

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. JMFc: 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% (JMFc: 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.



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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.

Financial Summary

(INR mn)

| Y/E December | CY23A | CY24A | CY25A | CY26E | CY27E |
|------------------------|---------|---------|---------|---------|---------|
| 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

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

| | CONSOLIDATED FINANCIALS | | | | | PARENT COMPANY | | |
|---|-------------------------|---------------|--------------|---------------|--------------|----------------|---------------|---------------|
| INR mn | 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 |
| Volume growth | 14.8% | 18.6% | 4.4% | 22.9% | 5.7% | 4.8% | 15.5% | -7.1% | -0.4% | 10.5% |
| Realisation per case (INR) | 170 | 163 | 175 | 178 | 172 | 169 | 179 | 175 | 171 | 162 |
| Realisation growth | 0.7% | 0.8% | 2.5% | 1.0% | 1.0% | 4.1% | 1.8% | -1.6% | -0.3% | -4.1% |
| Net revenue | 28,924 | 18,463 | 34,461 | 58,016 | 30,868 | 20,140 | 40,525 | 53,050 | 30,640 | 21,353 |
| YoY | 15.6% | 19.6% | 7.0% | 24.2% | 6.7% | 9.1% | 17.6% | -8.6% | -0.7% | 6.0% |
| 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 |
| EBITDA | 7,072 | 2,942 | 8,209 | 17,386 | 8,010 | 3,231 | 10,103 | 16,415 | 7,868 | 3,254 |
| YoY | 41.3% | 67.5% | 22.1% | 32.9% | 13.3% | 9.8% | 23.1% | -5.6% | -1.8% | 0.7% |
| 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 |
| PBT | 5,546 | 1,535 | 6,301 | 15,359 | 6,452 | 2,588 | 8,973 | 15,477 | 7,565 | 3,417 |
| YoY | 44.8% | 158.5% | 26.4% | 32.2% | 16.3% | 68.6% | 42.4% | 0.8% | 17.3% | 32.0% |
| Tax | 1,390 | 349 | 1,608 | 3,857 | 1,529 | 502 | 2,193 | 3,875 | 1,791 | 807 |
| Reported PAT | 4,156 | 1,186 | 4,693 | 11,501 | 4,923 | 2,086 | 6,781 | 11,602 | 5,774 | 2,610 |
| YoY | 44.5% | 101.6% | 25.8% | 32.5% | 18.5% | 75.9% | 44.5% | 0.9% | 17.3% | 25.1% |
| % to net sales | 3QCY23 | 4QCY23 | 1QCY24 | 2QCY24 | 3QCY24 | 4QCY24 | 1QCY25 | 2QCY25 | 3QCY25 | 4QCY25 |
| 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) | | | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Y/E March | CY23A | CY24A | CY25A | CY26E | CY27E |
| Net Sales | 155,903 | 194,450 | 210,946 | 237,033 | 265,806 |
| Sales Growth | 20.6% | 24.7% | 8.5% | 12.4% | 12.1% |
| Other Operating Income | 4,523 | 5,626 | 5,907 | 6,203 | 6,513 |
| Total Revenue | 160,426 | 200,077 | 216,854 | 243,236 | 272,319 |
| Cost of Goods Sold/Op. Exp | 74,049 | 89,047 | 97,154 | 109,650 | 123,014 |
| Personnel Cost | 14,466 | 18,850 | 22,007 | 24,856 | 27,864 |
| Other Expenses | 35,816 | 45,068 | 47,198 | 53,475 | 60,744 |
| EBITDA | 36,095 | 47,111 | 50,494 | 55,254 | 60,697 |
| EBITDA Margin | 22.5% | 23.5% | 23.3% | 22.7% | 22.3% |
| EBITDA Growth | 29.5% | 30.5% | 7.2% | 9.4% | 9.9% |
| Depn. & Amort. | 6,809 | 9,474 | 12,165 | 13,385 | 14,249 |
| EBIT | 29,286 | 37,637 | 38,329 | 41,869 | 46,449 |
| Other Income | 794 | 1,213 | 3,523 | 2,249 | 3,341 |
| Finance Cost | 2,681 | 4,504 | 1,696 | 1,114 | 591 |
| PBT before Excep. & Forex | 27,398 | 34,346 | 40,157 | 43,004 | 49,199 |
| Excep. & Forex Inc/Loss(-) | 0 | 0 | 0 | 0 | 0 |
| PBT | 27,398 | 34,346 | 40,157 | 43,004 | 49,199 |
| Taxes | 6,375 | 7,988 | 9,476 | 10,106 | 11,562 |
| Extraordinary Inc/Loss(-) | 0 | 0 | 0 | 0 | 0 |
| Assoc. Profit/Min. Int.(-) | 454 | 382 | 195 | 208 | 221 |
| Reported Net Profit | 20,559 | 25,946 | 30,365 | 32,569 | 37,295 |
| Adjusted Net Profit | 20,559 | 25,946 | 30,365 | 32,569 | 37,295 |
| Net Margin | 12.8% | 13.0% | 14.0% | 13.4% | 13.7% |
| Diluted Share Cap. (mn) | 3,248.0 | 3,381.5 | 3,382.0 | 3,382.0 | 3,382.0 |
| 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% |
| 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) | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Y/E March | CY23A | CY24A | CY25A | CY26E | CY27E |
| Profit before Tax | 27,394 | 34,331 | 40,096 | 42,944 | 49,139 |
| Depn. & Amort. | 6,809 | 9,474 | 12,165 | 13,385 | 14,249 |
| Net Interest Exp. / Inc. (-) | 1,887 | 3,291 | -1,828 | -1,135 | -2,750 |
| Inc (-) / Dec in WCap. | -6,735 | -6,694 | -5,711 | -3,796 | -516 |
| Others | 1,232 | 685 | -748 | 0 | 0 |
| Taxes Paid | -6,679 | -7,276 | -8,882 | -10,106 | -11,562 |
| Operating Cash Flow | 23,908 | 33,811 | 35,093 | 41,292 | 48,559 |
| Capex | -31,939 | -43,822 | -28,332 | -15,000 | -15,000 |
| Free Cash Flow | -8,031 | -10,011 | 6,761 | 26,292 | 33,559 |
| Inc (-) / Dec in Investments | -1,180 | 22 | 807 | 0 | 0 |
| Others | 220 | 631 | 176 | 2,249 | 3,341 |
| Investing Cash Flow | -32,899 | -43,168 | -27,349 | -12,751 | -11,659 |
| 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 |
| Financing Cash Flow | 9,849 | 29,535 | -12,665 | -20,724 | -7,181 |
| Inc / Dec (-) in Cash | 858 | 20,179 | -4,921 | 7,817 | 29,719 |
| 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

| Balance Sheet (INR mn) | | | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Y/E March | CY23A | CY24A | CY25A | CY26E | CY27E |
| Shareholders' Fund | 69,365 | 166,098 | 195,787 | 224,583 | 257,692 |
| Share Capital | 6,496 | 6,763 | 6,764 | 6,764 | 6,764 |
| Reserves & Surplus | 62,869 | 159,335 | 189,023 | 217,819 | 250,928 |
| Preference Share Capital | 0 | 0 | 0 | 0 | 0 |
| Minority Interest | 1,482 | 1,298 | 1,623 | 1,891 | 2,173 |
| Total Loans | 51,944 | 23,643 | 20,241 | 4,404 | 2,000 |
| Def. Tax Liab. / Assets (-) | 3,430 | 4,879 | 6,192 | 6,192 | 6,192 |
| Total - Equity & Liab. | 126,221 | 195,918 | 223,843 | 237,070 | 268,056 |
| Net Fixed Assets | 103,314 | 145,641 | 170,252 | 171,867 | 172,618 |
| Gross Fixed Assets | 106,021 | 153,963 | 196,746 | 211,746 | 226,746 |
| Intangible Assets | 6,799 | 16,912 | 18,657 | 18,657 | 18,657 |
| Less: Depn. & Amort. | 39,075 | 50,489 | 61,504 | 74,155 | 87,706 |
| Capital WIP | 29,569 | 25,255 | 16,354 | 15,619 | 14,922 |
| Investments | 211 | 595 | 1,743 | 3,743 | 3,743 |
| Current Assets | 48,347 | 85,203 | 83,656 | 96,410 | 131,301 |
| Inventories | 21,505 | 27,912 | 29,518 | 33,109 | 37,068 |
| Sundry Debtors | 3,594 | 8,458 | 12,490 | 11,995 | 11,191 |
| Cash & Bank Balances | 4,599 | 24,501 | 19,985 | 27,801 | 57,521 |
| Loans & Advances | 13,281 | 18,756 | 18,029 | 19,719 | 21,578 |
| Other Current Assets | 5,368 | 5,576 | 3,634 | 3,785 | 3,943 |
| Current Liab. & Prov. | 25,651 | 35,521 | 31,809 | 34,950 | 39,606 |
| Current Liabilities | 10,020 | 20,271 | 18,857 | 20,563 | 22,443 |
| Provisions & Others | 15,631 | 15,250 | 12,952 | 14,387 | 17,163 |
| Net Current Assets | 22,696 | 49,682 | 51,848 | 61,460 | 91,695 |
| Total - Assets | 126,221 | 195,918 | 223,843 | 237,070 | 268,056 |

Source: Company, JM Financial

| Dupont Analysis | | | | | |
|---------------------|-------|-------|-------|-------|-------|
| Y/E March | CY23A | CY24A | CY25A | CY26E | CY27E |
| Net Margin | 12.8% | 13.0% | 14.0% | 13.4% | 13.7% |
| Asset Turnover (x) | 1.2 | 1.0 | 0.9 | 0.9 | 0.9 |
| Leverage Factor (x) | 2.2 | 1.6 | 1.3 | 1.3 | 1.2 |
| RoE | 34.2% | 22.0% | 16.8% | 15.5% | 15.5% |

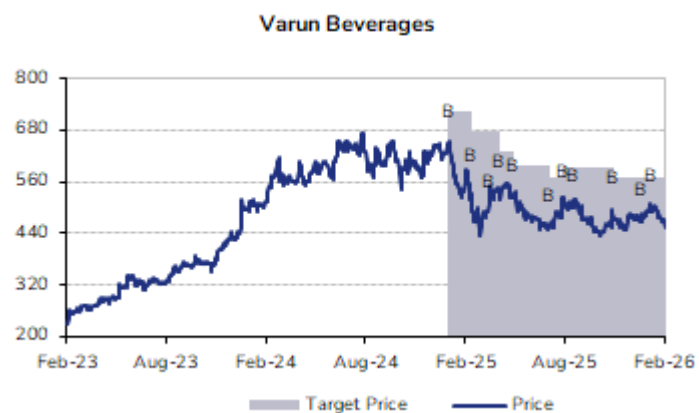
| Key Ratios | | | | | |
|---------------------|-------|-------|-------|-------|-------|
| Y/E March | CY23A | CY24A | CY25A | CY26E | CY27E |
| BV/Share (INR) | 21.4 | 49.1 | 57.9 | 66.4 | 76.2 |
| ROIC | 22.0% | 20.3% | 16.2% | 16.2% | 17.8% |
| ROE | 34.2% | 22.0% | 16.8% | 15.5% | 15.5% |
| Net Debt/Equity (x) | 0.7 | 0.0 | 0.0 | -0.1 | -0.2 |
| 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 |
| EV/Sales (x) | 9.4 | 7.3 | 6.8 | 5.9 | 5.2 |
| Debtor days | 8 | 15 | 21 | 18 | 15 |
| Inventory days | 49 | 51 | 50 | 50 | 50 |
| Creditor days | 22 | 37 | 31 | 31 | 30 |

Source: Company, JM Financial

History of Recommendation and Target Price

| 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 |

Recommendation History



APPENDIX I

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

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| Rating System: Definition of ratings | |
|--------------------------------------|---|
| Rating | Meaning |
| BUY | Expected return \geq 15% over the next twelve months. |
| ADD | Expected return \geq 5% and $<$ 15% over the next twelve months. |
| REDUCE | Expected return \geq -10% and $<$ 5% over the next twelve months. |
| SELL | Expected return $<$ -10% over the next twelve months. |

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

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