

# Varun Beverages | BUY

## India realisation disappoints; all eyes on upcoming summer season

Varun Beverages' (VBL) 4QCY25 consolidated sales was ahead while profitability was miss vs. consensus estimate. India volumes have increased by 10.5% YoY (better than estimate of c.8-9% YoY), benefiting from volume upsizing in INR20 SKU (c.10% of portfolio), improvements in supply chain infrastructure, and innovations. However, an adverse mix (higher salience of water and INR 20 CSD SKU) and some discounting led to 4% YoY decline in realisation/case. Management expects much better CY26E for India business; guided for double-digit volume growth, assuming normal summer season coupled with scale up in innovation (Adrenaline rush, launch of Nimbooz Jeera range in March) and distribution expansion. The YoY decline in India realisation per case is unlikely to worsen further, with discounts abating and impact of the same can be offset through higher volumes/better mix in upcoming season. The international business (especially Africa) also has adequate growth engines in terms of scale up in South Africa, tie-up with Carlsberg and Pepsico's snack opportunity. On profitability, VBL has demonstrated solid execution with India EBITDA margins at c.26% (highest-ever) for CY25, despite muted sales growth and capacity additions. With a likely uptick in volumes, utilisation and fixed cost absorption should improve and support margins in CY26E. We have cut earnings by c.3-4% for CY26/27E to factor in lower India realisations. Maintain BUY with a revised TP INR 550 (INR 570 earlier, 50x CY27E). Adverse season/irrational competitive activity in India business remains a key risk.

- India volumes better-than-expected; decline in realisation per case surprises negatively....:** Consolidated sales grew 14% YoY to INR 42bn (c.4% above consensus estimates), led by overall volume growth of 10.2% YoY (tad better than expected). Domestic volumes grew 10.5% YoY (vs. JMFe: 9%), aided by packaged water and upsizing of volumes (from 250ml to 400ml) in INR 20 CSD SKU. Given the lower realisations for these two coupled with higher discounting to liquidate stock build-up led to 4% YoY decline in realisation per case for India business. International business outperformed with healthy growth in volume (+10% YoY) and realisation per case (+12.5% YoY), led by strong momentum in South Africa and currency benefit.
- ...resulting in lower margins:** Consolidated gross margin saw compression of 70bps YoY to 55.4% (JMFe: 56.3%), due to weaker mix-led lower realisation in the India business. GM compression coupled with high staff cost growth (+22.4% YoY, includes one-time impact of labour code of INR 140mn), drove consolidated EBITDA margin compression of 52bps YoY to 15.2% (India EBITDA margins declined by c.80 bps YoY at 15.2%). Consolidated EBITDA rose c.10% YoY to INR 6.4bn (in line with our estimates). Depreciation increased c.27% YoY, due to commissioning of new plants in India and brownfield expansion in International markets. The negative impact of higher depreciation was offset by lower interest cost and higher other income (includes interest deposits in India and favourable currency movement in international territories), resulting in consolidated PAT growth of 36% YoY (c.1.5% above our estimate.).
- Management optimistic about India volumes/profitability and Africa opportunity; upcoming summer season will be key:** Going forward, assuming summer season turns out to be normal, then management remains confident about delivering double-digit volume growth and reduction in the volume-value gap in India business. Moreover, VBL was able to maintain consolidated/India EBITDA margins in CY25 despite muted volumes, higher capacity additions and increased competitive activity. Going ahead, likely uptick in volumes should lead to better mix, fixed cost absorption and support overall margins.

Financial Summary					
Y/E December	CY23A	CY24A	CY25A	CY26E	(INR mn)
Net Sales	155,903	194,450	210,946	237,033	265,806
Sales Growth (%)	20.6	24.7	8.5	12.4	12.1
EBITDA	36,095	47,111	50,494	55,254	60,697
EBITDA Margin (%)	22.5	23.5	23.3	22.7	22.3
Adjusted Net Profit	20,559	25,946	30,365	32,569	37,295
Diluted EPS (INR)	6.3	7.7	9.0	9.6	11.0
Diluted EPS Growth (%)	37.3	21.2	17.0	7.3	14.5
ROIC (%)	22.0	20.3	16.2	16.2	17.8
ROE (%)	34.2	22.0	16.8	15.5	15.5
P/E (x)	71.3	58.8	50.2	46.8	40.9
P/B (x)	21.1	9.2	7.8	6.8	5.9
EV/EBITDA (x)	41.9	31.1	29.0	26.1	23.2
Dividend Yield (%)	0.2	0.2	0.3	0.2	0.3

Source: Company data, JM Financial. Note: Valuations as of 03/Feb/2026



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	550
Upside/(Downside)	21.9%
Previous Price Target	570
Change	-3.5%

### Key Data – VBL IN

Current Market Price	INR451
Market cap (bn)	INR1,525.6/US\$16.9
Free Float	37%
Shares in issue (mn)	3,248.0
Diluted share (mn)	3,382.0
3-mon avg daily val (mn)	INR2,435.8/US\$27.0
52-week range	593/419
Sensex/Nifty	83,739/25,728
INR/US\$	90.3

### Price Performance

%	1M	6M	12M
Absolute	-8.6	-11.9	-22.6
Relative*	-6.4	-15.2	-28.6

\* To the BSE Sensex

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

## 4QCY25 concall Highlights

### ■ Operating environment

- CY2025 marked steady execution despite weather disruption; demand started recovering in Q4 with domestic volume growth of c.10.5% for the quarter.
- Competitive scenario remains high during the year with discounting visible in weak quarter due to higher inventory.

### ■ CY25 consolidated performance

- Consolidated net sales grew 8.4% YoY to INR 217bn, largely volume-driven, despite weather related disruptions in India during key summer season.
- Overall volumes were up c.8% YoY - India volumes grew by 2.4% YoY (impacted by adverse season) while international volumes were up 23% YoY (aided by DRC and Bevco acquisition).
- Consolidated EBITDA grew 7.2% YoY to INR50bn with slight margin compression of c.26bps YoY to 23.3%. India margins were at all-time high of 25.9%.
- Depreciation increased by 28.4% YoY, on account of commissioning of 4 new plants in India, as well as brownfield expansion in international markets.
- Post repayment of debt from QIP proceeds, finance cost in India business is negligible while in International markets finance cost is primarily in South Africa on account of fair value adjustment of leases as per IND AS 116.
- Consolidated PAT increased by 16.2% YoY INR 31bn, driven by lower finance cost and higher other income (includes interest on deposits in India and favourable currency movement in the international territories).

### ■ India Business

- Management alluded that the decline in realization per case of India by 4% YoY was primarily due to higher discounting in order to liquidate the stock buildup as well as upsizing of INR 20 price pack from 250ml to 400ml. However, indicated to not look at this quarter on standalone basis and expects this volume-value gap to be temporary phenomenon. They expect volume trajectory to only improve in the coming quarters (strong summer season + soft base benefit + innovations) and with better mix/reducing discounts the realizations should also improve.
- **Contribution of INR 20 price pack is 10-12% of overall portfolio. The company has launched INR 10 price pack in West Bengal and North east markets and will be strategic with respect to this launch. Management plans to launch this price point only in markets that are necessary and not on PAN-India basis (salience is unlikely to be more than 5-7% of portfolio).**
- Further, with Nimbooz brand growing momentum, company expects to see lower tax rate benefit as it is qualified as juices. (GST levy of 5% vs.40% for CSD).
- **No major capital expenditure is planned for India in CY26E.**
- Management expects India margins to remain at healthy levels driven by volume growth and better absorption rate of fixed costs vs. CY25.
- **New launches: The company will expand its portfolio and launch newer products in flavor (eg: Nimbooz Jeera in March'26) and energy categories.**
- India business continues to remain debt free and has net cash position of INR 12bn as on 31st December 25.

### ■ International business

- International volumes grew 10% in Q4 with South Africa delivered healthy volume growth aided by general-trade expansion, visi-coolers addition, backward integration and capacity enhancement.
- **The snack business in Morocco has ramped up, and distribution of snacks in Zimbabwe and Zambia has started gaining traction.**
- **Snacks food revenue CY2025 was c.INR 3.4bn; Morocco plant commissioned mid-year (May-Jun) and Zimbabwe operations started in Dec — full-year realisation and volume expected to rise meaningfully in CY2026 as new plants scale.**

- On foods opportunity, management expects growth of at least high teens or more with target of c.USD 100mn in next couple of years.
- International capex will be largely limited to South Africa, with only one brownfield capacity addition planned; management does not expect any major international capex in the near term.
- The real currency benefits in cost of operations will start visible from 2026 onwards.
- Management expects international margin to move towards India business margin in next couple of years (<4 years) on back of backward integration and other relevant initiatives.
- On tax front: overall tax % in international markets will remain lower than that of India
- Alcoholic beverages:** Company is starting with Carlsberg in Africa (no plans for India as of now) with first greenfield brewery completing by end of next year.

#### ■ Capex, capacity and utilisation

- Large capex programme executed: c.INR 45,000mn capitalised (includes four greenfield India plants and international brownfield/greenfield spends);
  - Capex in CY2025 included c.INR 17,000mn for four greenfield facilities – UP, Bihar, Himachal Pradesh and Meghalaya (India).
  - c.INR 3,000mn towards expansion in Sricity and Gorakhpur in India.
  - c.INR 13,000mn in International territories includes a CSD PET line and backward integration in DRC, Snacks manufacturing plant in Morocco & Zimbabwe and a new CAN line South Africa.
  - Balance capex comprises investments in visi-coolers, glass bottles, pallets, vehicles, write-offs, and foreign exchange fluctuations
- As on December 31, 2025, the CWIP and capital advance amounted to c.INR 5,400mn, largely pertaining to ongoing phase-wise expansion projects and support infrastructure across Indian and International operations for 2026-27 seasons.
- Over the last two years VBL added **c.40–45% capacity**, having **c.50%** spare capacity available

#### ■ Guidance

- Management continues to maintain its double-digit volume growth guidance, despite soft base benefit coming in.
- Management reiterates India margin guidance of 22-23% for CY26; however, if higher volume expectations are achieved then margin trajectory could be close to CY25 levels.
- Since the snacks business is in its inception stage, management refrains from providing any guidance; however, they did state that revenue performance of \$100mn in the next few years is quite achievable.
- Management continues to expand its reach within the rural markets and expects to see positive off takes as the season kicks off.

#### ■ Miscellaneous

- Company incurred c.INR 140mn incremental costs on implementation of labour codes in the quarter (recognised under employee-benefit expense). Q4 employee costs also included one-time cost tied to VBL 30-year celebration event.**
- India business remains **net debt-free** with free cash **c.INR 12,250 million**; consolidated net debt negligible (**INR 256 million** year-end).
- Dividend:** Board has recommended a final dividend of INR 0.5 per equity share and with respect to its guidance, management may increase the dividend contingent on India volume growth and further capex requirement.

## Exhibit 1. 4QCY25 result snapshot: Revenue performance ahead of forecast, lower India realisations impacts margins

INR mn	CONSOLIDATED FINANCIALS					PARENT COMPANY		
	4QCY25	4QCY24	YoY Change	4QCY25E	% Variance	4QCY25	4QCY24	YoY Change
Net Revenue	42,044	36,888	14.0%	40,414	4.0%	21,353	20,140	6.0%
Gross Profit	23,284	20,686	12.6%	22,752	2.3%	11,808	11,215	5.3%
Gross Profit Margin %	55.4%	56.1%	-70 bps	56.3%	-92 bps	55.3%	55.7%	-39 bps
Staff Cost	5,863	4,790	22.4%	5,262	11.4%	3,194	2,771	15.3%
Other Expenses	11,028	10,096	9.2%	11,134	-0.9%	5,360	5,212	2.8%
EBITDA	6,393	5,800	10.2%	6,355	0.6%	3,254	3,231	0.7%
EBITDA margin %	15.2%	15.7%	-52 bps	15.7%	-52 bps	15.2%	16.0%	-81 bps
Depreciation	3,302	2,608	26.6%	3,150	4.8%	1,853	1,543	20.1%
EBIT	3,091	3,192	-3.2%	3,205	-3.6%	1,401	1,688	-17.0%
Net Financial Other Income	524	-644	NM	100	424.1%	2,016	900	124.0%
PBT	3,615	2,548	41.9%	3,305	9.4%	3,417	2,588	32.0%
Taxes	989	585	69.0%	760	30.1%	807	502	60.8%
Share of profit of associates + Minority Interest	108	112	-3.4%	65	66.2%	NA	NA	NA
Net Profit	2,518	1,851	36.0%	2,480	1.5%	2,610	2,086	25.1%

Source: Company, JM Financial

## Exhibit 2. Quarterly financial performance – consolidated basis

INR mn	3QCY23	4QCY23	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25	3QCY25	4QCY25
Volume (mn cases)	220	156	240.2	401.2	267.3	215	312	390	274	237
Volume growth	15.8%	18.2%	7.2%	27.8%	21.5%	37.8%	29.9%	-2.8%	2.5%	10.2%
Realisation per case (INR)	176	171	180	179	180	172	178	180	179	177
Realisation growth	5.2%	1.9%	3.4%	0.4%	2.2%	0.3%	-0.7%	0.3%	-0.6%	3.4%
Gross revenue	39,378	27,310	43,980	73,337	49,321	38,176	56,800	71,630	50,477	43,348
Excise	672	633	807	1,368	1,274	1,288	1,131	1,457	1,511	1,304
Net revenue	38,705	26,677	43,173	71,969	48,047	36,888	55,669	70,174	48,967	42,044
YoY	21.8%	20.5%	10.9%	28.3%	24.1%	38.3%	28.9%	-2.5%	1.9%	14.0%
Gross Profit	21,408	15,108	24,298	39,363	26,683	20,686	30,379	38,263	27,774	23,284
Staff cost	3,716	3,713	3,937	4,993	5,130	4,790	5,115	5,497	5,533	5,863
Other expenses	8,871	7,212	10,473	14,458	10,041	10,096	12,624	12,778	10,767	11,028
EBITDA	8,821	4,183	9,888	19,912	11,511	5,800	12,640	19,988	11,474	6,393
YoY	26.2%	36.0%	23.9%	31.8%	30.5%	38.7%	27.8%	0.4%	-0.3%	10.2%
Depreciation	1,708	1,660	1,875	2,425	2,566	2,608	2,725	3,062	3,076	3,302
Interest	625	737	937	1,292	1,185	1,090	411	365	452	467
Other income	185	91	84	440	243	446	281	772	1,480	991
PBT	6,673	1,878	7,159	16,636	8,002	2,548	9,784	17,332	9,426	3,615
YoY	30.5%	109.5%	24.9%	26.9%	19.9%	35.7%	36.7%	4.2%	17.8%	41.9%
Tax	1,529	442	1,678	4,012	1,713	585	2,465	4,066	1,957	989
Share of profit of associates	-4	2	-2	-5	-1	-7	-6	-12	-17	-26
Minority Interest	-130	-118	-107	-92	-92	-105	-49	-85	-40	-82
Reported PAT	5,011	1,320	5,373	12,526	6,196	1,851	7,265	13,170	7,412	2,518
YoY	31.5%	76.5%	25.2%	26.0%	23.7%	40.3%	35.2%	5.1%	19.6%	36.0%
% to net sales	3QCY23	4QCY23	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25	3QCY25	4QCY25
Gross margin	55.3%	56.6%	56.3%	54.7%	55.5%	56.1%	54.6%	54.5%	56.7%	55.4%
Staff cost	9.6%	13.9%	9.1%	6.9%	10.7%	13.0%	9.2%	7.8%	11.3%	13.9%
Other expenses	22.9%	27.0%	24.3%	20.1%	20.9%	27.4%	22.7%	18.2%	22.0%	26.2%
EBITDA margin	22.8%	15.7%	22.9%	27.7%	24.0%	15.7%	22.7%	28.5%	23.4%	15.2%

Source: Company, JM Financial

## Exhibit 3. Quarterly financial performance – standalone basis

INR mn	3QCY23	4QCY23	1QCY24	2QCY24	3QCY24	4QCY24	1QCY25	2QCY25	3QCY25	4QCY25
India volume (mn cases)	170	114	196	326	180	119	227	303	179	132
<b>Volume growth</b>	<b>14.8%</b>	<b>18.6%</b>	<b>4.4%</b>	<b>22.9%</b>	<b>5.7%</b>	<b>4.8%</b>	<b>15.5%</b>	<b>-7.1%</b>	<b>-0.4%</b>	<b>10.5%</b>
Realisation per case (INR)	170	163	175	178	172	169	179	175	171	162
<b>Realisation growth</b>	<b>0.7%</b>	<b>0.8%</b>	<b>2.5%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>4.1%</b>	<b>1.8%</b>	<b>-1.6%</b>	<b>-0.3%</b>	<b>-4.1%</b>
<b>Net revenue</b>	<b>28,924</b>	<b>18,463</b>	<b>34,461</b>	<b>58,016</b>	<b>30,868</b>	<b>20,140</b>	<b>40,525</b>	<b>53,050</b>	<b>30,640</b>	<b>21,353</b>
<b>YoY</b>	<b>15.6%</b>	<b>19.6%</b>	<b>7.0%</b>	<b>24.2%</b>	<b>6.7%</b>	<b>9.1%</b>	<b>17.6%</b>	<b>-8.6%</b>	<b>-0.7%</b>	<b>6.0%</b>
Gross Profit	16,053	10,007	18,612	30,863	17,065	11,215	21,425	28,104	16,678	11,808
Staff cost	2,613	2,538	2,747	3,209	3,048	2,771	3,074	3,304	3,030	3,194
Other expenses	6,368	4,527	7,657	10,268	6,007	5,212	8,248	8,385	5,781	5,360
<b>EBITDA</b>	<b>7,072</b>	<b>2,942</b>	<b>8,209</b>	<b>17,386</b>	<b>8,010</b>	<b>3,231</b>	<b>10,103</b>	<b>16,415</b>	<b>7,868</b>	<b>3,254</b>
<b>YoY</b>	<b>41.3%</b>	<b>67.5%</b>	<b>22.1%</b>	<b>32.9%</b>	<b>13.3%</b>	<b>9.8%</b>	<b>23.1%</b>	<b>-5.6%</b>	<b>-1.8%</b>	<b>0.7%</b>
Depreciation	1,280	1,252	1,395	1,668	1,573	1,543	1,650	1,801	1,720	1,853
Interest	557	666	840	1,032	986	639	78	37	79	128
Other income	310	511	326	672	1,002	1,539	598	900	1,497	2,144
<b>PBT</b>	<b>5,546</b>	<b>1,535</b>	<b>6,301</b>	<b>15,359</b>	<b>6,452</b>	<b>2,588</b>	<b>8,973</b>	<b>15,477</b>	<b>7,565</b>	<b>3,417</b>
<b>YoY</b>	<b>44.8%</b>	<b>158.5%</b>	<b>26.4%</b>	<b>32.2%</b>	<b>16.3%</b>	<b>68.6%</b>	<b>42.4%</b>	<b>0.8%</b>	<b>17.3%</b>	<b>32.0%</b>
Tax	1,390	349	1,608	3,857	1,529	502	2,193	3,875	1,791	807
<b>Reported PAT</b>	<b>4,156</b>	<b>1,186</b>	<b>4,693</b>	<b>11,501</b>	<b>4,923</b>	<b>2,086</b>	<b>6,781</b>	<b>11,602</b>	<b>5,774</b>	<b>2,610</b>
<b>YoY</b>	<b>44.5%</b>	<b>101.6%</b>	<b>25.8%</b>	<b>32.5%</b>	<b>18.5%</b>	<b>75.9%</b>	<b>44.5%</b>	<b>0.9%</b>	<b>17.3%</b>	<b>25.1%</b>
<b>% to net sales</b>	<b>3QCY23</b>	<b>4QCY23</b>	<b>1QCY24</b>	<b>2QCY24</b>	<b>3QCY24</b>	<b>4QCY24</b>	<b>1QCY25</b>	<b>2QCY25</b>	<b>3QCY25</b>	<b>4QCY25</b>
Gross margin	55.5%	54.2%	54.0%	53.2%	55.3%	55.7%	52.9%	53.0%	54.4%	55.3%
Staff cost	9.0%	13.7%	8.0%	5.5%	9.9%	13.8%	7.6%	6.2%	9.9%	15.0%
Other expenses	22.0%	24.5%	22.2%	17.7%	19.5%	25.9%	20.4%	15.8%	18.9%	25.1%
EBITDA margin	24.5%	15.9%	23.8%	30.0%	25.9%	16.0%	24.9%	30.9%	25.7%	15.2%

Source: Company, JM Financial

## Exhibit 4. VBL's 5yr avg. PE Band



Source: Bloomberg, Company, JM Financial

## Exhibit 5. VBL's avg. PE Band since listing



Source: Bloomberg, Company, JM Financial

## Exhibit 6. Revision in estimates

INR mn	Revised		Earlier		Change (%)	
	CY26E	CY27E	CY26E	CY27E	CY26E	CY27E
Sales	2,37,033	2,65,806	2,37,961	2,68,028	-0.4%	-0.8%
EBITDA	55,254	60,697	56,259	62,236	-1.8%	-2.5%
PAT	32,569	37,295	33,948	38,400	-4.1%	-2.9%
EPS	9.6	11.0	10.0	11.4	-4.1%	-2.9%

Source: Company, JM Financial

## Financial Tables (Consolidated)

Income Statement (INR mn)						Balance Sheet (INR mn)					
Y/E March	CY23A	CY24A	CY25A	CY26E	CY27E	Y/E March	CY23A	CY24A	CY25A	CY26E	CY27E
Net Sales	155,903	194,450	210,946	237,033	265,806	Shareholders' Fund	69,365	166,098	195,787	224,583	257,692
Sales Growth	20.6%	24.7%	8.5%	12.4%	12.1%	Share Capital	6,496	6,763	6,764	6,764	6,764
Other Operating Income	4,523	5,626	5,907	6,203	6,513	Reserves & Surplus	62,869	159,335	189,023	217,819	250,928
<b>Total Revenue</b>	<b>160,426</b>	<b>200,077</b>	<b>216,854</b>	<b>243,236</b>	<b>272,319</b>	Preference Share Capital	0	0	0	0	0
Cost of Goods Sold/Op. Exp	74,049	89,047	97,154	109,650	123,014	Minority Interest	1,482	1,298	1,623	1,891	2,173
Personnel Cost	14,466	18,850	22,007	24,856	27,864	Total Loans	51,944	23,643	20,241	4,404	2,000
Other Expenses	35,816	45,068	47,198	53,475	60,744	Def. Tax Liab. / Assets (-)	3,430	4,879	6,192	6,192	6,192
<b>EBITDA</b>	<b>36,095</b>	<b>47,111</b>	<b>50,494</b>	<b>55,254</b>	<b>60,697</b>	<b>Total - Equity &amp; Liab.</b>	<b>126,221</b>	<b>195,918</b>	<b>223,843</b>	<b>237,070</b>	<b>268,056</b>
<i>EBITDA Margin</i>	22.5%	23.5%	23.3%	22.7%	22.3%	Net Fixed Assets	103,314	145,641	170,252	171,867	172,618
<i>EBITDA Growth</i>	29.5%	30.5%	7.2%	9.4%	9.9%	Gross Fixed Assets	106,021	153,963	196,746	211,746	226,746
Depn. & Amort.	6,809	9,474	12,165	13,385	14,249	Intangible Assets	6,799	16,912	18,657	18,657	18,657
EBIT	29,286	37,637	38,329	41,869	46,449	Less: Depn. & Amort.	39,075	50,489	61,504	74,155	87,706
Other Income	794	1,213	3,523	2,249	3,341	Capital WIP	29,569	25,255	16,354	15,619	14,922
Finance Cost	2,681	4,504	1,696	1,114	591	Investments	211	595	1,743	3,743	3,743
PBT before Excep. & Forex	27,398	34,346	40,157	43,004	49,199	Current Assets	48,347	85,203	83,656	96,410	131,301
Excep. & Forex Inc/Loss(-)	0	0	0	0	0	Inventories	21,505	27,912	29,518	33,109	37,068
PBT	27,398	34,346	40,157	43,004	49,199	Sundry Debtors	3,594	8,458	12,490	11,995	11,191
Taxes	6,375	7,988	9,476	10,106	11,562	Cash & Bank Balances	4,599	24,501	19,985	27,801	57,521
Extraordinary Inc./Loss(-)	0	0	0	0	0	Loans & Advances	13,281	18,756	18,029	19,719	21,578
Assoc. Profit/Min. Int.(-)	454	382	195	208	221	Other Current Assets	5,368	5,576	3,634	3,785	3,943
Reported Net Profit	20,559	25,946	30,365	32,569	37,295	Current Liab. & Prov.	25,651	35,521	31,809	34,950	39,606
<b>Adjusted Net Profit</b>	<b>20,559</b>	<b>25,946</b>	<b>30,365</b>	<b>32,569</b>	<b>37,295</b>	Current Liabilities	10,020	20,271	18,857	20,563	22,443
Net Margin	12.8%	13.0%	14.0%	13.4%	13.7%	Provisions & Others	15,631	15,250	12,952	14,387	17,163
Diluted Share Cap. (mn)	3,248.0	3,381.5	3,382.0	3,382.0	3,382.0	Net Current Assets	22,696	49,682	51,848	61,460	91,695
<b>Diluted EPS (INR)</b>	<b>6.3</b>	<b>7.7</b>	<b>9.0</b>	<b>9.6</b>	<b>11.0</b>	<b>Total - Assets</b>	<b>126,221</b>	<b>195,918</b>	<b>223,843</b>	<b>237,070</b>	<b>268,056</b>
Diluted EPS Growth	37.3%	21.2%	17.0%	7.3%	14.5%						
Total Dividend + Tax	2,273	3,248	5,073	3,773	4,186						
Dividend Per Share (INR)	0.7	1.0	1.5	1.1	1.2						

Source: Company, JM Financial

Cash Flow Statement (INR mn)						Dupont Analysis					
Y/E March	CY23A	CY24A	CY25A	CY26E	CY27E	Y/E March	CY23A	CY24A	CY25A	CY26E	CY27E
Profit before Tax	27,394	34,331	40,096	42,944	49,139	Net Margin	12.8%	13.0%	14.0%	13.4%	13.7%
Depn. & Amort.	6,809	9,474	12,165	13,385	14,249	Asset Turnover (x)	1.2	1.0	0.9	0.9	0.9
Net Interest Exp. / Inc. (-)	1,887	3,291	-1,828	-1,135	-2,750	Leverage Factor (x)	2.2	1.6	1.3	1.3	1.2
Inc (-) / Dec in WCap.	-6,735	-6,694	-5,711	-3,796	-516	RoE	34.2%	22.0%	16.8%	15.5%	15.5%
Others	1,232	685	-748	0	0						
Taxes Paid	-6,679	-7,276	-8,882	-10,106	-11,562						
<b>Operating Cash Flow</b>	<b>23,908</b>	<b>33,811</b>	<b>35,093</b>	<b>41,292</b>	<b>48,559</b>						
Capex	-31,939	-43,822	-28,332	-15,000	-15,000						
<b>Free Cash Flow</b>	<b>-8,031</b>	<b>-10,011</b>	<b>6,761</b>	<b>26,292</b>	<b>33,559</b>						
Inc (-) / Dec in Investments	-1,180	22	807	0	0						
Others	220	631	176	2,249	3,341						
<b>Investing Cash Flow</b>	<b>-32,899</b>	<b>-43,168</b>	<b>-27,349</b>	<b>-12,751</b>	<b>-11,659</b>						
Inc / Dec (-) in Capital	48	75,119	84	0	0						
Dividend + Tax thereon	-2,273	-3,248	-5,073	-3,773	-4,186						
Inc / Dec (-) in Loans	14,769	-37,075	-6,089	-15,837	-2,404						
Others	-2,694	-5,261	-1,587	-1,114	-591						
<b>Financing Cash Flow</b>	<b>9,849</b>	<b>29,535</b>	<b>-12,665</b>	<b>-20,724</b>	<b>-7,181</b>						
Inc / Dec (-) in Cash	<b>858</b>	<b>20,179</b>	<b>-4,921</b>	<b>7,817</b>	<b>29,719</b>						
Opening Cash Balance	3,741	4,322	24,906	19,985	27,801						
Closing Cash Balance	4,599	24,501	19,985	27,801	57,521						

Source: Company, JM Financial

## History of Recommendation and Target Price

## Recommendation History

Date	Recommendation	Target Price	% Chg.
2-Jan-25	Buy	725	
10-Feb-25	Buy	675	-6.9
16-Mar-25	Buy	675	0.0
4-Apr-25	Buy	630	-6.7
30-Apr-25	Buy	600	-4.8
4-Jul-25	Buy	570	-5.0
29-Jul-25	Buy	595	4.4
17-Aug-25	Buy	595	0.0
29-Oct-25	Buy	570	-4.2
21-Dec-25	Buy	570	0.0
6-Jan-26	Buy	570	0.0

## Varun Beverages



## APPENDIX I

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

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Rating	Meaning
BUY	Expected return $\geq 15\%$ over the next twelve months.
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