

VARUN BEVERAGES LTD.

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ANNUAL REPORT & ACCOUNTS YEAR ENDING 31ST DECEMBER, 2002

VARUN BEVERAGES LIMITED

8th ANNUAL REPORT & ACCOUNTS

For the Period ended 31st December, 2002

Board of Directors :

Shri R.K. Jaipuria	Shri K. Shankar
Smt. Dhara Jaipuria	Shri Anil Gupta
Shri K. K. Mudgil	Shri C. K. Rastogi
Shri Promod Agarwala	

Secretary :

Shri Rakesh Johar

Registered Office :

F-2/7, Okhla Industrial Area, Phase-I,
New Delhi-110020

Works :

- I) Khasra No. 282, Balmukundpura,
Tehsil Sanganer Distt. Jaipur (Rajasthan)
- II) Plot No. S.P.-646, F-647-653, Matsya Inds. Area
Extn. (North), RIICO Industrial, Alwar (Rajasthan)
- III) Plot No.-Special-159, RIICO Indl. Area, Ph.-III,
Boranada, Jodhpur (Rajasthan)
- IV) Khasra No. 477, 478, 479, Village Dautana
107 Km. Distance Stone. Delhi-Agra Highway
NH-2, Near Kosi Kalan, Mathura Distt. (U.P.)

Audit Committee

Shri R.K. Jaipuria
Shri K. Shankar
Shri C. K. Rastogi

Auditors :

M/s O.P. Bagla & Co., Chartered Accountants,
New Delhi.

Bankers :

Punjab National Bank

Financial Institution :

Industrial Development Bank of India.

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VARUN BEVERAGES LIMITED

NOTICE

Notice is hereby given that the 8th Annual General Meeting of the members of M/s. **VARUN BEVERAGES LIMITED** will be held at F-2/7, Okhla Industrial Area, Ph-I, New Delhi-110020 on Wednesday, 16th April, 2003, at 11.00 A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt audited accounts of the company for the period of nine months ending 31st December, 2002 along with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri. Ravi Kant Jaipuria, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri K.K. Mudgil, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration. M/s. O.P. Bagla & Co., Chartered Accountants, the retiring Auditors of the company offer themselves for re-appointment.

BY ORDER OF THE BOARD
for **VARUN BEVERAGES LTD.**

PLACE: NEW DELHI
DATE : 14th March, 2003

COMPANY SECRETARY

NOTES :

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself. A proxy need not be a member of the Company. The instrument appointing the proxy must be deposited at the registered office of the Company at least 48 hours before the commencement of the meeting.

VARUN BEVERAGES LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors hereby present the 8th Annual Report on the business and operations of the Company together with the Audited statement of Accounts for the period of nine months ending 31st December, 2002 :

FINANCIAL RESULTS :

	(In Rs.) <u>December 31, 2002</u>	(In Rs.) <u>March 31, 2002</u>
Profit before Tax	107,823,606	54,546,914
Provision for Tax	8,500,000	4,200,000
Provision for deferred Tax	39,645,012	--
Profit after Tax	<u>59,678,594</u>	<u>50,346,914</u>
Balance as per last year	172,967,116	123,560,079
Transitional deferred Tax	(80,022,617)	--
Liabilities at April 1, 2002		
Income Tax Adjustment	(596,279)	(937,663)
Wealth Tax Paid	(18,896)	(2,214)
Balance Carried to Balance Sheet	<u>152,007,918</u>	<u>172,967,116</u>

PARTICULARS REGARDING CONSERVATION OF ENERGY ETC. :

Information in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Foreign Exchange Earnings and outgo and conservation of energy are annexed hereto and forms part of this report. However, the information regarding technology absorption as contained in Form 'B' of the Annexure attached to aforementioned rules is not applicable to the Company during the period under review.

AUDITORS' REPORT :

The observations made by the Auditors in their Report are specific reference to certain points contained in accounting policies and notes on accounts. The points have been well explained in the accounting policies/ notes on accounts and therefore, do not require any further clarification/explanation.

DIRECTORS :

In accordance with the requirements of the Companies Act, 1956 and Company's Articles of Association Shri Ravi Kant Jaipuria and Shri K. K. Mudgil, Directors of the Company, are due for retirement by rotation and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES:

As required by Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, there is no employee who is in receipt of a remuneration of Rs.24,00,000/- per year, if employed for the whole year or Rs.2,00,000/- per month if employed for the part of the year.

VARUN BEVERAGES LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- i) in the preparation of the accounts for the period, the applicable accounting standards had been followed and that there are no material departure;
- ii) they have, in selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period and of the profit or loss of the company for that period;
- iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE :

The Company has an Audit Committee, whose composition, role, functions and powers are in accordance with the requirements of the Companies Act, 1956. The Audit Committee comprises of Shri C.K. Rastogi as chairman with Shri R. K. Jaipuria and Shri K. Shankar as members.

AUDITORS :

The existing Auditors M/s O. P. Bagla & Co., Chartered Accountants, who retire at this Annual General Meeting and being eligible offer themselves for re-appointment.

PUBLIC DEPOSITS :

The Company has not invited or accepted any deposits during the period from the Public under Section 58A of the Companies Act, 1956.

APPRECIATION :

Your Directors wish to place on records their deep appreciation of the support and co-operation received from the Banks and other Lending Institutions. The Directors also place on record their appreciation of the unstinting efforts put in by the employees at all levels.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
for VARUN BEVERAGES LTD.

PLACE : NEW DELHI

DATE : 14th March, 2003

WHOLE TIME DIRECTOR

DIRECTOR

VARUN BEVERAGES LIMITED**ANNEXURE****FORM-A**

(SEE RULE - 2)

ALWAR, JODHPUR AND KOSI UNITS:**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:**

	CURRENT PERIOD	PREVIOUS YEAR
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
(a) PURCHASED :		
Unit	269470	808325
Total Amount (in Rs.)	12356571	3981087
Rate/Unit (in Rs.)	4.58	4.52
(b) OWN GENERATION :		
(i) Through Diesel Generator		
Units	8113972	14839314
Units per ltr. of Diesel oil	3.32	3.29
Cost/Unit (in Rs.)	5.30	4.80
(ii) Through steam turbine/generator	N.A.	N.A.
Units		
Units per ltr. of fuel oil/gas		
Cost/Unit		
2. COAL (specify quality and where used)	N.A.	N.A.
Quantity (tonnes)		
Total Cost		
Average Rate		
3. FURNACE OIL INCLUDING LDA		
Quantity (K. Ltrs.)	608487	642531
Total Amount (in Rs.)	4435590	8069852
Average Rate (in Rs.)	7.29	12.56
4. OTHERS/INTERNAL GENERATION	N.A.	N.A.
Quantity		
Total Cost		
Rate/Unit		

B. CONSUMPTION PER UNIT OF PRODUCTION :

	Standards (if any)	Current Period 1	Previous Year 2
Products (with details) unit	C/s	8581796	6874828
Electricity		1.26	1.21
Furnace Oil		0.07	0.02
Coal (specify quality)		-	--
Others (specify)		-	--

FOREIGN EXCHANGE EARNINGS AND OUTGO :

	Current period (Rs. in Lacs)	Previous year (Rs. in Lacs)
1. Earning in Foreign Currency	NIL	NIL
2. Outgo in Foreign Currency		
Value of imports (CIF)		
Capital Goods	30.56	484.05
Stores, Spares & Raw Material	267.86	257.72
Expenditure in foreign Currency		
Imports	298.42	741.77
Travelling	9.44	6.81
Others	0.30	--

VARUN BEVERAGES LIMITED**AUDITORS' REPORT**

The Members,

VARUN BEVERAGES LIMITED,

NEW DELHI.

We have audited the attached Balance Sheet of **VARUN BEVERAGES LIMITED** as at 31st December, 2002, Profit & Loss Account for the Period ended 31st December, 2002 and the Cash Flow Statement for the period ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and other Companies (Auditors' Report) Order 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraph 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above :-
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - b) Proper books of account, as required by law, have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Profit & Loss Account and Balance Sheet comply with the mandatory accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) In our opinion and according to representations made to us by the Directors of the Company none of the director is disqualified from being appointed as director under Section 274 (1)(g) of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and other Notes thereon in Schedule - 25 give the information as required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31.12.2002.
 - ii) In the case of the Profit & Loss Account of the **PROFIT** for the Period Ended on that date.
 - iii) In the case of Cash Flow Statement of the Cash Flows for the period ended on that date.

For O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI

DATED : 14th March, 2003

PARTNER

VARUN BEVERAGES LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON ACCOUNTS FOR THE PERIOD ENDED 31st DECEMBER, 2002

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that these fixed assets have been physically verified by the management and no material discrepancies were noticed. In our opinion the frequency of verification is reasonable having regard to the size of the Company and nature of its assets.
2. None of the fixed assets have been revalued during the period.
3.
 - a) As explained to us physical verification has been conducted by the management periodically, in respect of finished goods, stores, spare parts and raw materials.
 - b) The procedure of physical verification conducted by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The discrepancies noticed on such verification between the physical stocks and book records were not significant and the same have been properly dealt with in the books of account.
 - d) On the basis of the examination of the stock records, we are of opinion that the valuation of these stocks is fair and proper in accordance with the normally accepted accounting principles.
4. In our opinion and according to the explanations and information given to us, no loans have been taken from Companies, Firms or other parties listed in the registers maintained under Section 301 and from Companies under the same Management. However in terms of sub section 6 of Section 370 of the Companies Act, 1956, provisions of the section are not applicable to a company on or after 31st October, 1998.
5. In our opinion and according to the explanations and information given to us, no loans have been given to Companies, Firms or other parties listed in the registers maintained under Section 301 and to Companies under the same Management. However in terms of sub section 6 of Section 370 of the Companies Act, 1956, provisions of the section are not applicable to a company on or after 31st October, 1998.
6. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials, plant & machinery, equipment and other similar assets and for sale of goods.
7. In our opinion and according to the information and explanations given to us the transactions of purchase and sale of goods, materials and services aggregating during the period to Rs. 50,000/- or more for each party in pursuance of contracts and/or arrangements entered in register maintained under section 301 of the Companies Act, 1956 have been made at prices for such goods, material or services at which transactions for similar goods, material or services have been made with other parties.

VARUN BEVERAGES LIMITED

8. As explained to us, the Company has a reasonable procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
9. The Company has not invited/accepted any deposits from the public during the period.
10. In our opinion, the Company is maintaining reasonable records for sale and disposal of scrap. The Company has no by-products.
11. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
12. The Central Govt. has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the products of the Company.
13. According to the records of the Company, Employees' State Insurance dues and Provident Fund dues have generally been regularly deposited during the period with appropriate authorities.
14. According to the information and explanations given to us, no un-disputed amounts payable in respect of income-tax, wealth-tax, custom duty, sales-tax, and excise duty were outstanding as at 31-12-2002 for a period of more than 6 months from the date they became payable.
15. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
16. The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Company (Special Provisions) Act, 1985.
17. As explained to us, in respect of goods purchased for resale, the company has a reasonable system for determination of damaged goods. Adequate provision has been made for the loss arising on the items so determined which is not of a significant value.

For O. P. BAGLA & CO.
CHARTERED ACCOUNTANTS

PLACE : NEW DELHI
DATED : 14th March, 2003

PARTNER