amount of ₹ 320.00 was repaid during the year.
11	Term loan - 11	-	150.00	150.00	150.00	Two instalments of ₹ 75.00 each due in May 2021 and June 2021.
12	Term loan - 12	238.30	297.88	536.18	297.88	Two instalments of ₹ 148.94 each due in May 2021 and June 2021 and two instalments of ₹ 119.15 each due in May 2022 and June 2022.
13	Term loan - 13	300.00	-	600.00	200.00	Pre payment was done for two instalments of ₹ 150.00 each due in May 2021 and June 2021. Two instalments of ₹ 150.00 each due in May 2022 and June 2022.
14	Term loan - 14	250.00	-	350.00	100.00	Pre payment was done for two instalments of ₹ 50.00 each due in May 2021 and June 2021. Two instalments of ₹ 50.00 each due in May 2022 and June 2022 and two instalments of ₹ 75.00 each due in May 2023 and June 2023.
15	Term loan - 15	999.75	250.00	1,499.74	500.00	Pre payment was done for one instalment of ₹ 250.00 due in May 2021. One instalment of ₹ 250.00 due in June 2021, two instalments of ₹ 250.00 each due in May 2022 and June 2022 and two instalments of ₹ 250.00 each due in May 2023 and June 2023.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
16	Term loan - 16	510.00	160.00	750.00	240.00	Pre payment of one instalment of ₹ 80.00 due in May 2021. Two instalments of ₹ 80.00 each due in June 2021 and July 2021, three instalments of ₹ 90.00 each due in May 2022, June 2022 and July 2022 and one installment of ₹ 90.00 due in May 2023 and of ₹ 150.00 due in June 2023.
17	Term loan - 17	245.00	150.00	395.00	150.00	Two instalments of ₹ 75.00 each due in June 2021 and July 2021, two instalments of ₹ 80.00 each due in June 2022 and July 2022 and one instalment of ₹ 85.00 due in June 2023.
18	Term loan - 18	434.91	-	628.21	193.30	Pre payment was done for one instalment of ₹ 193.30 due in May 2021. One instalment of ₹ 193.30 due in May 2022 and one instalment of ₹ 241.62 due in May 2023.
19	Term loan - 19	444.60	-	666.80	166.60	Pre payment was done for two instalments of ₹ 111.10 each due in May 2021 and June 2021. Two instalments of ₹ 111.10 each due in May 2022 and June 2022, one instalment of ₹ 111.10 due in May 2023 and one instalment of ₹ 111.30 due in June 2023.
20	Term loan - 20	1,166.09	145.80	1,457.55	291.60	Pre payment was done for one instalment of ₹ 145.80 due in June 2021. One instalment of ₹ 145.80 due in July 2021, two instalments of ₹ 145.80 each due in June 2022 and July 2022, two instalments of ₹ 145.80 each due in June 2023 and July 2023, two instalments of ₹ 145.90 each due in June 2024 and July 2024 and two instalments of ₹ 145.90 each due in June 2025 and July 2025.
21	Term loan - 21	1,496.79	-	1,495.36	-	Two instalments of ₹ 375.00 each due in May 2022 and June 2022 and two instalments of ₹ 375.00 each due in May 2023 and June 2023.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
22	Term loan - 22	1,746.48	-	2,494.90	500.00	Pre payment was done for three instalments of ₹ 250.00 each due in May 2021, June 2021 and May 2022. One instalment of ₹ 250.00 due in June 2022, two instalments of ₹ 250.00 each due in May 2023 and June 2023, two instalments of ₹ 250.00 each due in May 2024 and June 2024 and two instalments of ₹ 250.00 each due in May 2025 and June 2025.
23	Term loan - 23	1,196.61	200.00	1,594.35	400.00	Pre payment was done for one instalment of ₹ 200.00 due in May 2021. One instalment of ₹ 200.00 due in June 2021, two instalments of ₹ 300.00 each due in May 2022 and June 2022 and two instalments of ₹ 300.00 each due in May 2023 and June 2023.
24	Term loan - 24	700.00	-	850.00	150.00	Pre payment was done for two instalments of ₹ 75.00 each due in May 2021 and June 2021. Two instalments of ₹ 75.00 each due in May 2022 and June 2022, two instalments of ₹ 75.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
25	Term loan - 25	796.19	-	894.78	100.00	Pre payment was done for two instalments of ₹ 50.00 each due in May 2021 and June 2021. Two instalments of ₹ 100.00 each due in May 2022 and June 2022, two instalments of ₹ 100.00 each due in May 2023 and June 2023, two instalments of ₹ 100.00 each due in May 2024 and June 2024 and two instalments of ₹ 100.00 each due in May 2025 and June 2025.
26	Term loan - 26	-	-	1,000.00	-	The loan was originally repayable in one instalment of ₹ 200.00 due in July 2022, two instalments of ₹ 200.00 each due in June 2023 and July 2023 and two instalments of ₹ 200.00 each due in June 2024 and July 2024. The outstanding amount of ₹ 1,000.00 was repaid during the year.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

S. No	Description	31 December 2020		31 December 2019		Repayment terms
		Non-current	Current	Non-current	Current	
27	Term loan - 27	750.00	500.00	-	-	Four instalments of ₹ 125.00 each due in April 2021, May 2021, June 2021 and July 2021 and four instalments of ₹ 125.00 each due in April 2022, May 2022, June 2022 and July 2022 and two instalments of ₹ 125.00 each due in April 2023 and May 2023.
28	Term loan - 28	500.00	500.00	-	-	Two instalments of ₹ 250.00 each due in May 2021 and June 2021 and two instalments of ₹ 250.00 each due in May 2022 and June 2022.
29	Term loan - 29	499.90	500.10	-	-	Three instalments of ₹ 166.67 each due in May 2021, June 2021 and July 2021 and three instalments of ₹ 166.67 each due in May 2022, June 2022 and July 2022.
30	Term loan - 30	1,800.00	-	-	-	One instalment of ₹ 1800.00 due in June 2024.
31	Term loan - 31	1,250.00	-	-	-	One instalment of ₹ 625.00 due in June 2022 and one instalment of ₹ 625.00 due in June 2023.
32	Term loan - 32	65.29	-	-	-	One instalment of ₹ 32.64 due in June 2022 and one instalment of ₹ 32.65 due in June 2023.
		17,600.10	**3,598.41**	**20,283.64**	**4,942.71**	

21. Provisions

(Refer note 38)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Non-current		
Defined benefit liability (net)	1,417.54	1,190.35
Other long term employee obligations	514.06	416.38
	1,931.60	**1,606.73**
Current		
Defined benefit liability (net)	107.56	112.30
Other short term employee obligations	215.28	176.49
	322.84	**288.79**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

22. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2020	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2020
Accelerated depreciation for tax purposes	4,701.04	-	(1,182.17)	3,518.87
Minimum alternate tax (MAT) credit*	(1,168.94)	-	291.72	(877.22)
Allowance for doubtful debts	(75.57)	-	19.24	(56.33)
Provision for bonus	(33.41)	-	10.96	(22.45)
Foreign currency monetary item translation difference account	(2.84)	-	2.84	-
Fair valuation of financial instruments	(230.53)	-	203.34	(27.19)
Provision for retirement benefits	(662.38)	(29.58)	218.58	(473.38)
Borrowings	(0.97)	-	(0.69)	(1.66)
Benefit accrued on government grants	274.03	-	(67.32)	206.71
Other expenses allowable on payment basis	(39.14)	-	(18.29)	(57.43)
	2,761.29	**(29.58)**	**(521.79)**	**2,209.92**

(₹ in million)

Deferred tax liabilities/ (assets)	As at 01 January 2019	Acquired on business combination (Refer note 49A)	Recognised in other comprehensive income**	Recognised in Statement of Profit and Loss	As at 31 December 2019
Accelerated depreciation for tax purposes	3,590.56	-	-	1,110.48	4,701.04
Minimum alternate tax (MAT) credit*	(1,047.74)	-	-	(121.20)	(1,168.94)
Allowance for doubtful debts	(89.22)	-	-	13.65	(75.57)
Provision for bonus	(18.65)	(11.47)	-	(3.29)	(33.41)
Foreign currency monetary item translation difference account	(19.38)	-	-	16.54	(2.84)
Fair valuation of financial instruments	(194.33)	-	-	(36.20)	(230.53)
Provision for retirement benefits	(394.45)	(119.34)	(33.05)	(115.54)	(662.38)
Borrowings	(0.16)	-	-	(0.81)	(0.97)
Benefit accrued on government grants	272.62	-	-	1.41	274.03
Other expenses allowable on payment basis	(72.98)	-	-	33.84	(39.14)
	2,026.27	**(130.81)**	**(33.05)**	**898.88**	**2,761.29**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

*MAT credit:

(₹ in million)

	Recognised in profit and loss	Utilised from profit and loss
31 December 2020	-	(291.72)
31 December 2019	170.76	(49.56)

MAT credit recognised in a year is adjustable against income taxes payable under normal tax provisions over a period of 15 years.

MAT credit recognised on balance sheet date is accumulation of credit recognised (net of utilisation) as per below table:

(₹ in million)

Financial year	Credit available for carry forward (net of utilisation)	Expiry date
2015-16	103.08	31 March 2031
2016-17	385.62	31 March 2032
2017-18	217.76	31 March 2033
2019-20	170.76	31 March 2035
Total	**877.22**	

**The amounts recognised in other comprehensive income relate to the re-measurement of net defined retirement benefit liability. Refer note 37 for the amount of the income tax relating to these components of other comprehensive income.

All significant deferred tax assets (including tax losses and other tax credits) have been recognised in the balance sheet.

On 20 September 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective 01 April 2019 subject to certain conditions.

During the year ended 31 December 2020, the Company made an assessment of the impact of the Ordinance and decided to continue with the existing tax structure until utilisation of accumulated minimum alternative tax (MAT) credit and expiry of other tax benefits/holidays available. In accordance with the Ind AS 12 "Income Taxes", the Company is also required to remeasure its deferred tax balances, for amounts that are expected to reverse in future when the Company would migrate to the new tax regime. The Company has remeasured its outstanding deferred tax balances and written back an amount of ₹ 731.85 million to the Statement of Profit and Loss.

23. Other non-current liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Deferred revenue on government grant	7.34	8.23
	7.34	**8.23**

24. Trade payables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Total outstanding dues of-		
Micro enterprises and small enterprises (Refer note 47)	90.61	17.79
Creditors other than micro enterprises and small enterprises	2,630.07	3,160.99
	2,720.68	**3,178.78**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

25. Other current financial liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Current maturities of long-term debts (Refer note 20D)	4,572.22	4,980.86
Current maturities of lease liabilities (Refer note 45)	44.29	-
Interest accrued but not due on borrowings	82.69	127.61
Payable for capital expenditure	680.29	746.97
Employee related payables	440.05	407.98
Unclaimed dividends#	0.61	0.65
Security deposits	1,575.12	2,152.67
Liability for foreign currency derivative contract	20.71	68.45
	7,415.98	**8,485.19**

#Not due for deposit to the Investor Education and Protection Fund.

26. Other current liabilities

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Advance from customers	460.14	1,033.08
Advance received for capital assets	1,074.43	-
Statutory dues payable	703.12	556.91
Deferred revenue	23.61	3.73
	2,261.30	**1,593.72**

27. Current tax liabilities/(Current tax assets) (net)

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Provision for tax, net of prepaid taxes ₹ 254.34 (31 December 2019: ₹ 701.54)	(88.80)	114.23
	(88.80)	**114.23**

The key components of income tax expense for the year ended 31 December 2020 and 31 December 2019 are:

A. Statement of Profit and Loss:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(i) Profit and Loss section		
(a) Current tax	269.80	948.70
(b) Adjustment of tax relating to earlier periods	14.50	9.86
(c) Deferred tax	(521.79)	898.88
Income tax expense reported in the Statement of Profit and Loss	**(237.49)**	**1,857.44**
(ii) OCI section		
Deferred tax related to items recognised in OCI during the year:		
(a) Net loss on remeasurements of defined benefit plans	(29.58)	(33.05)
Income tax charged to OCI	**(29.58)**	**(33.05)**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

B. Reconciliation of tax expense between accounting profit at applicable tax rate and effective tax rate:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Accounting profit before tax	**2,026.80**	**6,342.91**
Tax expense at statutory income tax rate of 34.944% (31 December 2019: 34.944%)	708.24	2,216.47
Adjustments in respect of current income tax of previous years	14.50	9.86
Non deductible expenses	37.62	3.71
Deduction claimed u/s Chapter-VI A of Income-tax Act, 1961	(196.42)	(273.36)
Deferred tax on capital gain on asset sold	(4.29)	-
Income chargeable at lower tax rate	(35.35)	(43.51)
Income not chargeable to tax	(27.37)	(13.48)
Impact of remeasurement of deferred tax liability	(731.85)	-
Others	(2.57)	(42.25)
Income tax expense at effective tax rate reported in the Statement of Profit and Loss	**(237.49)**	**1,857.44**

During the year ended 31 December 2020 and 31 December 2019, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax to the taxation authorities. The Company believes that Dividend Distribution Tax represents additional payment to taxation authority on behalf of the shareholders. Hence, Dividend Distribution Tax paid for the year ended on 31 December 2019 was charged to equity. (Also refer note 40)

28. Revenue from operations

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Sale of products	47,601.02	54,555.93
Rendering of services to a subsidiary	298.36	375.23
Other operating revenue	865.13	1,225.48
	48,764.51	**56,156.64**

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

A. Reconciliation of revenue recognised with the contracted price:

(₹ in million)

Particulars	Year ended 31 December 2020	Year ended 31 December 2019
Gross revenue/Contracted price	57,552.48	67,515.57
Less: Discounts and rebates*	(9,653.10)	(12,584.41)
Revenue from contracts with customers	**47,899.38**	**54,931.16**

*Includes discounts and rebates given on invoice to customers.

B. Contract balances:

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

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Receivables

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Trade receivables	1,929.11	1,521.57
Less: Allowances for expected credit loss	(223.82)	(216.26)
Net receivables	**1,705.29**	**1,305.31**

Contract liabilities

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Advance from customers	460.14	1,033.08
	460.14	**1,033.08**

C. Contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract liabilities are on account of the advance payment received from customer for which performance obligation has not yet been completed.

The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration. Further, there are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Payment terms with customers vary depending upon the contractual terms of each contract and generally falls in the range of 0 to 120 days from the completion of performance obligation.

There is no significant financing component in any transaction with the customers.

D. Changes in the contract liabilities balances during the year are as follows:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Balance at the beginning of the year	1,033.08	638.07
Addition during the year	460.14	1,033.08
Revenue recognised during the year	(1,033.08)	(638.07)
Balance at the closing of the year	**460.14**	**1,033.08**

29. Other income

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Interest income on items at amortised cost:		
- term deposits	4.59	0.65
- loan to subsidiaries	223.38	254.39
- others	23.80	21.89
Net gain on foreign currency transactions and translations	165.16	161.98
Gain on sale of current investments	-	1.38
Excess provisions written back	-	150.18
Guarantee commission/commission income from:		
- subsidiary	36.13	41.80
Dividend income from non-current investment in subsidiary	202.31	248.80
Dividend income from current investments	-	0.20
Gain on sale of property, plant and equipment (net)	5.35	45.06
Miscellaneous	59.20	53.74
	719.92	**980.07**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

30. Cost of materials consumed

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Raw material and packing material consumed		
Inventories at beginning of the year	2,651.70	1,577.80
Purchases during the year (net)	22,779.19	26,651.92
	25,430.89	**28,229.72**
Sold during the year	1,592.15	2,097.80
Inventories at end of the year	2,525.43	2,651.70
	21,313.31	**23,480.22**

31. Purchases of stock-in-trade

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Beverages	565.14	3,776.90
Others	309.69	186.39
	874.83	**3,963.29**

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

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
As at the beginning of the year		
- Finished goods	1,095.62	549.75
- Intermediate goods	1,836.56	1,259.93
- Work in progress	61.18	76.59
	2,993.36	1,886.27
As at the closing of the year		
- Finished goods	1,205.16	1,095.62
- Intermediate goods	1,643.18	1,836.56
- Work in progress	81.57	61.18
	2,929.91	2,993.36
Finished goods used as fixed assets*	(94.82)	(217.04)
	(31.37)	**(1,324.13)**

*The Company manufactures plastic shells at one of its manufacturing facilities at Alwar. The shells manufactured are used for beverages operations of the Company as property, plant and equipment (under the head "Containers"). These containers are also sold to third parties. The cost of manufacturing of plastic shells is being shown here separately with a corresponding debit to property, plant and equipment.

33. Employee benefits expense

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Salaries, wages and bonus	6,399.53	5,815.74
Contribution to provident fund and other funds	336.66	285.61
Staff welfare expenses	214.45	206.78
	6,950.64	**6,308.13**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

34. Finance costs

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Interest on items at amortised cost:		
- Term loans	1,893.82	2,372.71
- Working capital facilities	333.87	266.30
- Financial liabilities	87.57	65.33
- Others	87.93	11.47
Exchange differences regarded as an adjustment to borrowings	68.25	64.55
Other ancillary borrowing costs	18.71	22.12
	2,490.15	**2,802.48**

35. Depreciation and amortisation expense

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Depreciation on property, plant and equipment	4,080.77	3,820.72
Amortisation of intangible assets	47.40	51.30
	4,128.17	**3,872.02**

36. Other expenses

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Power and fuel	2,030.74	2,201.86
Repairs to plant and equipment	859.87	885.94
Repairs to buildings	54.67	73.61
Other repairs	483.83	404.00
Consumption of stores and spares	460.50	562.79
Rent (Refer note 45)	378.83	454.97
Rates and taxes	61.98	51.66
Insurance	87.06	46.61
Printing and stationery	29.68	40.51
Communication	45.84	53.99
Travelling and conveyance	436.68	731.37
Directors' sitting fee	3.60	7.60
Payment to auditors*	13.55	13.80
Vehicle running and maintenance	78.45	82.98
Lease and hire (Refer note 45)	175.56	147.31
Security and service charges	260.35	283.08
Legal, professional and consultancy	152.43	217.95
Bank charges	9.34	13.65
Advertisement and sales promotion	575.11	710.08
Meetings and conferences	15.28	11.54
Royalty	87.70	105.85
Freight, octroi and insurance paid (net)	3,489.91	3,558.61
Delivery vehicle running and maintenance	703.39	515.42
Distribution expenses	4.31	5.54
Loading and unloading charges	271.84	315.07

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Donations	2.35	0.39
Bad debts and advances written off	6.59	1.97
Allowance for expected credit loss	7.56	-
Corporate Social Responsibility expenditure (Refer note 48)	75.04	57.50
General office and other miscellaneous	204.57	136.14
	11,066.61	**11,691.79**

***Payment to auditors**

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Services rendered for:		
- Audit and reviews	11.50	11.40
- taxation matters	1.05	1.24
- other matters**	0.48	0.45
- reimbursement of expenses	0.52	0.71
	13.55	**13.80**

**Excludes expense of ₹ Nil (31 December 2019: ₹ 4.25 million) towards fee related to QIP of equity shares, which has been adjusted with the securities premium as share issue expense.

37. Other comprehensive income (OCI)

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

(₹ in million)

	Year ended 31 December 2020	Year ended 31 December 2019
Retained earnings		
Re-measurement losses on defined benefit plans	(117.51)	(94.59)
Tax impact on re-measurement losses on defined benefit plans (Refer note 22)	29.58	33.05
	(87.93)	**(61.54)**
Capital reserve		
Gain from a bargain purchase (Refer note 49A)	-	344.43
	-	**344.43**

38. Gratuity and other post-employment benefit plans

Gratuity:

The Company has a defined benefit gratuity plan governed by the Payments of Gratuity Act, 1972. Every employee who has completed five years or more of services is eligible for gratuity on separation at 15 days salary (last drawn salary) for each completed year of service. The Company has formed a Gratuity Trust to which contribution is made and an insurance policy is taken by the trust, which is a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance company, as part of the policy rules, makes payment of all gratuity outflow during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (particularly, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset. The Company makes a provision of unfunded liability based on actuarial valuation in the Balance Sheet as part of employee cost.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Compensated absences:

The Company recognises the compensated absences expenses in the Statement of Profit and Loss based on actuarial valuation.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet:

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Changes in present value are as follows:				
Balance at the beginning of the year	1,332.58	773.03	592.87	404.91
Acquired on business combination (Refer note 49A)	-	289.19	-	52.34
Current service cost	166.12	140.32	151.22	129.12
Interest cost	88.67	71.22	40.44	33.98
Benefits settled	(116.78)	(35.58)	(53.02)	(23.84)
Actuarial loss/(gain)	118.27	94.40	(2.17)	(3.64)
Balance at the end of the year	**1,588.86**	**1,332.58**	**729.34**	**592.87**

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Change in fair value of plan assets are as follows:				
Plan assets at the beginning of the year, at fair value	29.93	49.16	-	-
Expected income on plan assets	3.67	2.89	-	-
Actuarial gain/(loss)	0.76	(0.18)	-	-
Contributions by employer	50.00	2.06	-	-
Benefits settled	(20.60)	(24.00)	-	-
Plan assets at the end of the year, at fair value	**63.76**	**29.93**	**-**	**-**

The Company has taken an insurance policy against its liability towards gratuity, the same has been disclosed as plan assets above.

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Reconciliation of present value of the obligation and the fair value of the plan assets:				
Present value of obligation	1,588.86	1,332.58	729.34	592.87
Fair value of plan assets	(63.76)	(29.93)	-	-
Net liability recognised in the Balance Sheet	**1,525.10**	**1,302.65**	**729.34**	**592.87**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Amount recognised in Statement of Profit and Loss:				
Current service cost	166.12	140.32	151.22	129.12
Interest expense	88.67	71.22	40.44	33.98
Expected return on plan assets	(3.67)	(2.89)	-	-
Actuarial gain	-	-	(2.17)	(3.64)
Net cost recognised	**251.12**	**208.65**	**189.49**	**159.46**

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Amount recognised in Other Comprehensive Income:				
Actuarial changes arising from changes in financial assumptions	118.10	42.09	-	-
Actuarial changes arising from changes in demographic assumptions	-	(85.59)	-	-
Experience adjustments	0.17	137.91	-	-
Return on plan assets	(0.76)	0.18	-	-
Amount recognised	**117.51**	**94.59**	**-**	**-**

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Assumptions used:				
Mortality	IALM 2012-2014	IALM 2012-2014	IALM 2012-2014	IALM 2012-2014
Discount rate	5.85%	6.95%	5.85%	6.95%
Withdrawal rate	11.00%	11.00%	11.00%	11.00%
Salary increase	12.00%	12.00%	12.00%	12.00%
Rate of leave availment	-	-	20.00%	20.00%
Retirement age (Years)	58-70	58-70	58-70	58-70
Rate of return on plan assets	6.76-7.27%	7.36-7.65%	-	-

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

(₹ in million)

	Sensitivity level		Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Discount rate	+1%	+1%	(114.17)	(92.43)	(23.84)	(18.83)
	-1%	-1%	130.52	105.13	25.48	20.09
Salary increase	+1%	+1%	121.72	99.14	23.82	18.98
	-1%	-1%	(109.19)	(89.26)	(22.77)	(18.17)
Withdrawal rate	+1%	+1%	(37.00)	(25.48)	(9.15)	(6.90)
	-1%	-1%	41.52	28.46	9.67	7.23

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

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Risk associated:	
Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government Bonds Yield. If plan liability is funded and return on plan assets is below this rate, it will create a plan deficit.
Interest risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability.
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-2014) (31 December 2019: (2012-14) ultimate table). A change in mortality rate will have a bearing on the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Effect of the defined benefit plan on the Company's future cash flows:

Funding arrangements and funding policy:

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Expected contribution during the next annual reporting period:

The Company's best estimate of contribution during the next financial year approximates to ₹ 1,698.56 million (31 December 2019: ₹ 1,459.25 million).

The following are maturity profile of Defined Benefit Obligations in future years (before adjusting fair value of plan assets):

(₹ in million)

	Gratuity		Compensated Absences	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
(i) Weighted average duration of the defined benefit obligation	8 years	7 years	3 years	3 years
(ii) Expected cash flows over the years (valued on undiscounted basis):				
Duration (years)				
1	171.32	142.25	215.28	176.49
2 to 5	623.22	572.20	453.15	387.98
Above 5	1,921.11	1,791.76	238.72	201.75
	2,715.65	**2,506.21**	**907.15**	**766.22**

Defined contribution plan:

Contribution to defined contribution plans, recognised as expense for the year is as under:

Employer's contribution to provident and other funds ₹ 336.66 million (31 December 2019 ₹ 285.61 million)

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

39. Earnings per share (EPS)

(₹ in million, unless otherwise stated)

	31 December 2020	31 December 2019
Profit attributable to the equity shareholders	2,264.29	4,485.47
Weighted average number of equity shares outstanding during the year for calculating basic earning per share (nos.)	288,688,720	278,613,350
Add: Employee stock options (nos.)	-	5,002
Weighted average number of equity shares outstanding during the year for calculating diluted earnings per share (nos.)	288,688,720	278,618,352
Nominal value per equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	7.84	16.10
Diluted earnings per share (₹)	7.84	16.10

40. Dividend:

(₹ in million)

	31 December 2020	31 December 2019
Interim dividend ₹ 2.50 per share (31 December 2019: ₹ 2.50 per share)	721.72	684.96
Dividend distribution tax on interim dividend	-	91.73

With effect from 01 April 2020, a domestic company is not required to pay Dividend Distribution Tax ("DDT") on any amount declared, distributed or paid by such company by way of dividend.

41. Contingent liabilities and commitments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
(a) Guarantees issued on behalf of subsidiaries for business purposes	2,918.22	2,583.14
(b) Claims against the Company not acknowledged as debts (being contested):-		
(i) Goods and Service Tax	4.23	2.16
(ii) For excise and service tax	69.98	50.12
(iii) For Customs	90.75	45.37
(iv) For sales tax / entry tax	594.81	760.02
(v) For income tax	110.00	85.80
(vi) Others*	339.61	315.28

*excludes pending matters where amount of liability is not ascertainable.

42. Capital commitments

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of ₹ 713.09 (31 December 2019: ₹ 544.65)).	1,224.52	3,783.86

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

43. Pursuant to transfer pricing legislations under the Income-tax Act, 1961, the Company is required to use specified methods for computing arm's length price in relation to specified international and domestic transactions with its associated enterprises. Further, the Company is required to maintain prescribed information and documents in relation to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of updating its transfer pricing documentation for the current financial year. Based on the preliminary assessment, the management is of the view that the update would not have a material impact on the tax expense recorded in these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

44. Related party disclosures (as per Ind AS-24)

Following are the related parties and transactions entered with related parties for the relevant financial year:

(i) List of related parties and relationships:-

I. Key managerial personnel (KMPs)	
Mr. Ravi Kant Jaipuria	Non-executive chairman and Karta of Ravi Kant Jaipuria & Sons (HUF)
Mr. Varun Jaipuria	Whole Time Director
Mr. Raj Pal Gandhi	Whole Time Director
Mr. Rajinder Jeet Singh Bagga (w.e.f. 02 May 2019)	Whole Time Director
Mr. Kapil Agarwal	Chief Executive Officer and Whole Time Director
Mr. Kamlesh Kumar Jain (till 01 August 2019)	Chief Financial Officer and Whole Time Director
Mr. Vikas Bhatia (w.e.f 01 August 2019)	Chief Financial Officer
Mr. Pradeep Khushalchand Sardana	Non-executive independent director
Mr. Naresh Kumar Trehan	Non-executive independent director
Mrs. Sita Khosla	Non-executive independent director
Dr. Ravi Gupta	Non-executive independent director
Mrs. Rashmi Dhariwal	Non-executive independent director
Mr. Ravi Batra	Company secretary
Mr. Mahavir Prasad Garg	Company secretary of the parent, namely RJ Corp Limited
II. Parent and ultimate parent	
RJ Corp Limited	Parent
Ravi Kant Jaipuria & Sons (HUF)	Ultimate parent
III. Subsidiaries/step down subsidiaries	
Varun Beverages Morocco SA	Subsidiary
Varun Beverages (Nepal) Private Limited	Subsidiary
Varun Beverages Lanka (Private) Limited	Subsidiary
Varun Beverages (Zambia) Limited	Subsidiary
Varun Beverages (Zimbabwe) (Private) Limited	Subsidiary
Lunarmech Technologies Private Limited (w.e.f. 04 November 2019)	Subsidiary
Angelica Technologies Private Limited (amalgamated with Lunarmech Technologies Private Limited by NCLT order dated 22 May 2020)	Subsidiary
Varun Beverages (Botswana) (Proprietary) Limited (w.e.f. 21 February 2019 to 11 March 2020)	Step down subsidiary
Ole Spring Bottlers (Private) Limited	Step down subsidiary

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

IV. **Fellow subsidiaries and entities controlled by parent/ultimate parent***

Devyani International Limited

Devyani Food Industries Limited

Alisha Retail Private Limited (till 19 February 2020)

Varun Food and Beverages Zambia Limited

Wellness Holdings Limited

SVS India Private Limited

Lineage Healthcare Limited (w.e.f. 27 September 2019)

Diagno Labs Private Limited

V. **Associate (or an associate of any member of the Company)**

Lunarmech Technologies Private Limited (till 03 November 2019)

Angelica Technologies Private Limited (till 03 November 2019)

Lineage Healthcare Limited (till 26 September 2019)

VI. **Relatives of KMPs***

Mrs. Dhara Jaipuria

Mrs. Devyani Jaipuria

Mrs. Shashi Jain (till 01 August 2019)

Mr. Kanishk Jain (till 01 August 2019)

Ms. Srishti Jain (till 01 August 2019)

Mrs. Aastha Agarwal

Mr. Ravindra Dhariwal

Mr. Kaustubh Agarwal

VII. **Entities in which a director or his/her relative is a member/director/trustee***

Champa Devi Jaipuria Charitable Trust

Mala Jaipuria Foundation (Trust)

SMV Beverages Private Limited

Alisha Torrent Closures (India) Private Limited

Nectar Beverages Private Limited

Jai Beverages Private Limited

Sagacito Technology Private Limited

Medanta Institute of Education and Research

RJ Foundation (Trust)

Devyani Food Industries (Kenya) Limited

Devyani Airport Services (Mumbai) Private Limited

VIII. **Entities which are post employment benefits plans**

VBL Employees' Gratuity Trust

*With whom the Company had transactions during the current year and previous year.

(ii) Terms and conditions of transactions with related parties

The transactions with related parties are made in the ordinary course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and settlement occurs in cash. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(iii) Transactions with KMPs (Refer note 44A)

(iv) Transactions with related parties (Refer note 44B)

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

44A. Transactions with KMPs

(₹ in million)

		For year ended 2020	For year ended 2019
I.	**Remuneration paid**		
	Mr. Varun Jaipuria	43.65	31.45
	Mr. Raj Pal Gandhi	41.56	48.51
	Mr. Kapil Agarwal	68.31	57.12
	Mr. Kamlesh Kumar Jain	-	9.89
	Mr. Ravi Batra	9.13	8.23
	Mr. Rajinder Jeet Singh Bagga	31.55	18.44
	Mr. Mahavir Prasad Garg^	3.09	3.60
	Mr. Vikas Bhatia	22.53	7.72
II.	**Director sitting fees paid**		
	Mr. Pradeep Khushalchand Sardana	0.40	0.80
	Mrs. Sita Khosla	0.90	1.90
	Dr. Ravi Gupta	1.00	1.90
	Mrs. Rashmi Dhariwal	1.30	3.00
III.	**Dividend paid**		
	Mr. Varun Jaipuria	126.66	126.66
	Mr. Raj Pal Gandhi	1.53	1.53
	Mr. Kapil Agarwal	1.03	1.02
	Mr. Kamlesh Kumar Jain	-	0.06
	Mr. Rajinder Jeet Singh Bagga	0.32	0.32
	Mr. Vikas Bhatia	0.02	0.02
	Mr. Pradeep Khushalchand Sardana	-	0.00*
IV.	**Defined benefit obligation (cumulative) for KMP**		
	(i) Gratuity		
	Mr. Varun Jaipuria	43.73	25.88
	Mr. Raj Pal Gandhi	47.13	40.01
	Mr. Kapil Agarwal	61.97	48.79
	Mr. Ravi Batra	1.26	0.73
	Mr. Mahavir Prasad Garg	0.32	0.16
	Mr. Rajinder Jeet Singh Bagga	23.43	19.56
	Mr. Vikas Bhatia	0.02	0.01
	(ii) Compensated absences		
	Mr. Varun Jaipuria	14.82	8.22
	Mr. Raj Pal Gandhi	14.58	13.02
	Mr. Kapil Agarwal	18.53	15.84
	Mr. Ravi Batra	1.56	1.16
	Mr. Vikas Bhatia	1.42	0.54
	Mr. Mahavir Prasad Garg	0.61	0.35
	Mr. Rajinder Jeet Singh Bagga	7.52	7.09
V.	**Bonus Share issued (Face value of ₹ 10 each)**		
	Mr. Varun Jaipuria	-	16.89
	Mr. Raj Pal Gandhi	-	2.04
	Mr. Kapil Agarwal	-	2.03
	Mr. Kamlesh Kumar Jain	-	0.09
	Mr. Pradeep Khushalchand Sardana	-	0.00*
	Mr. Rajinder Jeet Singh Bagga	-	0.43
VI.	**Balances (payable)/receivable outstanding at the end of the year, net**		
	Mr. Varun Jaipuria	(2.15)	(1.56)
	Mr. Raj Pal Gandhi	(1.48)	(1.60)
	Mr. Kapil Agarwal	(2.63)	(2.12)
	Mr. Rajinder Jeet Singh Bagga	(1.31)	0.24
	Mr. Ravi Batra	(0.50)	(0.45)
	Mr. Mahavir Prasad Garg	(0.22)	(0.14)
	Mrs. Sita Khosla	-	(0.09)
	Mr. Vikas Bhatia	(0.66)	(0.75)

*Rounded off to Nil.

^Net of reimbursement

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

44B. Transactions with related parties

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sale of goods																
- Varun Beverages (Nepal) Private Limited	-	-	42.03	61.29	-	-	-	-	-	-	-	-	-	-	**42.03**	61.29
- Ole Spring Bottlers (Private) Limited	-	-	12.35	18.86	-	-	-	-	-	-	-	-	-	-	**12.35**	18.86
- Varun Beverages Morocco SA	-	-	6.08	6.49	-	-	-	-	-	-	-	-	-	-	**6.08**	6.49
- Varun Beverages Lanka (Private) Limited	-	-	2.91	0.05	-	-	-	-	-	-	-	-	-	-	**2.91**	0.05
- Varun Beverages (Zambia) Limited	-	-	73.07	54.66	-	-	-	-	-	-	-	-	-	-	**73.07**	54.66
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	164.23	206.91	-	-	-	-	-	-	-	-	-	-	**164.23**	206.91
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	98.27	75.48	-	-	**98.27**	75.48
- Lunarmech Technologies Private Limited	-	-	55.19	2.46	-	-	-	12.17	-	-	-	-	-	-	**55.19**	14.63
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	20.51	5.15	-	-	**20.51**	5.15
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	27.05	-	-	**-**	27.05
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	548.63	49.53	-	-	**548.63**	49.53
- Devyani International Limited	-	-	-	-	32.49	56.52	-	-	-	-	-	-	-	-	**32.49**	56.52
- Devyani Food Industries Limited	-	-	-	-	8.44	16.62	-	-	-	-	-	-	-	-	**8.44**	16.62
- Alisha Retail Private Limited	-	-	-	-	-	(0.29)	-	-	-	-	-	-	-	-	**-**	(0.29)
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	-	-	-	-	-	-	-	1.58	2.63	-	-	**1.58**	2.63
- Lineage Healthcare Limited	-	-	-	-	0.05	0.05	-	-	-	-	-	-	-	-	**0.05**	0.05
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	-	-	7.27	-	-	-	**7.27**	-
Sale of raw materials and stores																
- Varun Beverages (Nepal) Private Limited	-	-	5.13	2.95	-	-	-	-	-	-	-	-	-	-	**5.13**	2.95
- Varun Beverages Lanka (Private) Limited	-	-	5.62	33.98	-	-	-	-	-	-	-	-	-	-	**5.62**	33.98

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	179.50	244.53	-	-	-	-	-	-	-	-	-	-	**179.50**	**244.53**
- Varun Beverages (Zambia) Limited	-	-	13.34	2.95	-	-	-	-	-	-	-	-	-	-	**13.34**	**2.95**
- Varun Beverages Morocco SA	-	-	5.71	-	-	-	-	-	-	-	-	-	-	-	**5.71**	**-**
- Lunarmech Technologies Private Limited	-	-	0.01	0.16	-	-	-	-	-	-	-	-	-	-	**0.01**	**0.16**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	0.00*	1.50	-	-	**0.00***	**1.50**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	110.36	-	-	**-**	**110.36**
- Devyani Food Industries Limited	-	-	-	-	32.76	33.54	-	-	-	-	-	-	-	-	**32.76**	**33.54**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	58.23	144.32	-	-	**58.23**	**144.32**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	-	-	4.74	-	-	-	**4.74**	**-**
Purchase of goods																
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	484.15	-	-	**-**	**484.15**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	263.65	278.63	-	-	**263.65**	**278.63**
- Devyani Food Industries Limited	-	-	-	-	251.62	142.00	-	-	-	-	-	-	-	-	**251.62**	**142.00**
Purchase of raw materials and stores																
- Lunarmech Technologies Private Limited	-	-	616.01	99.38	-	-	-	491.34	-	-	-	-	-	-	**616.01**	**590.72**
- Alisha Retail Private Limited	-	-	-	-	-	0.05	-	-	-	-	-	-	-	-	**-**	**0.05**
Promotional charges paid																
- Alisha Retail Private Limited	-	-	-	-	-	1.95	-	-	-	-	-	-	-	-	**-**	**1.95**
Loan given																
- Varun Beverages Morocco SA	-	-	-	211.23	-	-	-	-	-	-	-	-	-	-	**-**	**211.23**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	435.39	-	-	-	-	-	-	-	-	-	-	-	**435.39**	**-**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Interest received/(paid)																
- Varun Beverages Morocco SA	-	-	66.52	124.13	-	-	-	-	-	-	-	-	-	-	**66.52**	124.13
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	43.85	41.18	-	-	-	-	-	-	-	-	-	-	**43.85**	41.18
- Varun Beverages (Zambia) Limited	-	-	34.68	50.57	-	-	-	-	-	-	-	-	-	-	**34.68**	50.57
- Varun Beverages Lanka (Private) Limited	-	-	78.33	38.51	-	-	-	-	-	-	-	-	-	-	**78.33**	38.51
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	(4.00)	(4.00)	-	-	**(4.00)**	(4.00)
Contribution to corporate social responsibility activities																
- Mala Jaipuria Foundation	-	-	-	-	-	-	-	-	-	-	10.80	5.00	-	-	**10.80**	5.00
- Champa Devi Jaipuria Charitable Trust	-	-	-	-	-	-	-	-	-	-	20.00	50.00	-	-	**20.00**	50.00
- Medanta Institute of Education and Research	-	-	-	-	-	-	-	-	-	-	10.00	-	-	-	**10.00**	-
- RJ Foundation	-	-	-	-	-	-	-	-	-	-	33.59	-	-	-	**33.59**	-
Guarantee commission income																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	34.73	38.26	-	-	-	-	-	-	-	-	-	-	**34.73**	38.26
- Varun Beverages (Nepal) Private Limited	-	-	1.40	3.59	-	-	-	-	-	-	-	-	-	-	**1.40**	3.59
Guarantee commission receivable written off																
- Varun Beverages (Nepal) Private Limited	-	-	7.63	-	-	-	-	-	-	-	-	-	-	-	**7.63**	-
Dividend income																
- Varun Beverages (Nepal) Private Limited	-	-	202.31	202.31	-	-	-	-	-	-	-	-	-	-	**202.31**	202.31
- Varun Beverages (Zambia) Limited	-	-	-	46.49	-	-	-	-	-	-	-	-	-	-	**-**	46.49
Redemption of preference shares (classified as loan given to subsidiary)																
- Varun Beverages Lanka (Private) Limited	-	-	-	89.15	-	-	-	-	-	-	-	-	-	-	**-**	89.15

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Description	Parent and ultimate parent		Subsidiaries/ step down subsidiaries		Fellow subsidiaries and entities controlled by parent and ultimate parent		Associate (or an associate of any member of the Company)		Relatives of KMPs		Entities in which a director or his/ her relative is a member/director/ trustee		Entities which are post employment benefits plans		Total	
	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Conversion of loan into investment																
- Varun Beverages Morocco SA	-	-	1,256.62	1,182.46	-	-	-	-	-	-	-	-	-	-	**1,256.62**	**1,182.46**
- Varun Beverages (Zambia) Limited	-	-	560.62	-	-	-	-	-	-	-	-	-	-	-	**560.62**	**-**
Conversion of preference shares (classified as loan given to subsidiary) to investment																
- Varun Beverages Lanka (Private) Limited	-	-	2,626.58	-	-	-	-	-	-	-	-	-	-	-	**2,626.58**	**-**
Professional charges paid																
- Mr. Ravindra Dhariwal	-	-	-	-	-	-	-	-	4.40	5.20	-	-	-	-	**4.40**	**5.20**
- Sagacito Technology Private Limited	-	-	-	-	-	-	-	-	-	-	-	4.00	-	-	**-**	**4.00**
Service rendered: management fees																
- Varun Beverages (Nepal) Private Limited	-	-	132.61	165.86	-	-	-	-	-	-	-	-	-	-	**132.61**	**165.86**
Travelling expenses paid																
- Wellness Holdings Limited	-	-	-	-	38.30	217.30	-	-	-	-	-	-	-	-	**38.30**	**217.30**
Licence fee paid																
- Devyani Food Industries Limited	-	-	-	-	1.20	-	-	-	-	-	-	-	-	-	**1.20**	**-**
Dividend paid																
- RJ Corp Limited	199.83	209.33	-	-	-	-	-	-	-	-	-	-	-	-	**199.83**	**209.33**
- Ravi Kant Jaipuria & Sons (HUF)	134.70	146.95	-	-	-	-	-	-	-	-	-	-	-	-	**134.70**	**146.95**
- Mrs. Aastha Agarwal	-	-	-	-	-	-	-	-	0.25	0.25	-	-	-	-	**0.25**	**0.25**
- Mr. Kaustubh Agarwal	-	-	-	-	-	-	-	-	0.25	0.25	-	-	-	-	**0.25**	**0.25**
- Mr. Kanishk Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Mrs. Shashi Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Ms. Srishti Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	**-**	**0.00***
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	0.01	0.01	-	-	-	-	**0.01**	**0.01**
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	-	17.51	20.26	-	-	-	-	**17.51**	**20.26**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

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	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Service rendered: Technical know-how fees																
- Varun Beverages (Nepal) Private Limited	-	-	165.75	207.32	-	-	-	-	-	-	-	-	-	-	**165.75**	**207.32**
(Expenses incurred by the Company on behalf of others)/ expenses incurred by others on behalf of the Company																
- Devyani International Limited	-	-	-	-	8.17	6.11	-	-	-	-	-	-	-	-	**8.17**	**6.11**
- Diagno Labs Private Limited	-	-	-	-	-	0.10	-	-	-	-	-	-	-	-	**-**	**0.10**
- Lunarmech Technologies Private Limited	-	-	0.05	-	-	-	-	0.00*	-	-	-	-	-	-	**0.05**	**0.00***
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	-	(2.06)	-	-	-	-	-	-	-	-	-	-	**-**	**(2.06)**
- Alisha Retail Private Limited	-	-	-	-	-	0.01	-	-	-	-	-	-	-	-	**-**	**0.01**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	(0.20)	-	-	-	**(0.20)**	**-**
- RJ Corp Limited	(1.03)	-	-	-	-	-	-	-	-	-	-	-	-	-	**(1.03)**	**-**
- Devyani Food Industries Limited	-	-	-	-	1.27	(1.25)	-	-	-	-	-	-	-	-	**1.27**	**(1.25)**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	(1.17)	-	-	**-**	**(1.17)**
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	-	-	(1.94)	-	-	-	**(1.94)**	**-**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	**0.00***	**-**
Amount paid by Company on behalf of others/(amount paid by others on behalf of the Company)																
- Devyani Food Industries Limited	-	-	-	-	-	1.56	-	-	-	-	-	-	-	-	**-**	**1.56**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	11.10	-	-	**-**	**11.10**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	2.49	(20.00)	-	-	**2.49**	**(20.00)**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

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	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Rent/ lease charges paid/ (received)																
- RJ Corp Limited	112.35	109.80	-	-	-	-	-	-	-	-	-	-	-	-	**112.35**	**109.80**
- Ravi Kant Jaipuria & Sons (HUF)	7.57	7.21	-	-	-	-	-	-	-	-	-	-	-	-	**7.57**	**7.21**
- SVS India Private Limited	-	-	-	-	1.20	1.05	-	-	-	-	-	-	-	-	**1.20**	**1.05**
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	33.69	-	-	**-**	**33.69**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	27.00	17.10	-	-	**27.00**	**17.10**
- Mrs. Dhara Jaipuria	-	-	-	-		-	-	-	2.83	2.58	-	-	-	-	**2.83**	**2.58**
- Devyani Food Industries Limited	-	-	-	-	(1.33)	-	-	-	-	-	-	-	-	-	**(1.33)**	**-**
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	(0.86)	(0.32)	-	-	**(0.86)**	**(0.32)**
Financial guarantees given																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	710.34	213.82	-	-	-	-	-	-	-	-	-	-	**710.34**	**213.82**
- Varun Beverages (Nepal) Private Limited	-	-	-	280.99	-	-	-	-	-	-	-	-	-	-	**-**	**280.99**
Financial guarantees closed																
- Varun Beverages (Nepal) Private Limited	-	-	-	468.31	-	-	-	-	-	-	-	-	-	-	**-**	**468.31**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	430.15	-	-	-	-	-	-	-	-	-	-	-	**430.15**	**-**
Purchase of fixed assets																
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	1,075.94	-	-	**-**	**1,075.94**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	15.00	340.26	-	-	**15.00**	**340.26**
Sale of fixed assets																
- Varun Beverages (Nepal) Private Limited	-	-	8.31	15.66	-	-	-	-	-	-	-	-	-	-	**8.31**	**15.66**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	101.27	9.45	-	-	-	-	-	-	-	-	-	-	**101.27**	**9.45**
- Varun Beverages Lanka (Private) Limited	-	-	0.44	-	-	-	-	-	-	-	-	-	-	-	**0.44**	**-**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

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	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Marketing support fee																
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	98.90	-	-	**-**	**98.90**
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	43.38	-	-	**-**	**43.38**
Contribution to gratuity trust																
- VBL Employees' Gratuity Trust	-	-	-	-	-	-	-	-	-	-	-	-	50.00	2.06	**50.00**	**2.06**
IT infrastructure support fee received																
- Varun Beverages (Nepal) Private Limited	-	-	1.86	2.99	-	-	-	-	-	-	-	-	-	-	**1.86**	**2.99**
- Varun Beverages Lanka (Private) Limited	-	-	4.36	2.82	-	-	-	-	-	-	-	-	-	-	**4.36**	**2.82**
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	3.62	2.63	-	-	-	-	-	-	-	-	-	-	**3.62**	**2.63**
- Devyani International Limited	-	-	-	-	1.70	2.83	-	-	-	-	-	-	-	-	**1.70**	**2.83**
- Varun Food and Beverages Zambia Limited	-	-	-	-	0.34	0.63	-	-	-	-	-	-	-	-	**0.34**	**0.63**
- Varun Beverages (Zambia) Limited	-	-	3.08	3.98	-	-	-	-	-	-	-	-	-	-	**3.08**	**3.98**
- Varun Beverages Morocco SA	-	-	4.37	4.50	-	-	-	-	-	-	-	-	-	-	**4.37**	**4.50**
- Devyani Food Industries Limited	-	-	-	-	4.98	7.41	-	-	-	-	-	-	-	-	**4.98**	**7.41**
Advance paid for acquisition of assets																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	30.00	4.00	-	-	**30.00**	**4.00**
Capital commitments																
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	252.00	282.00	-	-	**252.00**	**282.00**
Bonus share issued (Face value of ₹ 10 each)																
- RJ Corp Limited	-	279.11	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**279.11**
- Ravi Kant Jaipuria & Sons (HUF)	-	195.94	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**195.94**
- Mr. Kanishk Jain	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-	**-**	**0.01**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

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	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Mrs. Shashi Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	-	0.00*
- Ms. Srishti Jain	-	-	-	-	-	-	-	-	-	0.00*	-	-	-	-	-	0.00*
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	-	0.01	-	-	-	-	-	0.01
- Mrs. Devyani Jaipuria	-	-	-	-	-	-	-	-	-	27.01	-	-	-	-	-	27.01
Balances outstanding at the end of the year, net including loan outstanding																
A. Receivable/(payable), net																
- Varun Beverages Morocco SA	-	-	808.50	1,935.94	-	-	-	-	-	-	-	-	-	-	808.50	1,935.94
- Varun Beverages (Nepal) Private Limited	-	-	583.75	676.29	-	-	-	-	-	-	-	-	-	-	583.75	676.29
- Ole Spring Bottlers (Private) Limited	-	-	2.73	0.00*	-	-	-	-	-	-	-	-	-	-	2.73	0.00*
- Varun Beverages Lanka (Private) Limited	-	-	2.93	2,627.37	-	-	-	-	-	-	-	-	-	-	2.93	2,627.37
- Varun Beverages (Zambia) Limited	-	-	626.76	1,137.89	-	-	-	-	-	-	-	-	-	-	626.76	1,137.89
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	1,229.22	771.93	-	-	-	-	-	-	-	-	-	-	1,229.22	771.93
- Devyani International Limited	-	-	-	-	10.35	1.42	-	-	-	-	-	-	-	-	10.35	1.42
- RJ Corp Limited	35.49	34.82	-	-	-	-	-	-	-	-	-	-	-	-	35.49	34.82
- Mrs. Dhara Jaipuria	-	-	-	-	-	-	-	-	1.27	1.21	-	-	-	-	1.27	1.21
- Wellness Holdings Limited	-	-	-	-	(9.77)	(31.00)	-	-		-	-	-	-	-	(9.77)	(31.00)
- Alisha Retail Private Limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Lunarmech Technologies Private Limited	-	-	(104.24)	(89.98)	-	-	-	-	-	-	-	-	-	-	(104.24)	(89.98)
- SMV Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	47.53	(12.27)	-	-	47.53	(12.27)
- Varun Food and Beverages Zambia Limited	-	-	-	-	0.00*	0.56	-	-	-	-	-	-	-	-	0.00*	0.56
- Alisha Torrent Closures (India) Private Limited	-	-	-	-	-	-	-	-	-	-	9.02	3.20	-	-	9.02	3.20

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

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	For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended		For year ended	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
- Nectar Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	-	0.30	-	-	**-**	**0.30**
- Jai Beverages Private Limited	-	-	-	-	-	-	-	-	-	-	1.22	3.75	-	-	**1.22**	**3.75**
- Devyani Airport Services (Mumbai) Private Limited	-	-	-	-	-	-	-	-	-	-	0.26	0.57	-	-	**0.26**	**0.57**
- Devyani Food Industries Limited	-	-	-	-	(21.83)	0.00*	-	-	-	-	-	-	-	-	**(21.83)**	**0.00***
- Devyani Food Industries (Kenya) Limited	-	-	-	-	-	-	-	-	-	-	13.95	-	-	-	**13.95**	**-**
B. Financial guarantees																
- Varun Beverages (Zimbabwe) (Private) Limited	-	-	2,637.23	2,302.15	-	-	-	-	-	-	-	-	-	-	**2,637.23**	**2,302.15**
- Varun Beverages (Nepal) Private Limited	-	-	280.99	280.99	-	-	-	-	-	-	-	-	-	-	**280.99**	**280.99**

*Rounded off to Nil.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

45. Disclosure on lease transactions pursuant to Ind AS 116 - Leases

The Company has adopted Ind AS 116 "Leases" w.e.f. 01 January 2020, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrospective method with right-of-use asset recognised at an amount equal to the lease liability in the balance sheet on the initial date of application. Accordingly, previous period information has not been restated. The Company's lease asset class primarily consists of leases for buildings and plant and equipment. With the exception of short-term leases, leases of low-value and cancellable long-term leases underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the weighted average borrowing rate on the date of adoption, i.e., 8.22%.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right of use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security against the Company's other debts and liabilities.

i Lease liabilities are presented in the balance sheet as at 31 December 2020:

(₹ in million)

	As at 31 December 2020
Current maturities of lease liabilities (Refer note 25)	44.29
Non-current lease liabilities (Refer note 20C)	79.50
Total	**123.79**

ii The recognised right of use assets relate to buildings and plant and equipments as at 31 December 2020:

(₹ in million)

	Total
Right of use assets - buildings and plant and equipments	
Balance as at 01 January 2020	-
Addition on account of transition to Ind AS 116 (Refer note 4)	200.47
Additions for the year	-
Disposals for the year	-
Depreciation charge for the year	(80.80)
Balance as at 31 December 2020	**119.67**

iii The following are amounts recognised in Standalone Statement of Profit and Loss:

(₹ in million)

	Year ended 31 December 2020
Depreciation charge on right of use assets	80.80
Interest expense on lease liabilities	13.57
Total	**94.37**

iv Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less), cancellable long-term leases and for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense relating to payments not included in the measurement of the lease liability for short term leases is ₹ 554.39 million.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

v Refer Standalone Cash Flow Statement for total cash outflow for leases for the year ended 31 December 2020.

vi Maturity of lease liabilities

Future minimum lease payments were as follows:

(₹ in million)

	Lease payments	Interest expense	Net Present value
Not later than 1 year	52.39	8.10	44.29
Later than 1 year not later than 5 years	49.71	17.91	31.80
Later than 5 years	280.62	232.92	47.71
Total	**382.72**	**258.93**	**123.79**

vii The following is a reconciliation of total operating lease commitments at 31 December 2019 (as disclosed in the financial statements for the year ended 31 December 2019) to the lease liabilities recognised at 01 January 2020:

(₹ in million)

Particulars	Amount
Total operating lease commitments disclosed as at 31 December 2019	108.03
Leases with remaining lease term of less than 12 months	(29.81)
Leases identified at the time of transition	392.19
Operating lease liabilities before discounting	**470.41**
Discounting impact (using weighted average borrowing rate)	(272.49)
Total lease liabilities recognised as at 01 January 2020	**197.92**

viii Adjustments recognised in the balance sheet on 01 January 2020:

The change in accounting policy for leases impacted the following items in the balance sheet on 01 January 2020:

(₹ in million)

	Amount reported as at 31 December 2019	Impacts of adoption Ind AS 116	Adjusted amount as at 01 January 2020
Other non-current assets	37.60	(2.55)	35.05
Lease liabilities (including current liabilities)	-	197.92	197.92
Right of use assets - buildings and plant and equipments	-	200.47	200.47

The Company has recognised ₹ 197.92 million as right-of-use assets with corresponding impact of ₹ 197.92 million in lease liabilities and reclassification of deferred rent ₹ 2.55 million to right-of-use assets as at 01 January 2020.

Disclosure under Ind AS 17 - Leases for the year ended 31 December 2019

The Company has taken various premises and other fixed assets on operating leases. The lease agreements generally have a lock-in-period of 1-9 years and are cancellable at the option of the lessee thereafter. Majority of the leases have escalation terms after certain years and are extendable by mutual consent on expiry of the lease. There are no sub-leases or contingent rents. During the year, lease payments under operating leases amounting to ₹ 602.28 million have been recognised as an expense in the Statement of Profit and Loss.

Non-cancellable operating lease rentals payable (minimum lease payments) for these leases are as follows:

(₹ in million)

	As at 31 December 2019
Payable within one year	46.35
Payable between one and five years	61.68
Payable after five years	-
Total	**108.03**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

46. The business activities of the Company predominantly fall within a single reportable business segment, i.e., manufacturing and sale of beverages within India. There are no separately reportable business or geographical segments that meet the criteria prescribed in Ind AS 108 on Operating Segments. The aforesaid is in line with review of operating results by the chief operating decision maker. The sale of products of the Company is seasonal.

47. Dues to Micro and Small Enterprises

The dues to Micro and Small Enterprises as required under the Micro, Small and Medium Enterprises Development ("MSMED") Act, 2006 to the extent information available with the Company is given below:

(₹ in million)

Particulars	31 December 2020	31 December 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	90.61	17.79
Interest due on above	0.28	0.04
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year*	670.87	128.57
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	4.58	1.60
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	4.58	1.60

*includes principal amounting to ₹ 670.87 million (31 December 2019: ₹ 128.57 million).

48. Details of Corporate Social Responsibility (CSR) expenditure

In accordance with the provisions of section 135 of the Companies Act, 2013, the Board of Directors of the Company had constituted CSR Committee. The details for CSR activities is as follows.

(₹ in million)

Particulars	For the year ended 31 December 2020	For the year ended 31 December 2019
(a) Gross amount required to be spent by the Company during the year	75.04	57.22
(b) Amount spent during the year on the following		
1. Construction / Acquisition of any asset	-	-
2. On purpose other than 1 above	75.04	57.50

1. Refer note 44B for amounts paid to Champa Devi Jaipuria Charitable Trust towards contribution for "Shiksha Kendra" for the education of underprivileged, to Mala Jaipuria Foundation for the vocational training to underprivileged and destitute to enhance their skills and talents to secure livelihood, to RJ Foundation (objective of the trust is to carry on CSR activities as per requirements laid down under Section 135 of the Companies Act, 2013) and to Medanta Institute of Education and Research for promoting health care.

2. The Company does not carry any provisions for Corporate social responsibility expenses for current year and previous year.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

49. Acquisitions and disposals

Acquisitions during the year ended 31 December 2019:

A. Acquisitions under business combination

The Company acquired franchise rights in South and West regions from PepsiCo India Holdings Private Limited ("PepsiCo") for a national bottling, sales and distribution footprint in 7 states and 5 Union Territories of India along with manufacturing units in Bharuch (Gujarat), Mahul (Maharashtra), Paithan (Maharashtra), Roha (Maharashtra), Mamandur (Tamil Nadu), Nelamangala (Karnataka), Palakkad (Kerala), Sangareddy (Telangana) and Sricity (Andhra Pradesh) for a total transaction value of ₹ 18,025 million on slump sale basis. The aforesaid transaction value excludes the consideration paid for working capital taken over amounting to ₹ 321.64 million and investment fund amounting to ₹ 2,095.09 million received on acquisition from PepsiCo.

The details of the business combination are as follows:

Name of seller	PepsiCo India Holdings Private Limited
Acquisition date	01 May 2019

Recognised amounts of identifiable net assets

(₹ in million)

Particulars	Amount
Property, plant and equipment	15,908.42
Other intangible assets (Franchise rights)	235.10
Deferred tax assets	130.81
Total non-current assets (a)	**16,274.33**
Non-current liabilities recognised	
Employee benefits payable (included under the head provisions)	(341.53)
Total non-current liabilities (b)	**(341.53)**
Net current assets acquired	
Other current financial liabilities	
- Security deposits from distributors	(252.05)
- Employee related payables	(32.82)
Other current liabilities	(399.59)
Other current assets:	
- Inventories	1,076.68
- Security deposits	213.93
- Others	57.03
Net current assets (c)	**663.18**
Identifiable net assets (d = a+b+c)	**16,595.98**
Amount paid (e)	16,251.55
Goodwill/(Gain from a bargain purchase) (e-d)	**(344.43)**

Gain from a bargain purchase

The above business combination has resulted in a bargain purchase due to the Company's manufacturing capabilities/distribution network and PepsiCo's focus on its core activities of research, brand building and market penetration.

B. Asset acquisitions

(i) On 14 February 2019, the Company has acquired PepsiCo's previously franchised rights for a total purchase consideration of ₹ 150.00 million from SMV Beverages Private Limited and Nectar Beverages Private Limited (together referred as 'SMV Group') to sell and distribute PepsiCo's beverage brands in 13 districts in State of Karnataka, 14 districts in State of Maharashtra and 3 districts in State of Madhya Pradesh.

(ii) On 03 October 2019, the Company has acquired a manufacturing unit at Dharwad, Karnataka along with certain assets for a total purchase consideration of ₹ 747.27 million from Nectar Beverages Private Limited.

(iii) On 30 October 2019, the Company has acquired a manufacturing unit at Tirunelveli, Tamil Nadu along with certain assets for a total purchase consideration of ₹ 200.00 million from Prathishta Business Solutions Private Limited.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

50. Share-based payments

Description of share based payments arrangements

During the year ended 31 December 2013, the Company granted stock options to certain employees of the Company and its subsidiaries. The Company has the following share-based payment arrangements for employees.

A. Employee Stock Option Plan 2013 (ESOP 2013)

The ESOP 2013 ("the Plan") was approved by the Board of Directors and the shareholders on 13 May 2013 and further amended by Board of Directors on 01 December 2015. The plan entitles key managerial personnel and employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. As per the Plan, holders of vested options are entitled to purchase one equity share for every option at an exercise price of ₹ 149.51, which is 1.14 % above the stock price at the date of grant, i.e., 13 May 2013.

The expense recognised for employee services received during the respective years is ₹ Nil.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and changes in, share options during the year:

Particulars	31 December 2020		31 December 2019	
	Number	WAEP	Number	WAEP
Outstanding at the beginning of the year	-	-	23,285	149.51
Options exercised during the year	-	-	(13,285)	149.51
Options lapsed during the year	-	-	(10,000)	149.51
Outstanding at the end of the year	**-**		**-**	
Exercisable at the end of the year	-		-	

The fair values of options granted under new plan were determined using a variation of the binomial option pricing model that takes into account factors specific to the share incentive plans, such as the vesting period. The following principal assumptions were used in the valuation:

	Options vested and exercised	Options vested and unexercised
Number of options	2,006,550	668,850
Fair value on grant date (₹)	65.92	66.44
Share price at grant date (₹)	147.83	147.83
Exercise price (₹)	149.51	149.51
Expected volatility	16.63%	16.63%
Expected life	7.56 years	7.64 years
Expected dividends	0%	0%
Risk-free interest rate (based on government bonds)	7.53%	7.53%

The measure of volatility has been calculated based on the average volatility of closing market price of the BSE 500 during the period 01 January 2013 to 31 December 2013.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Particulars of Scheme

Name of scheme	**Employee Stock Option Plan 2013**
Vesting conditions	668,850 options on the date of grant ('First vesting') 668,850 options on first day of January of the calendar year following the first vesting ('Second vesting') 668,850 options on first day of January of the calendar year following the second vesting ('Third vesting') 668,850 options on first day of January of the calendar year following the third vesting ('Fourth vesting') Notwithstanding any other clause of this Plan, no vesting shall occur until 01 December 2015 or fourth vesting, whichever is earlier
Exercise period	Stock options can be exercised within a period of 5 years from the date of vesting.
Number of share options	2,675,400
Exercise price	149.51
Method of settlement	Equity
Fair value on the grant date	Options vested: ₹ 65.92 Options to be vested : ₹ 66.44
Remaining life as on 31 December 2020	-
Remaining life as on 31 December 2019	-

The following share options were exercised during the previous year:

	Options series	Number exercised	Share price at exercise date	Exercise date
Granted on 13 May 2013	ESOP 2013	9,585	₹ 515.47	18 February 2019
Granted on 13 May 2013	ESOP 2013	3,700	₹ 630.40	03 June 2019

B. Employee Stock Option Plan 2016 ("ESOS 2016")

The ESOS 2016 ("the Scheme") was approved by the Board of Directors and the shareholders on 27 April 2016. The Scheme entitles key managerial personnel and employees of the Company and its subsidiaries to purchase shares in the Company at the stipulated exercise price, subject to compliance with vesting conditions. Stock options can be settled by issue of equity shares. No options under this Scheme have been granted in the current or previous years.

51. Capital management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity shareholders of the Company.

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, non-current and current borrowings, deferred payment liabilities, current maturity of long-term debts and lease liabilities, less cash and cash equivalents, excluding discontinued operations, if any.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

The amounts managed as capital by the Company for the reporting periods are summarised as follows:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Non-current borrowings (Refer note 20A)	19,543.51	22,917.07
Current borrowings (Refer note 20B)	6,355.40	4,110.44
Lease liabilities (Refer note 20C)	79.50	-
Current maturities of lease liabilities (Refer note 25)	44.29	-
Current maturities of long-term debts (Refer note 20D)	4,572.22	4,980.86
	30,594.92	**32,008.37**
Less: Cash and cash equivalents (Refer note 13)	(364.04)	(323.51)
Net debt (A)	**30,230.88**	**31,684.86**
Equity share capital (Refer note 18)	2,886.89	2,886.89
Other equity (Refer note 19)	37,230.78	35,784.28
Total capital (B)	**40,117.67**	**38,671.17**
Capital and net debt (C=A+B)	**70,348.55**	**70,356.03**
Gearing ratio (A/C)	**42.97%**	**45.04%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

Breaches in meeting the financial covenants of the borrowings would permit the banks to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the reporting periods.

52. Assets pledged as security

The carrying amount of assets pledged as security are:

(₹ in million)

Particulars	As at 31 December 2020	As at 31 December 2019
Inventories and trade receivable (Refer note 11 and 12)	8,495.90	8,035.14
Other bank deposits (Refer note 14)	0.72	0.65
Current loans (Refer note 15)	99.94	351.71
Other current financial assets (Refer note 16)	2,130.20	2,820.09
Other current assets (Refer note 17)	1,485.15	1,554.83
Other intangible assets (Refer note 5B)	5,553.03	5,598.47
Property, plant and equipment (Refer note 4A)	47,061.67	48,399.67
Capital work-in-progress (Refer note 4B)	390.05	585.75

53. Recent accounting pronouncements (Ind AS issued but not yet effective)

Ministry of Corporate Affairs ("MCA") notifies new accounting standards or amendments to the existing accounting standards. There is no such notification which would be applicable to the Company from 01 January 2021.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

54. Information under Section 186 (4) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements), 2015

(₹ in million)

(i)

Name of the Loanee	Rate of Interest	Secured/ Unsecured	Maximum balance outstanding during the year 2020	As at 31 December 2020	Maximum balance outstanding during the year 2019	As at 31 December 2019
Varun Beverages Morocco SA	3.50% + Libor	Unsecured	1,776.82	728.10	2,805.70	1,676.77
Varun Beverages Lanka (Private) Limited*	Zero to 2% + Libor	Unsecured	2,626.57	-	2,608.65	2,548.24
Varun Beverages (Zambia) Limited	4% + Libor	Unsecured	234.53	-	221.32	221.32
Varun Beverages (Zambia) Limited	2.25% + Libor	Unsecured	857.23	497.14	808.96	808.96
Varun Beverages (Zimbabwe) (Private) Limited	4% + Libor	Unsecured	1,121.58	1,084.85	648.60	648.60

The above loans are given for business purposes.

*Represents debt component of investments in redeemable preference shares.

(₹ in million)

(ii)

Name of the Investee	As at 31 December 2020	As at 31 December 2019
Varun Beverages Morocco SA	6,179.18	4,922.56
Varun Beverages (Nepal) Private Limited	798.91	798.91
Varun Beverages Lanka (Private) Limited	3,149.55	522.97
Varun Beverages (Zambia) Limited	3,231.01	2,670.39
Angelica Technologies Private Limited	-	12.56
Varun Beverages (Zimbabwe) (Private) Limited	0.06	0.06
Lunarmech Technologies Private Limited	162.93	150.38

The above investments are made for business purposes.

(₹ in million)

(iii)

Guarantees outstanding, given on behalf of	As at 31 December 2020	As at 31 December 2021
Varun Beverages (Nepal) Private Limited	280.99	280.99
Varun Beverages (Zimbabwe) (Private) Limited	2,637.23	2,302.15

The above financial guarantees are given on behalf of subsidiaries for business purposes.

The above transactions are in the ordinary course of business.

55. Financial instruments risk

Financials risk management objectives and policies

The Company is exposed to various risks in relation to financial instruments. The main types of financial risks are market risk, credit risk and liquidity risk.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

The management of the Company monitors and manages the financial risks relating to the operations of the Company on a continuous basis. The Company's risk management is coordinated at its head office, in close cooperation with the management, and focuses on actively securing the Company's short to medium-term cash flows and simultaneously minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Company is exposed are described below.

55.1 Market risk analysis

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from its operating, investing and financing activities. Contracts to hedge exposures in foreign currencies, interest rates etc. are entered into wherever considered necessary by the management.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The functional currency of the Company is Indian Rupees ('INR' or '₹'). Most of the Company's transactions are carried out in Indian Rupees. Exposures to currency exchange rates mainly arise from the Company's overseas sales and purchases, lending to overseas subsidiary companies, external commercial borrowings etc. which are primarily denominated in US Dollars ('USD'), Lankan Rupee (LKR), Pound Sterling ('GBP'), Singapore Dollars ('SGD') and Euro.

The Company has limited exposure to foreign currency risk and thereby it mainly relies on natural hedge. To further mitigate the Company's exposure to foreign currency risk, non-INR cash flows are continuously monitored and derivative contracts are entered into wherever considered necessary.

The carrying amounts of the Company's foreign currency denominated monetary items are restated at the end of each reporting period. Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are as follows:

(₹ in million)

	USD	LKR	GBP	SGD	Euro
31 December 2020					
Financial assets					
(i) Loans (non-current and current)					
(a) Loans to related parties	31.62	-	-	-	-
(ii) Trade receivables (current)	1.21	-	-	-	-
(iii) Other financial assets (current)					
(a) Interest accrued on loan to related parties	3.36	-	-	-	-
(b) Guarantee commission receivable	0.14	-	-	-	-
(c) Other receivables	0.47	-	-	-	-
(iv) Other assets (non-current and current)	0.31	-	0.01	-	1.55
Total financial assets	**37.11**	**-**	**0.01**	**-**	**1.55**
Financial liabilities					

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

	USD	LKR	GBP	SGD	Euro
(i) Borrowings (non-current)					
(a) Foreign currency loans from banks	-	-	-	33.13	-
(ii) Trade payables	2.99	-	0.00*	-	0.06
(iii) Other current financial liabilities					
(a) Interest accrued but not due on borrowings	-	-	-	0.06	-
(b) Payable for capital expenditure	0.64	-	-	-	1.15
Total financial liabilities	**3.63**	**-**	**0.00***	**33.19**	**1.21**
*Rounded off to Nil.					
31 December 2019					
Financial assets					
(i) Loans (non-current and current)					
(a) Loans to related parties	47.08	5,701.67	-	-	-
(ii) Trade receivables (current)	0.58	-	-	-	-
(iii) Other financial assets (current)					
(a) Interest accrued on loan to related parties	5.30	-	-	-	-
(b) Guarantee commission receivable	0.67	-	-	-	-
(c) Other receivables	0.42	-	-	-	-
(iv) Other assets (non-current and current)	1.81	-	-	-	2.24
Total financial assets	**55.86**	**5,701.67**	**-**	**-**	**2.24**
Financial liabilities					
(i) Borrowings (non-current)					
(a) Foreign currency loans from banks	-	-	-	33.13	-
(ii) Trade payables	5.91	-	-	-	-
(iii) Other current financial liabilities					
(a) Interest accrued but not due on borrowings	-	-	-	0.11	-
(b) Payable for capital expenditure	0.57	-	-	-	0.12
Total financial liabilities	**6.48**	**-**	**-**	**33.24**	**0.12**

The following table illustrates the foreign currency sensitivity of profit and equity with regards to the Company's financial assets and financial liabilities considering 'all other things being equal' and ignoring the impact of taxation. It assumes a +/- 1% change of the INR/USD, INR/LKR, INR/GBP, INR/SGD and INR/Euro exchange rate for the year ended at 31 December 2020 (31 December 2019: 1%). These are the sensitivity rates used when reporting foreign currency exposures internally to the key management personnel and represents management's assessment of the reasonably possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at end of each period reported upon. A positive number indicates an increase in profit or equity and vice-versa.

If the INR had strengthened against the USD by 1% (31 December 2019: 1%), LKR by 1% (31 December 2019: 1%), GBP by 1% (31 December 2019: 1%), SGD by 1% (31 December 2019: 1%) and Euro by 1% (31 December 2019: 1%), the following would have been the impact:

(₹ in million)

	Profit for the year		Equity	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD	(24.46)	(35.19)	(24.46)	(35.19)
LKR	-	(22.18)	-	(22.18)
GBP	(0.00)	-	(0.00)	-
SGD	18.32	17.58	18.32	17.58
Euro	(0.31)	(1.69)	(0.31)	(1.69)

If the INR had weakened against the USD by 1% (31 December 2019 1%), LKR by 1% (31 December 2019: 1%), GBP by 1% (31 December 2019: 1%), SGD by 1% (31 December 2019: 1%) and Euro by 1% (31 December 2019: 1%), the following would have been the impact:

(₹ in million)

	Loss for the year		Equity	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
USD	24.46	35.19	24.46	35.19
LKR	-	22.18	-	22.18
GBP	0.00	-	0.00	-
SGD	(18.32)	(17.58)	(18.32)	(17.58)
Euro	0.31	1.69	0.31	1.69

Exposures to foreign exchange rates vary during the year depending on the volume of the overseas transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. The Company is exposed to changes in market interest rates as some of the bank and other borrowings are at variable interest rates and also loans have been advanced to subsidiary companies at variable interest rates. All the Company's term deposits are at fixed interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% (31 December 2019: +/- 1%). These changes are considered to be reasonably possible based on management's assessment. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(₹ in million)

	Profit/(loss) for the year		Equity	
	+1%	-1%	+1%	-1%
31 December 2020	(189.05)	189.05	(189.05)	189.05
31 December 2019	(218.97)	218.97	(218.97)	218.97

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of pet chips and sugar and therefore require a continuous supply. In view of volatility of pet chips and sugar prices, the Company also executes into various advance purchase contracts.

Commodity price sensitivity

The following tables shows the effect of price change in sugar and pet chips

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2020						
Sugar	+1%	-1%	(55.96)	55.96	(55.96)	55.96
Pet chips	+1%	-1%	(27.55)	27.55	(27.55)	27.55

(₹ in million)

Particulars	Change in yearly average price		Effect on profit before tax		Effect on equity	
31 December 2019						
Sugar	+1%	-1%	(63.14)	63.14	(63.14)	63.14
Pet chips	+1%	-1%	(39.43)	39.43	(39.43)	39.43

Other price sensitivity

The Company is not exposed to any listed equity or listed debt price risk as it does not hold any investments in listed entities.

55.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is operating through a network of distributors and other distribution partners based at different locations. The Company is exposed to this risk for various financial instruments, for example loans granted, receivables from customers, deposits placed etc. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at end of each reporting period, as summarised below:

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Classes of financial assets-carrying amounts:		
Investments (current)	0.01	0.01
Loans (current and non-current)	2,800.44	6,394.48
Trade receivables	1,705.29	1,305.31
Cash and cash equivalents	364.04	323.51
Bank balances other than mention above	0.72	0.65
Other financial assets (current and non-current)	2,131.41	2,828.99
	7,001.91	**10,852.95**

The Company continuously monitors receivables and defaults of customers and other counterparties, and incorporates this information into its credit risk controls. Appropriate security deposits are kept against the supplies to customers and balances are reconciled at regular intervals. The Company's policy is to deal only with creditworthy counterparties.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty. Trade receivables consist of a large number of customers of various scales and in different geographical areas. Based on historical information about customer default rates, management considers the credit quality of trade receivables. In case the receivables are not recovered even after regular follow up, measures are taken to stop further supplies to the concerned customer. The expected credit loss is based on the five years historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

Movement in expected credit loss allowance on trade receivables

(₹ in million)

	As at 31 December 2020	As at 31 December 2019
Balance at the beginning of the year	216.26	255.93
Loss allowance measured at lifetime expected credit loss	7.56	(39.67)
Balance at the end of the year	**223.82**	**216.26**

The credit risk for cash and cash equivalents, bank deposits including interest accrued thereon and Government grant receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings and State Government bodies. The credit risk for loans advanced to subsidiary companies including interest accrued thereon is also considered negligible since operations of these entities are regularly monitored by the Company and these companies have shown considerable growth.

In respect of financial guarantees provided by the Company, the maximum exposure which the Company is exposed to is the maximum amount which the Company would have to pay if the guarantee is called upon. Based on the expectation at the end of each reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided.

55.3 Liquidity risk analysis

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and considering the maturity profiles of financial assets and other financial liabilities as well as forecast of operational cash inflows and outflows. Liquidity needs are monitored in various time bands, on a day-to-day basis, a week-to-week basis and a month-to-month basis. Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the Company's ability to avail further credit facilities subject to creation of requisite charge on its assets. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

As at 31 December 2020, the Company's non-derivative financial liabilities have contractual maturities as summarised below:

(₹ in million)

31 December 2020	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	10,013.54	18,941.16	
Trade payables	2,720.68	-	-
Other financial liabilities (current and non-current)	2,871.60	49.71	280.62
Total	**15,605.83**	**18,990.87**	**280.62**

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

This compares to the maturity of the Company's non-derivative financial liabilities in the previous reporting periods as follows:

(₹ in million)

31 December 2019	1 to 12 months	1 to 5 years	Later than 5 years
Borrowings (current and non-current)	9,091.30	20,133.22	1,403.78
Trade payables	3,178.78	-	-
Other financial liabilities (current)	3,504.33	-	-
Total	**15,774.41**	**20,133.22**	**1,403.78**

As at 31 December 2020, the contractual cash flows (excluding interest thereon) of the Company's derivative financial instruments are as follows:

(₹ in million)

31 December 2020	1 to 12 months	1 to 5 years
Cross currency interest rate swap	914.08	914.08

This compares to the contractual cash flows (excluding interest thereon) of the Company's derivative financial instruments in the previous year as follows:

(₹ in million)

31 December 2019	1 to 12 months	1 to 5 years
Cross currency interest rate swap	-	1,752.25

55.4 Risk due to outbreak of COVID-19 pandemic

The outbreak of Coronavirus disease (COVID-19) pandemic in India has caused significant disturbances and slowdown of economic activity. The nationwide lockdowns ordered by the Governments in the first half of the year has resulted in operating constraints leading to significant reduction in economic activities and also the business operation of the Company in terms of sales. However, the recent phased nationwide unlocking ordered by the Governments has resulted in signs of improvement in economic activities consequent to which our business operations have also shown uptick during the second half of the year. The management has considered the possible effects that may result from the pandemic on the carrying amount of receivables including contract assets, goodwill, intangibles, inventories and investments. Based on the current indicators of future economic conditions, the management expects to recover the carrying amount of these assets. However, the management will continue to closely monitor any material changes to future economic conditions depending upon how the situation evolve henceforth.

56. Fair value measurements

Financial instruments by categories

The carrying values and fair values of financial instruments by categories are as follows:

(₹ in million)

Particulars	Notes	Carrying value		Fair value/amortised cost	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
Financial assets					
Fair value through profit and loss ('FVTPL')					
(i) Non-current financial assets					
(a) Investment (non-current)	7	0.01	0.01	0.01	0.01
Amortised cost					
(i) Non-current financial assets					

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

(₹ in million)

Particulars	Notes	Carrying value		Fair value/amortised cost	
		31 December 2020	31 December 2019	31 December 2020	31 December 2019
(a) Loans	8	2,700.50	6,042.77	2,700.50	6,042.77
(b) Other	9	1.21	8.90	1.21	8.90
(ii) Current financial assets					
(a) Trade receivables	12	1,705.29	1,305.31	1,705.29	1,305.31
(b) Cash and cash equivalents	13	364.04	323.51	364.04	323.51
(c) Bank balances other than (b) above	14	0.72	0.65	0.72	0.65
(d) Loans	15	99.94	351.71	99.94	351.71
(e) Other	16	2,130.20	2,820.09	2,130.20	2,820.09
Total		**7,001.91**	**10,852.95**	**7,001.91**	**10,852.95**
Financial liabilities					
FVTPL					
(i) Current financial liability					
(a) Liability for foreign currency derivative contract	25	20.71	68.45	20.71	68.45
Amortised cost					
(i) Non-current borrowings (excluding those disclosed under FVTPL category above)	20A	19,543.51	22,917.07	19,543.51	22,917.07
(ii) Other non-current financial liabilities	20C	79.50	-	79.50	-
(iii) Current financial liabilities					
(a) Borrowings	20B	6,355.40	4,110.44	6,355.40	4,110.44
(b) Trade payables	24	2,720.68	3,178.78	2,720.68	3,178.78
(c) Other	25	7,395.27	8,416.74	7,395.27	8,416.74
Total		**36,115.07**	**38,691.48**	**36,115.07**	**38,691.48**

Valuation technique to determine fair value

Cash and cash equivalents, other bank balances, trade receivables, loans, other current financial assets, trade payables, current borrowings and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the long term borrowings, loans and other deferred payments are determined by using discounted cash flow method using the appropriate discount rate. The discount rate is determined using other similar instruments incorporating the risk associated.
- The Company executed derivative financial instruments such as cross currency interest rate swap being valued using valuation techniques, which employs use of market observable inputs. The Company uses mark to market valuation provided by bank for its valuation.

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

Fair value hierarchy

The financial assets measured at fair value are grouped into the fair value hierarchy as on 31 December 2020 and 31 December 2019 as follows: (also refer note 3.1)

(₹ in million)

31 December 2020	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2020	0.01	-	-	0.01
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2020	20.71	-	20.71	-

There have been no transfers of financial assets and financial liabilities between the levels during the year 2020

(₹ in million)

31 December 2019	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment (non-current)	31 December 2019	0.01	-	-	0.01
Liabilities measured at fair value:					
(a) Liability for foreign currency derivative contract	31 December 2019	68.45	-	68.45	-

57. Details of hedged and unhedged exposure in foreign currency denominated monetary items

A. Exposure in foreign currency - hedged

The Company executed derivative financial instruments such as cross currency interest rate swap contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

Outstanding foreign currency exposure hedged (excluding interest thereon):

(in million)

Particulars	Period	Foreign currency		Hedged currency	
ECB Loan	31 December 2020	SGD	33.13	USD	25.00
	31 December 2019	SGD	33.13	USD	25.00

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

B. Exposure in foreign currency - unhedged

Outstanding foreign currency exposure not being hedged against adverse currency fluctuation:

(in million)

Particulars	Period	Foreign currency		Local currency	
Trade receivable	31 December 2020	USD	1.21	INR	88.14
	31 December 2019	USD	0.58	INR	41.02
Advance to vendors	31 December 2020	USD	0.31	INR	22.90
	31 December 2019	USD	1.81	INR	126.69
	31 December 2020	EURO	1.55	INR	124.51
	31 December 2019	EURO	2.24	INR	175.87
	31 December 2020	GBP	0.01	INR	0.71
	31 December 2019	GBP	-	INR	-
Loan given	31 December 2020	USD	31.62	INR	2,310.09
	31 December 2019	USD	47.08	INR	3,355.65
	31 December 2020	LKR	-	INR	-
	31 December 2019	LKR	5,701.67	INR	2,548.24
Loan taken (ECB loan)	31 December 2020	USD	25.00	INR	1,828.15
	31 December 2019	USD	25.00	INR	1,752.25
Other receivables	31 December 2020	USD	3.98	INR	290.48
	31 December 2019	USD	6.40	INR	455.91
Other payables	31 December 2020	USD	0.06	INR	3.53
	31 December 2019	USD	0.09	INR	6.05
Trade payables	31 December 2020	USD	2.99	INR	218.16
	31 December 2019	USD	5.91	INR	421.73
	31 December 2020	GBP	0.00	INR	0.35
	31 December 2019	GBP	-	INR	-
	31 December 2020	EURO	0.06	INR	5.18
	31 December 2019	EURO	-	INR	-
Payable for capital expenditure	31 December 2020	USD	0.64	INR	47.50
	31 December 2019	USD	0.57	INR	40.64
	31 December 2020	EURO	1.15	INR	103.52
	31 December 2019	EURO	0.12	INR	9.56

Summary of significant accounting policies and other explanatory information on the Standalone Financial Statements for the year ended 31 December 2020

58. During the year ended 31 December 2019, pursuant to Qualified institutions placement ("QIP"), the Company has raised ₹ 8,999.99 million through fresh issue of 14,705,882 equity shares of ₹ 10 each at a premium of ₹ 602 per share. The Audit committee and the Board of Directors noted the utilisation of funds raised through such fresh issue of equity shares to be in line with the object of the issue, the details of which are as follows:

(₹ in million)

Particulars	Amount
Gross proceeds received from QIP	8,999.99
Less: Share issue expenses	(164.36)
Net proceeds received from QIP	8,835.63
Amount utilised for:	
Repayment of debts	(8,835.63)
Unutilised amount	**-**

59. The exceptional items for the year ended 31 December 2020 amounting to ₹ 665.29 million, represents write off of certain plant and equipment, glass bottles and plastic shells which are not in use. In quarter ended 31 March 2020, the Company has provided for the impairment of these assets which are subsequently written off.

60. No adjusting or significant non-adjusting events have occurred between 31 December 2020 and the date of authorisation of these standalone financial statements.

The accompanying notes are an integral part of the standalone financial statements.
As per our report of even date attached.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Anupam Kumar
Partner
Membership No.: 501531

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

Sumit Kathuria
Partner
Membership No.: 520078

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

Varun Jaipuria
Whole Time Director
DIN 02465412

Raj Pal Gandhi
Whole Time Director
DIN 00003649

Vikas Bhatia
Chief Financial Officer

Kapil Agarwal
Chief Executive Officer
and Whole Time Director
DIN 02079161

Ravi Batra
Chief Risk Officer and
Group Company Secretary
Membership No. F-5746

Place : Gurugram
Dated : 16 February 2021