

Varun Beverages

Estimate change 

TP change 

Rating change 

CMP: INR1,302

TP: INR1,500 (+15%)

Buy

Strong volume growth drives sales

Earnings in line with our estimates

| | |
|-----------------------|---------------|
| Bloomberg | VBL IN |
| Equity Shares (m) | 1299 |
| M.Cap.(INRb)/(USDb) | 1692.4 / 20.4 |
| 52-Week Range (INR) | 1380 / 550 |
| 1, 6, 12 Rel. Per (%) | 2/46/104 |
| 12M Avg Val (INR M) | 2228 |

Financials & Valuations (INR b)

| Y/E Dec | 2023 | 2024E | 2025E |
|--------------|-------|-------|-------|
| Sales | 160.4 | 200.1 | 243.7 |
| EBITDA | 36.1 | 44.7 | 54.8 |
| Adj. PAT | 20.6 | 25.8 | 34.0 |
| EBITDA (%) | 22.5 | 22.3 | 22.5 |
| EPS (INR) | 15.8 | 19.8 | 26.2 |
| EPS Gr. (%) | 37.3 | 25.3 | 32.1 |
| BV/Sh. (INR) | 53.4 | 70.7 | 94.4 |

Ratios

| | | | |
|------------|------|------|------|
| Net D/E | 0.7 | 0.6 | 0.2 |
| RoE (%) | 34.2 | 31.9 | 31.7 |
| RoCE (%) | 22.1 | 21.7 | 24.8 |
| Payout (%) | 15.8 | 12.6 | 9.5 |

Valuations

| | | | |
|---------------|------|------|------|
| P/E (x) | 82.3 | 65.7 | 49.7 |
| EV/EBITDA (x) | 48.2 | 39.1 | 31.3 |
| Div Yield (%) | 0.2 | 0.2 | 0.2 |
| FCF Yield (%) | -0.5 | 0.1 | 1.9 |

Shareholding pattern (%)

| | Dec-23 | Sep-23 | Dec-22 |
|----------|--------|--------|--------|
| Promoter | 63.1 | 63.1 | 63.9 |
| DII | 3.6 | 3.4 | 3.4 |
| FII | 26.6 | 27.6 | 26.5 |
| Others | 6.8 | 6.5 | 6.2 |

Note: FII includes depository receipts

- Varun Beverages (VBL) reported a revenue growth of 21% YoY in 4QCY23, led by strong volume growth (up 18% YoY) and high realization (up 2% YoY to INR171/case).
- While we maintain our CY24 earnings, we increase our CY25 earnings estimate by 7%, integrating the recently acquired South African beverage company BevCo's financials and also increasing volume growth estimate of the existing business to 16%/14% for CY24/25 from 14%/13% earlier estimated. However, higher interest cost, led by increase in debt (capex and acquisition-led increase) partly offsets the increase in earnings. **We reiterate our BUY rating on the stock with a TP of INR1,500.**

Margin expansion led by favorable operating leverage

- VBL's revenue grew 21% YoY to INR26.7b (est. in line), driven by healthy volume (+18% YoY to 156m cases), while realization grew 2% YoY to INR171/case. Volume growth was driven by both India (18.7% YoY) and international markets (16% YoY).
- EBITDA margin expanded 180bp YoY to 15.7% (est. 15.4) on the back of favorable operating leverage. EBITDA grew 36% YoY to INR4.2b (est. in line).
- Adj. PAT increased 77% YoY to INR1.3b (est. in line), driven by higher sales growth and improvement in margins.
- CSD/Juices/water volumes grew 25%/14%/5% YoY to 106m/8m/42m unit cases in 3QFY24; for CY23, volumes grew 17%/1%/9%, respectively.
- For CY23, Revenue/EBITDA/PAT grew 22%/29%/37% to INR163b/INR36.1b/INR20.6b. Volumes grew 14% YoY to ~913m cases.
- Net debt as of Dec'23 stood at INR47.3b vs. INR34.1b as of Dec'22, while debt/equity ratio reduced to 0.67x vs. 1.31x.

Highlights from the management commentary

- **New business:** The management is expecting strong growth in Gatorade, Juice, and value-added dairy segment as the production capacity has increased 200%.
- **Capex:** VBL has capitalized ~INR21b in CY23 across greenfield and brownfield expansions, resulting in 45% capacity expansion in CY24. In CY24, the management guided to capitalize ~INR36b.
- **Deepening of Distribution in India:** The company is enhancing its go-to-market strategy by annually expanding to 400-500k outlets and alongside adding more chilling equipment.

Valuation and view

- We expect VBL to maintain its earnings momentum, aided by: 1) increased penetration in newly acquired territories in India and Africa, 2) higher acceptance of newly launched products, 3) continued expansion in capacity and distribution reach, 4) growing refrigeration in rural and semi-rural areas, and 5) a scale-up in international operations.
- We expect a CAGR of 23%/23%/29% in revenue/EBITDA/PAT over CY23-25.
- While we maintain our CY24 earnings, we increase our CY25 earnings estimate by 7%, on account of integrating the recently acquired South African beverage company BevCo's financials (assumed only six months of integration in CY24) and also increasing the volume growth estimate of the existing business to 16%/14% for CY24/25 from 14%/13% earlier estimated. However, higher interest cost led by an increase in debt (capex and acquisition led increase) partly offsets the increase in earnings.
- **We value the stock at 57x CY25E EPS to arrive at a TP of INR1,500. We reiterate our BUY rating on the stock.**

Consolidated - Quarterly Earning Model

| Y/E December | CY22 | | | | CY23 | | | | CY22 | CY23 | CY23E | Var % |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|---------------|-----------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | | |
| Gross Sales | 28,275 | 49,548 | 31,766 | 22,142 | 38,930 | 56,114 | 38,705 | 26,677 | 1,31,731 | 1,60,425 | 26,737 | 0 |
| YoY Change (%) | 26.2 | 102.3 | 32.5 | 27.7 | 37.7 | 13.3 | 21.8 | 20.5 | 49.3 | 21.8 | 20.8 | |
| Total Expenditure | 22,965 | 37,042 | 24,776 | 19,067 | 30,949 | 41,004 | 29,884 | 22,494 | 1,03,850 | 1,24,331 | 22,631 | |
| EBITDA | 5,310 | 12,506 | 6,990 | 3,075 | 7,980 | 15,110 | 8,821 | 4,183 | 27,881 | 36,095 | 4,106 | 2 |
| Margins (%) | 18.8 | 25.2 | 22.0 | 13.9 | 20.5 | 26.9 | 22.8 | 15.7 | 21.2 | 22.5 | 15.4 | |
| Depreciation | 1,313 | 1,531 | 1,531 | 1,797 | 1,722 | 1,719 | 1,708 | 1,660 | 6,172 | 6,809 | 1,795 | |
| Interest | 470 | 464 | 453 | 475 | 626 | 694 | 625 | 737 | 1,861 | 2,681 | 570 | |
| Other Income | 85 | 105 | 106 | 92 | 101 | 416 | 185 | 91 | 388 | 794 | 106 | |
| PBT before EO expense | 3,612 | 10,616 | 5,112 | 896 | 5,734 | 13,113 | 6,673 | 1,878 | 20,236 | 27,398 | 1,847 | |
| PBT | 3,612 | 10,616 | 5,112 | 896 | 5,734 | 13,113 | 6,673 | 1,878 | 20,236 | 27,398 | 1,847 | |
| Tax | 901 | 2,596 | 1,157 | 81 | 1,348 | 3,057 | 1,529 | 442 | 4,735 | 6,375 | 406 | |
| Rate (%) | 25.0 | 24.5 | 22.6 | 9.0 | 23.5 | 23.3 | 22.9 | 23.5 | 23.4 | 23.3 | 22 | |
| MI & Profit/Loss of Asso. Cos. | 169 | 146 | 144 | 68 | 95 | 118 | 130 | 118 | 527 | 461 | 78 | |
| Reported PAT | 2,542 | 7,874 | 3,810 | 748 | 4,291 | 9,938 | 5,015 | 1,318 | 14,974 | 20,561 | 1,363 | |
| Adj PAT | 2,542 | 7,874 | 3,810 | 748 | 4,291 | 9,938 | 5,015 | 1,318 | 14,974 | 20,561 | 1,363 | -3 |
| YoY Change (%) | 96.7 | 155.5 | 58.7 | 353.3 | 68.8 | 26.2 | 31.6 | 76.3 | 115.8 | 37.3 | 82.3 | |
| Margins (%) | 9.0 | 15.9 | 12.0 | 3.4 | 11.0 | 17.7 | 13.0 | 4.9 | 11.4 | 12.8 | 5.1 | |

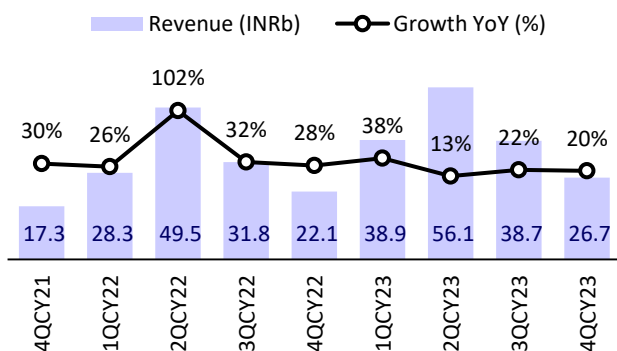
Exhibit 1: Key performance indicators

| Y/E December | 3QCY21 | 4QCY21 | 1QCY22 | 2QCY22 | 3QCY22 | 4QCY22 | 1QCY23 | 2QCY23 | 3QCY23 | 4QCY23 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Segment Volume Gr. | | | | | | | | | | |
| CSD | 22 | 24 | 18 | 85 | 23 | 25 | 27 | 6 | 19 | 25 |
| NCB | 33 | 50 | 18 | 139 | 38 | 17 | 23 | -13 | 0 | 14 |
| Water | 54 | 36 | 21 | 140 | 25 | 5 | 17 | 7 | 8 | 5 |
| Cost Break-up | | | | | | | | | | |
| RM Cost (% of sales) | 47 | 45 | 48 | 49 | 46 | 44 | 48 | 48 | 45 | 43 |
| Employee Cost (% of sales) | 11 | 15 | 10 | 6 | 10 | 14 | 9 | 6 | 10 | 14 |
| Other Cost (% of sales) | 21 | 28 | 23 | 19 | 22 | 28 | 23 | 19 | 23 | 27 |
| Gross Margins (%) | 53 | 55 | 52 | 51 | 54 | 56 | 52 | 52 | 55 | 57 |
| EBITDA Margins (%) | 21 | 12 | 19 | 25 | 22 | 14 | 20 | 27 | 23 | 16 |
| EBIT Margins (%) | 15 | 5 | 14 | 22 | 17 | 6 | 16 | 24 | 18 | 9 |

Source: Company, MOFSL

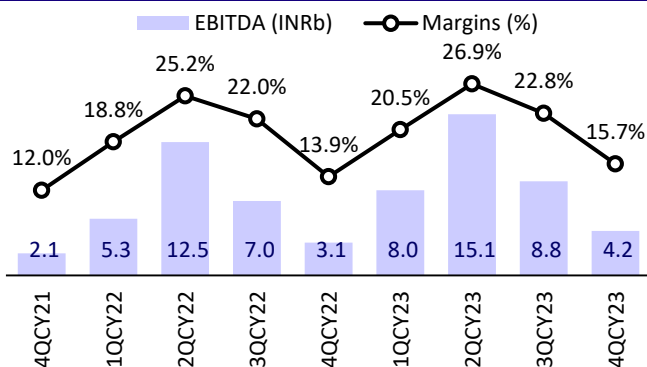
Key exhibits

Exhibit 2: Trend in consolidated revenue



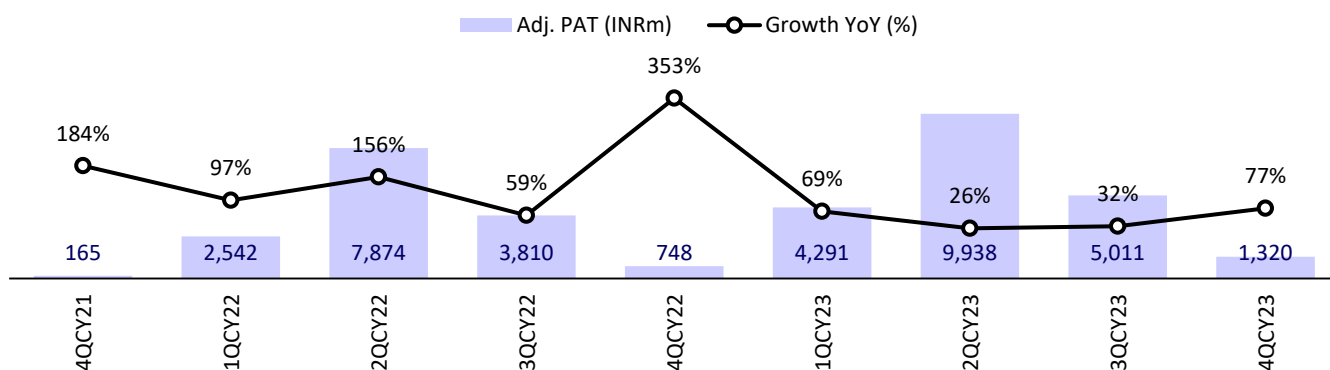
Source: Company, MOFSL

Exhibit 3: Trend in consolidated EBITDA



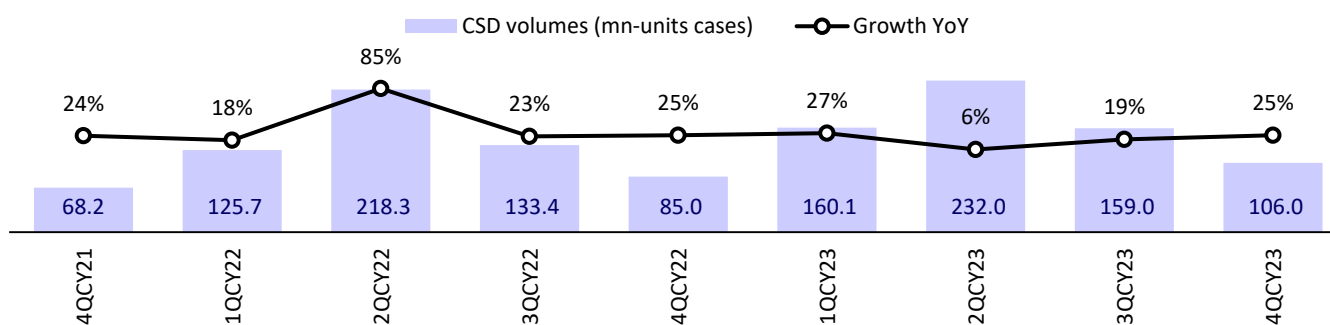
Source: Company, MOFSL

Exhibit 4: Trend in consolidated adjusted PAT



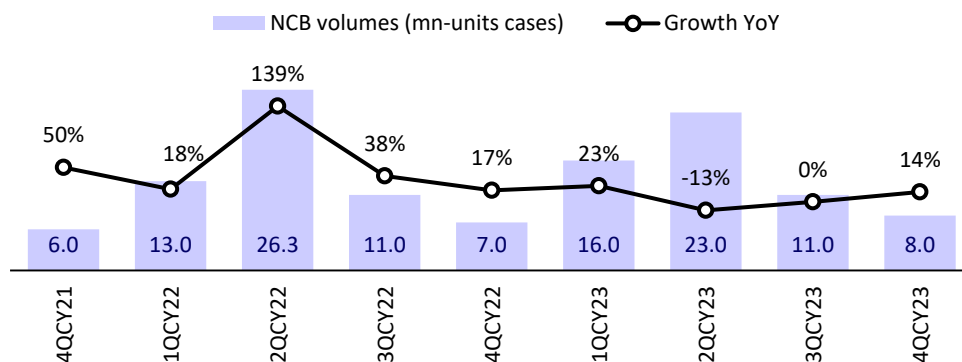
Source: Company, MOFSL

Exhibit 5: CSD sales volumes trend



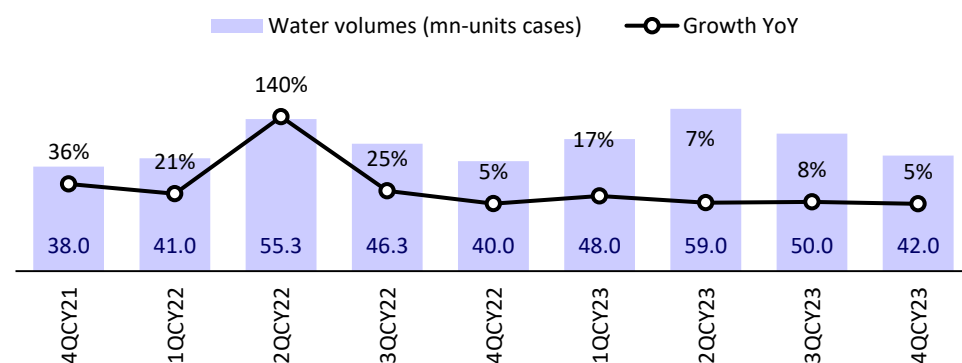
Source: Company, MOFSL

Exhibit 6: NCB sales volume trend



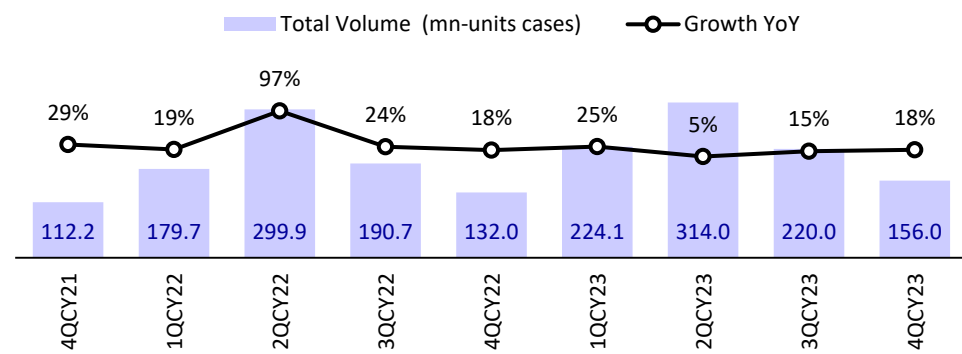
Source: Company, MOFSL

Exhibit 7: Water sales volumes trend



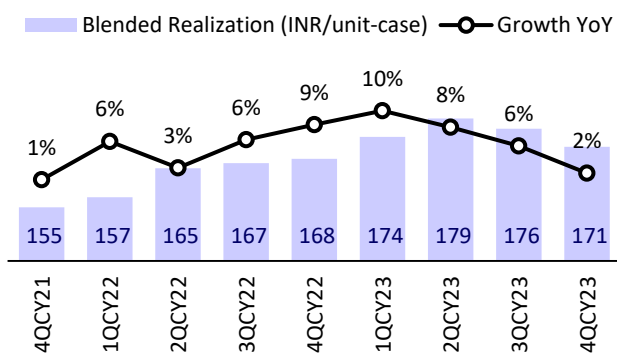
Source: Company, MOFSL

Exhibit 8: Strong Total Volume growth trend



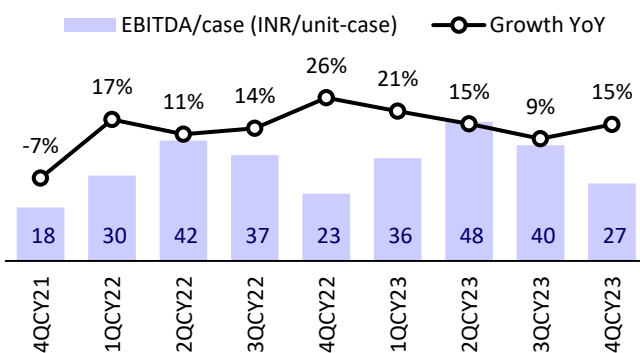
Source: Company, MOFSL

Exhibit 9: Trend in blended realization



Source: Company, MOFSL

Exhibit 10: Trend in EBITDA/case



Source: Company, MOFSL



Highlights from the management interaction

Operating Performance

- Net Revenue from operations grew 22% YoY in CY23, driven by volume growth in both Indian & International markets and an increase in net realization per case.
- Net realization per case increased 7% in CY23, driven by continued improvement in the mix of smaller SKUs (250ml) in Indian Markets and improved realization per case in International markets.
- Gross margins improved during the year, primarily because of softening of PET chips prices, although sugar prices increased slightly during the year. EBITDA margin improved in CY23, led by increased realization and higher gross margins.
- Working capital days have remained steady with both inventory days and trade payable days reducing slightly.

Outlook

- The period from Mar to Jul is the peak season for the company. Even after witnessing a washout peak season in CY23, the company delivered healthy volume growth of ~14% in CY23. This, coupled with an increase in capacity, gives management the confidence to continue the growth momentum.
- Going ahead, the company will focus on improving the go-to-market (expanding to 400-500k outlets every year) and adding more chilling equipment. It will focus on going deeper into the existing market.

Capex

- In CY23, the net capex capitalized amounted to ~INR21b. This primarily includes (a) the establishment of new greenfield production facilities in Bundi (Rajasthan) & Jabalpur (MP) for INR8.5b (b) Brownfield expansion at six existing facilities in India for ~INR8b (c) the acquisition of land in Bihar and Andhra Pradesh for construction of plant in the future, amounting to INR1.5b.
- Balance capex comprises international projects, factoring in write-offs and forex fluctuations
- Post this capex, the company expects capacity in CY24 to increase by ~45% over CY22 capacity.
- The company expects to incur a capex of ~INR12b in CY24.

Debt

- Net debt stood at INR47.3b as on 31 Dec'23 vs. INR34.1b as on 31 Dec'22.
- Net debt majorly increased due to an increase in CWIP and capital advances (incremental addition by ~INR12b). This increase was on account of a new facility in Maharashtra, which was about near completion (commissioned on 25th Jan'24).

African business

- VBL already got approval from Botswana for setting up a facility and is awaiting approval for Namibia and South Africa, which is likely to be expected by the end of February'24.
- PepsiCo's share is ~1.5% in the African market, while BevCo's share is ~12%.

Sting

- Generally, energy drink mix constitutes ~14-15% of the total beverage market in most countries. Sting has achieved a market share of ~14-15% within the overall volume of PepsiCo at VBL.
- Sting has reached ~3.5m outlets in India.

Dairy segment

- Going ahead, VBL is expecting huge growth in Gatorade, Juice, and value-added dairy segment as the production capacity has increased by 200%.
- Currently, the Dairy share is just ~0.5% of the total volume and the company expects to double this in CY24.
- Currently, the dairy plant was just within the Northern part of India. Now the company has commissioned a plant in the Western region and will be soon setting up a plant in the Eastern market.

Others

- VBL's PET recycling plant will start production in CY25 and will cater to ~25% of the volume.
- VBL's new facility in Maharashtra is already being commissioned and the Gorakhpur facility is likely to be commissioned in Mar/Apr'24.
- The international market has grown by ~16%/18% for 4QCY23/CY23. Zimbabwe has grown by ~23% YoY in CY23.
- The company is looking to add ~30m cases in DRC.
- The company has incorporated a new subsidiary - 'VBL Mozambique, SA' in Mozambique, South Africa, to carry on the business of distribution of Beverages.
- In Oct'23, the company has acquired a 5.03% shareholding in Lunarmech Technologies Private Limited for a purchase consideration of INR100m, taking its total holding in the company to ~60.07%.

Valuation and view

- We expect VBL to maintain its earnings momentum, aided by: 1) increased penetration in newly acquired territories in India and Africa, 2) higher acceptance of newly launched products, 3) continued expansion in capacity and distribution reach, 4) growing refrigeration in rural and semi-rural areas, and 5) a scale-up in international operations.
- We expect a CAGR of 23%/23%/29% in revenue/EBITDA/PAT over CY23-25.
- While we maintain our CY24 earnings, we increase our CY25 earnings estimate by 7%, integrating the recently acquired South African beverage company BevCo's financials (assumed only six months of integration in CY24) and also increasing volume growth estimate of its existing business to 16%/14% for CY24/25 from 14%/13% earlier estimated. However, higher interest cost led by increase in debt (capex and acquisition led increase) partly offsets the increase in earnings.
- **We value the stock at 57x CY25E EPS to arrive at a TP of INR1,500. We reiterate our BUY rating on the stock.**

Exhibit 11: Revision in our estimates

| Earnings change (INR m) | Old | | | New | | | Change | | |
|----------------------------|----------|----------|----------|----------|----------|----------|--------|-------|-------|
| | CY23E | CY24E | CY25E | CY23E | CY24E | CY25E | CY23E | CY24E | CY25E |
| Revenue | 1,60,485 | 1,87,565 | 2,16,908 | 1,60,426 | 2,00,086 | 2,43,747 | 0% | 7% | 12% |
| EBITDA | 36,018 | 42,765 | 49,889 | 36,095 | 44,662 | 54,843 | 0% | 4% | 10% |
| Adj. PAT | 20,602 | 25,731 | 31,709 | 20,559 | 25,752 | 34,021 | 0% | 0% | 7% |

Financials and valuations

Consolidated - Income Statement

| | | | | | | | - | (INRm) | |
|-------------------------------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|--|
| Y/E December | CY18 | CY19 | CY20 | CY21 | CY22 | CY23 | CY24E | CY25E | |
| Total Income from Operations | 51,053 | 71,296 | 64,501 | 88,232 | 1,31,731 | 1,60,426 | 2,00,086 | 2,43,747 | |
| Change (%) | 27.5 | 39.7 | -9.5 | 36.8 | 49.3 | 21.8 | 24.7 | 21.8 | |
| RM Cost | 22,441 | 32,194 | 27,639 | 40,347 | 62,612 | 74,049 | 92,640 | 1,12,611 | |
| Employees Cost | 5,830 | 8,108 | 8,897 | 10,077 | 12,166 | 14,466 | 17,765 | 21,450 | |
| Other Expenses | 12,716 | 16,517 | 15,946 | 21,262 | 29,072 | 35,816 | 45,019 | 54,843 | |
| Total Expenditure | 40,987 | 56,819 | 52,483 | 71,686 | 1,03,850 | 1,24,331 | 1,55,424 | 1,88,904 | |
| % of Sales | 80.3 | 79.7 | 81.4 | 81.2 | 78.8 | 77.5 | 77.7 | 77.5 | |
| EBITDA | 10,066 | 14,477 | 12,019 | 16,546 | 27,881 | 36,095 | 44,662 | 54,843 | |
| Margin (%) | 19.7 | 20.3 | 18.6 | 18.8 | 21.2 | 22.5 | 22.3 | 22.5 | |
| Depreciation | 3,851 | 4,886 | 5,287 | 5,313 | 6,172 | 6,809 | 8,758 | 9,824 | |
| EBIT | 6,215 | 9,590 | 6,732 | 11,234 | 21,709 | 29,286 | 35,904 | 45,019 | |
| Int. and Finance Charges | 2,126 | 3,096 | 2,811 | 1,847 | 1,861 | 2,681 | 3,441 | 2,397 | |
| Other Income | 218 | 425 | 370 | 679 | 388 | 794 | 1,201 | 1,706 | |
| PBT bef. EO Exp. | 4,308 | 6,919 | 4,290 | 10,066 | 20,236 | 27,398 | 33,663 | 44,328 | |
| EO Items | 0 | 0 | -665 | 0 | 0 | 0 | 0 | 0 | |
| PBT after EO Exp. | 4,308 | 6,919 | 3,625 | 10,066 | 20,236 | 27,398 | 33,663 | 44,328 | |
| Total Tax | 1,339 | 2,241 | 52 | 2,606 | 4,735 | 6,375 | 7,406 | 9,752 | |
| Tax Rate (%) | 31.1 | 32.4 | 1.4 | 25.9 | 23.4 | 23.3 | 22.0 | 22.0 | |
| Share of profit from associates | 30 | 44 | 0 | 0 | 0 | -5 | 0 | 0 | |
| Minority Interest | 70 | 32 | 283 | 520 | 527 | 459 | 505 | 555 | |
| Reported PAT | 2,928 | 4,690 | 3,290 | 6,941 | 14,974 | 20,559 | 25,752 | 34,021 | |
| Adjusted PAT | 2,928 | 4,690 | 3,251 | 6,941 | 14,974 | 20,559 | 25,752 | 34,021 | |
| Change (%) | 39.3 | 60.1 | -30.7 | 113.5 | 115.8 | 37.3 | 25.3 | 32.1 | |
| Margin (%) | 5.7 | 6.6 | 5.0 | 7.9 | 11.4 | 12.8 | 12.9 | 14.0 | |

Consolidated - Balance Sheet

| | | | | | | | (INRm) | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|
| Y/E December | CY18 | CY19 | CY20 | CY21 | CY22 | CY23 | CY24E | CY25E |
| Equity Share Capital | 1,826 | 2,887 | 2,887 | 4,330 | 6,496 | 6,496 | 6,496 | 6,496 |
| Total Reserves | 18,158 | 30,397 | 32,353 | 36,469 | 44,528 | 62,869 | 85,373 | 1,16,146 |
| Net Worth | 19,985 | 33,284 | 35,240 | 40,799 | 51,024 | 69,365 | 91,869 | 1,22,642 |
| Minority Interest | 78 | 307 | 648 | 1,168 | 1,131 | 1,482 | 1,986 | 2,542 |
| Total Loans | 27,649 | 34,172 | 32,059 | 33,418 | 36,948 | 51,944 | 53,944 | 25,944 |
| Deferred Tax Liabilities | 1,588 | 2,697 | 2,149 | 3,087 | 3,368 | 3,430 | 3,430 | 3,430 |
| Capital Employed | 49,299 | 70,459 | 70,096 | 78,473 | 92,471 | 1,26,221 | 1,51,230 | 1,54,558 |
| Gross Block | 61,697 | 87,203 | 90,086 | 94,420 | 1,06,807 | 1,28,385 | 1,73,625 | 1,83,625 |
| Less: Accum. Deprn. | 17,847 | 22,655 | 26,242 | 31,555 | 37,727 | 44,536 | 53,294 | 63,118 |
| Net Fixed Assets | 43,850 | 64,548 | 63,844 | 62,865 | 69,080 | 83,849 | 1,20,331 | 1,20,507 |
| Goodwill on Consolidation | 19 | 242 | 242 | 242 | 242 | 242 | 4,202 | 4,202 |
| Capital WIP | 3,524 | 638 | 668 | 4,966 | 6,066 | 19,222 | 8,222 | 8,222 |
| Total Investments | 112 | 0 | 0 | 0 | 0 | 211 | 211 | 211 |
| Current Investments | 0 | 0 | 0 | 0 | 0 | 211 | 211 | 211 |
| Curr. Assets, Loans&Adv. | 12,808 | 18,327 | 19,719 | 27,721 | 40,794 | 48,347 | 52,599 | 63,214 |
| Inventory | 5,784 | 8,815 | 9,288 | 14,481 | 19,939 | 21,505 | 26,883 | 32,674 |
| Account Receivables | 1,280 | 1,726 | 2,418 | 2,212 | 2,993 | 3,594 | 4,482 | 5,460 |
| Cash and Bank Balance | 935 | 1,711 | 1,901 | 3,366 | 2,853 | 4,599 | 2,225 | 3,142 |
| Loans and Advances | 4,809 | 6,076 | 6,113 | 7,661 | 15,009 | 18,649 | 19,008 | 21,937 |
| Curr. Liability & Prov. | 11,015 | 13,297 | 14,378 | 17,322 | 23,711 | 25,651 | 34,336 | 41,798 |
| Account Payables | 3,168 | 4,777 | 5,114 | 7,118 | 8,243 | 7,582 | 10,645 | 12,939 |
| Other Current Liabilities | 6,435 | 6,517 | 6,893 | 7,622 | 13,135 | 15,117 | 20,009 | 24,375 |
| Provisions | 1,412 | 2,003 | 2,371 | 2,583 | 2,333 | 2,952 | 3,682 | 4,485 |
| Net Current Assets | 1,793 | 5,031 | 5,342 | 10,399 | 17,083 | 22,696 | 18,263 | 21,416 |
| Appl. of Funds | 49,299 | 70,459 | 70,096 | 78,473 | 92,471 | 1,26,221 | 1,51,230 | 1,54,558 |

Financials and valuations

Ratios

| Y/E December | CY18 | CY19 | CY20 | CY21 | CY22 | CY23 | CY24E | CY25E |
|-------------------------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | | |
| EPS | 2.3 | 3.6 | 2.5 | 5.3 | 11.5 | 15.8 | 19.8 | 26.2 |
| Cash EPS | 5.2 | 7.4 | 6.6 | 9.4 | 16.3 | 21.1 | 26.6 | 33.7 |
| BV/Share | 15.4 | 25.6 | 27.1 | 31.4 | 39.3 | 53.4 | 70.7 | 94.4 |
| DPS | 0.4 | 0.5 | 0.6 | 0.8 | 1.7 | 2.5 | 2.5 | 2.5 |
| Payout (%) | 17.5 | 16.7 | 21.9 | 15.6 | 15.2 | 15.8 | 12.6 | 9.5 |
| Valuation (x) | | | | | | | | |
| P/E | 577.7 | 360.7 | 520.4 | 243.7 | 113.0 | 82.3 | 65.7 | 49.7 |
| Cash P/E | 249.5 | 176.7 | 198.1 | 138.1 | 80.0 | 61.8 | 49.0 | 38.6 |
| P/BV | 84.6 | 50.8 | 48.0 | 41.5 | 33.2 | 24.4 | 18.4 | 13.8 |
| EV/Sales | 33.7 | 24.2 | 26.7 | 19.5 | 13.1 | 10.8 | 8.7 | 7.0 |
| EV/EBITDA | 170.7 | 119.1 | 143.3 | 104.1 | 61.9 | 48.2 | 39.1 | 31.3 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 |
| FCF per share | 1.5 | 4.4 | 5.5 | 2.8 | 3.4 | -6.2 | 1.2 | 25.3 |
| Return Ratios (%) | | | | | | | | |
| RoE | 15.5 | 17.6 | 9.5 | 18.3 | 32.6 | 34.2 | 31.9 | 31.7 |
| RoCE | 10.0 | 11.8 | 10.4 | 12.5 | 20.9 | 22.1 | 21.7 | 24.8 |
| RoIC | 10.1 | 11.5 | 9.8 | 12.1 | 21.6 | 24.2 | 23.1 | 24.8 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 0.8 | 0.8 | 0.7 | 0.9 | 1.2 | 1.2 | 1.2 | 1.3 |
| Asset Turnover (x) | 1.0 | 1.0 | 0.9 | 1.1 | 1.4 | 1.3 | 1.3 | 1.6 |
| Inventory (Days) | 41 | 45 | 53 | 60 | 55 | 49 | 49 | 49 |
| Debtor (Days) | 9 | 9 | 14 | 9 | 8 | 8 | 8 | 8 |
| Creditor (Days) | 23 | 24 | 29 | 29 | 23 | 17 | 19 | 19 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 1.2 | 1.4 | 1.4 | 1.6 | 1.7 | 1.9 | 1.5 | 1.5 |
| Interest Cover Ratio | 2.9 | 3.1 | 2.4 | 6.1 | 11.7 | 10.9 | 10.4 | 18.8 |
| Net Debt/Equity | 1.3 | 1.0 | 0.9 | 0.7 | 0.7 | 0.7 | 0.6 | 0.2 |

Consolidated - Cash Flow Statement

(INRm)

| Y/E December | CY18 | CY19 | CY20 | CY21 | CY22 | CY23 | CY24E | CY25E |
|----------------------------------|---------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|
| OP/(Loss) before Tax | 4,308 | 6,919 | 3,625 | 10,066 | 20,236 | 27,398 | 33,663 | 44,328 |
| Depreciation | 3,851 | 4,826 | 5,287 | 5,313 | 6,172 | 6,809 | 8,758 | 9,824 |
| Interest & Finance Charges | 1,986 | 2,948 | 2,441 | 1,168 | 1,473 | 2,681 | 2,241 | 690 |
| Direct Taxes Paid | -733 | -1,201 | -52 | -2,606 | -4,735 | -6,679 | -7,406 | -9,752 |
| (Inc)/Dec in WC | -501 | -827 | -1,181 | -1,627 | -5,246 | -6,735 | 2,059 | -2,235 |
| CF from Operations | 8,911 | 12,665 | 10,120 | 12,314 | 17,900 | 23,474 | 39,315 | 42,855 |
| Others | 1,087 | 411 | 0 | 0 | 0 | 434 | 505 | 0 |
| CF from Operating incl EO | 9,998 | 13,076 | 10,120 | 12,314 | 17,900 | 23,908 | 39,820 | 42,855 |
| (Inc)/Dec in FA | -8,088 | -7,331 | -2,913 | -8,632 | -13,487 | -31,939 | -38,200 | -10,000 |
| Free Cash Flow | 1,910 | 5,745 | 7,207 | 3,682 | 4,414 | -8,031 | 1,620 | 32,855 |
| (Pur)/Sale of Investments | 0 | 0 | 0 | 0 | 0 | -216 | 0 | 0 |
| Others | -647 | -15,862 | -1,798 | -1,474 | -3,559 | -744 | 1,201 | 1,706 |
| CF from Investments | -8,734 | -23,192 | -4,711 | -10,106 | -17,046 | -32,899 | -36,999 | -8,294 |
| Issue of Shares | 7 | 9,002 | 0 | 0 | 0 | 44 | 0 | 0 |
| Inc/(Dec) in Debt | 4,566 | 6,487 | -2,113 | 1,359 | 3,530 | 15,064 | 2,000 | -28,000 |
| Interest Paid | -1,886 | -3,011 | -2,811 | -1,847 | -1,861 | -2,694 | -3,441 | -2,397 |
| Dividend Paid | -456 | -690 | -722 | -1,083 | -2,274 | -2,273 | -3,248 | -3,248 |
| Others | -3,505 | -895 | 427 | 829 | -763 | 596 | -505 | 0 |
| CF from Fin. Activity | -1,273 | 10,893 | -5,219 | -742 | -1,368 | 10,737 | -5,194 | -33,645 |
| Inc/Dec of Cash | -10 | 776 | 190 | 1,466 | -514 | 1,746 | -2,374 | 917 |
| Opening Balance | 945 | 935 | 1,711 | 1,901 | 3,367 | 2,853 | 4,599 | 2,225 |
| Closing Balance | 935 | 1,711 | 1,901 | 3,367 | 2,853 | 4,599 | 2,225 | 3,142 |

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NOTES

| Explanation of Investment Rating | |
|----------------------------------|--|
| Investment Rating | Expected return (over 12-month) |
| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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