

Varun Beverages

Estimate change



TP change



Rating change



CMP: INR519

TP: INR600 (+16%)

Buy

Strong volume drives revenue growth

Earnings above our estimates

- Varun Beverages (VBL) posted a strong quarter with ~16% YoY revenue growth, led by strong volume growth of 14.4% in India and 21.4% in international territories. Further, net realization per case improved 1.6% at the consolidated level, fueled by realization growth in international territories (due to favorable currency movement), which was partially offset by 1.5% dip in net realizations in India (due to pack upsizing and targeted price-point launches).
- Going forward, VBL is well placed for healthy 2QCY26 growth due to the El Niño-led heatwave, along with tailwinds from the Twizza and Crickley consolidations.
- Factoring in the consolidation of Twizza and Crickley and higher-than-expected volumes, we raise our CY26/CY27 earnings estimates by 4%/6%. **We reiterate our BUY rating with a TP of INR600 (based on 47x CY26E EPS).**

Healthy all-round operations lead to margin expansion

- Consol. revenue grew 18% YoY to INR65.7b (est. INR59.6b) on account of 16% YoY growth in volume to 363m cases and an improvement in realization per case by 1.6% to INR174.
- EBITDA margin expanded ~60bp YoY to 23.3% (est. 22.5%). EBITDA per case grew 12% YoY to INR45.3. EBITDA rose 21% YoY to ~INR15.3b (est. INR13.4b).
- Depreciation increased 30.9% due to the commissioning of new plants of last year (Buxar, Prayagraj, Damtal, and Meghalaya), which were not present in the base quarter. Further, finance costs increased 18% on account of the acquisition of Twizza in South Africa in the current quarter. The income from surplus cash in India is accounted for as other income. Adj. PAT grew 21% YoY to INR8.8b (est. INR7.7b).
- The subsidiary's (consolidated minus standalone) revenue/EBITDA/adj. PAT jumped 36%/3x/16x YoY to INR22.1b/INR8.3b/INR7.8b in 1QCY26.
- CSD/Juice/Water volumes grew 74%/7%/19% YoY to 268m/27m/68m units in 1QCY26.

Highlights from the management commentary

- **Packaging:** VBL's aluminum can beverage sales are less than 2%. The company is managing rising costs by cutting discounts. The packaging inventory is covered until next quarter for the domestic market and until the next two quarters for international markets. The shortage of aluminum cans is affecting the energy drinks portfolio, due to which the company is shifting to PET bottles.
- **Guidance and outlook:** The company remains bullish on domestic demand with no expected adverse impact from inflation. Strong traction in new launches such as Nimbooz (~60% growth) and Tropicana (100% growth), **along with the anticipated El Niño-led heatwave**, is expected to further boost beverage consumption and support a strong near-term outlook.

| | |
|-----------------------|---------------|
| Bloomberg | VBL IN |
| Equity Shares (m) | 3382 |
| M.Cap.(INRb)/(USDb) | 1754.8 / 18.6 |
| 52-Week Range (INR) | 544 / 381 |
| 1, 6, 12 Rel. Per (%) | 28/20/-1 |
| 12M Avg Val (INR M) | 3337 |

Financials & Valuations (INR b)

| Y/E Dec | 2025 | 2026E | 2027E |
|-------------------|-------|-------|-------|
| Sales | 216.9 | 260.2 | 292.5 |
| EBITDA | 50.6 | 60.4 | 68.4 |
| Adj. PAT | 30.5 | 36.0 | 43.6 |
| EBITDA (%) | 23.3 | 23.2 | 23.4 |
| EPS (INR) | 9.0 | 10.7 | 12.9 |
| EPS Gr. (%) | 17.4 | 18.3 | 20.9 |
| BV/Sh. (INR) | 57.9 | 66.1 | 76.4 |
| Ratios | | | |
| Net D/E | 0.0 | -0.1 | -0.2 |
| RoE (%) | 16.8 | 17.2 | 18.1 |
| RoCE (%) | 15.8 | 16.6 | 17.7 |
| Payout (%) | 27.9 | 23.5 | 19.4 |
| Valuations | | | |
| P/E (x) | 57.6 | 48.7 | 40.3 |
| EV/EBITDA (x) | 34.7 | 28.9 | 25.0 |
| Div Yield (%) | 0.5 | 0.5 | 0.5 |
| FCF Yield (%) | 0.5 | 1.4 | 2.5 |

Shareholding pattern (%)

| As on | Mar-26 | Dec-25 | Mar-25 |
|----------|--------|--------|--------|
| Promoter | 59.4 | 59.4 | 60.2 |
| DII | 14.4 | 13.6 | 9.2 |
| FII | 19.5 | 20.3 | 23.0 |
| Others | 6.7 | 6.7 | 7.6 |

Note: FII includes depository receipts

- Strategic acquisition:** VBL consummated the acquisition of Twizza (9MCY26 revenue of INR8b) through BevCo at EV of ZAR2b (INR11,187m), strengthening its manufacturing footprint. VBL also acquired Crickley Dairy (9MCY26 revenue of INR1.6b) through BevCo at EV of ZAR238m (INR1314.68m), further strengthening its presence in South Africa.

Valuation and view

- We expect VBL to witness improved earnings momentum, aided by an extreme heatwave expected this year due to El Niño conditions (to aid in peak season demand); 2) a scale-up in the international market, driven by South Africa and recovery in the Zimbabwe market; 3) strengthening of on-ground execution in the Indian market; 4) scale-up of the snacking business, backed by the operationalization of the Morocco and Zimbabwe markets in 2HCY25; and 5) an expanding product portfolio (recently launched an energy drink known as 'Adrenaline Rush').
- We expect a CAGR of 16%/16%/20% in revenue/EBITDA/PAT over CY25-27. We increase our CY26E/CY27E earnings estimates by 4%/6% and **reiterate our BUY rating on the stock with a TP of INR600 (47x CY26E EPS)**.

Consolidated - Quarterly Earnings Model

(INR m)

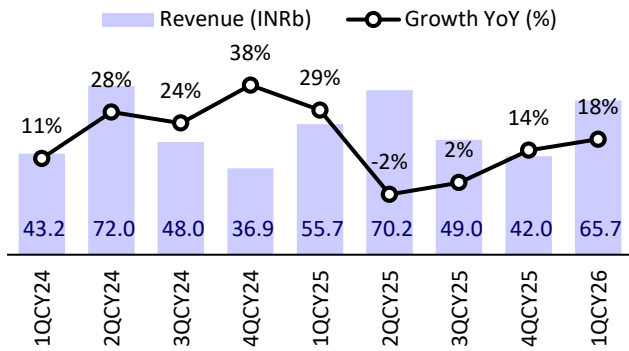
| Y/E December | CY25 | | | | CY26 | | | | CY25 | CY26E | CY26E | Var % |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|-----------------|---------------|-----------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2QE | 3QE | 4QE | | | | |
| Net Sales | 55,669 | 70,174 | 48,967 | 42,044 | 65,742 | 87,798 | 58,670 | 47,975 | 2,16,854 | 2,26,926 | 59,642 | 10 |
| YoY Change (%) | 28.9 | -2.5 | 1.9 | 14.0 | 18.1 | 25.1 | 19.8 | 14.1 | 8.4 | 4.6 | 7.1 | |
| Total Expenditure | 43,030 | 50,186 | 37,493 | 35,512 | 50,453 | 63,459 | 44,793 | 41,118 | 1,66,220 | 1,73,643 | 46,218 | |
| EBITDA | 12,640 | 19,988 | 11,474 | 6,533 | 15,289 | 24,339 | 13,878 | 6,857 | 50,634 | 53,283 | 13,424 | 14 |
| Margins (%) | 22.7 | 28.5 | 23.4 | 15.5 | 23.3 | 27.7 | 23.7 | 14.3 | 23.3 | 23.5 | 22.5 | |
| Depreciation | 2,725 | 3,062 | 3,076 | 3,302 | 3,568 | 3,600 | 3,650 | 3,700 | 12,165 | 13,007 | 3,350 | |
| Interest | 411 | 365 | 452 | 467 | 485 | 400 | 350 | 300 | 1,696 | 1,770 | 350 | |
| Other Income | 281 | 772 | 1,464 | 991 | 435 | 500 | 1,200 | 570 | 3,507 | 3,662 | 309 | |
| PBT | 9,784 | 17,332 | 9,410 | 3,615 | 11,671 | 20,839 | 11,078 | 3,427 | 40,141 | 42,168 | 10,033 | 16 |
| Tax | 2,465 | 4,066 | 1,957 | 989 | 2,845 | 4,487 | 2,357 | 654 | 9,476 | 9,856 | 2,207 | |
| Rate (%) | 25.2 | 23.5 | 20.8 | 27.4 | 24.4 | 21.5 | 21.3 | 19.1 | 23.6 | 23.4 | 22 | |
| MI & Profit/Loss of Asso. Cos. | 54 | 97 | 57 | 108 | 64 | 93 | 44 | 90 | 316 | 325 | 54 | |
| Reported PAT | 7,265 | 13,170 | 7,396 | 2,518 | 8,763 | 16,259 | 8,677 | 2,682 | 30,349 | 31,987 | 7,772 | |
| Adj PAT | 7,265 | 13,170 | 7,396 | 2,658 | 8,763 | 16,259 | 8,677 | 2,682 | 30,489 | 31,987 | 7,772 | 13 |
| YoY Change (%) | 35.2 | 5.1 | 19.4 | 43.6 | 20.6 | 23.5 | 17.3 | 0.9 | 17.5 | 4.9 | 7.0 | |
| Margins (%) | 13.1 | 18.8 | 15.1 | 6.3 | 13.3 | 18.5 | 14.8 | 5.6 | 14.1 | 14.1 | 13.0 | |

Exhibit 1: Key performance indicators

| Y/E December | 4QCY23 | 1QCY24 | 2QCY24 | 3QCY24 | 4QCY24 | 1QCY25 | 2QCY25 | 3QCY25 | 4QCY25 | 1QCY26 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Segment Volume Gr. | | | | | | | | | | |
| CSD | 25 | 6 | 32 | 23 | 42 | 36 | 2 | 19 | 51 | 25 |
| NCB | 14 | 13 | 39 | 3 | 0 | 22 | -13 | 6 | 25 | 23 |
| Water | 5 | 10 | 7 | 12 | 17 | 6 | 13 | 7 | 16 | 21 |
| Cost Break-up | | | | | | | | | | |
| RM Cost (% of sales) | 43 | 44 | 45 | 44 | 44 | 45 | 45 | 43 | 45 | 45 |
| Employee Cost (% of sales) | 14 | 9 | 7 | 11 | 13 | 9 | 8 | 11 | 14 | 9 |
| Other Cost (% of sales) | 27 | 24 | 20 | 21 | 27 | 23 | 18 | 22 | 26 | 23 |
| Gross Margins (%) | 57 | 56 | 55 | 56 | 56 | 55 | 55 | 57 | 55 | 55 |
| EBITDA Margins (%) | 16 | 23 | 28 | 24 | 16 | 23 | 28 | 23 | 16 | 23 |
| EBIT Margins (%) | 9 | 19 | 24 | 19 | 9 | 18 | 24 | 17 | 8 | 18 |

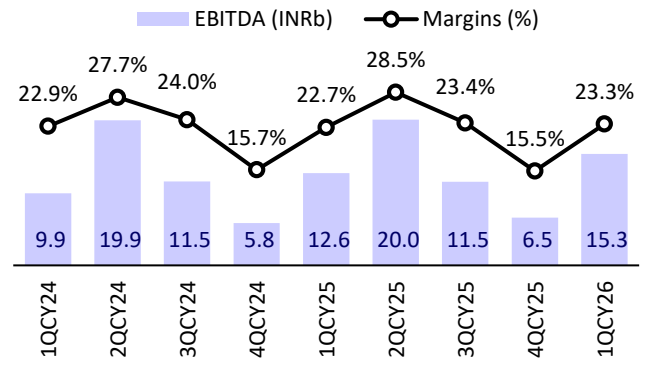
Key exhibits

Exhibit 2: Trend in consolidated revenue



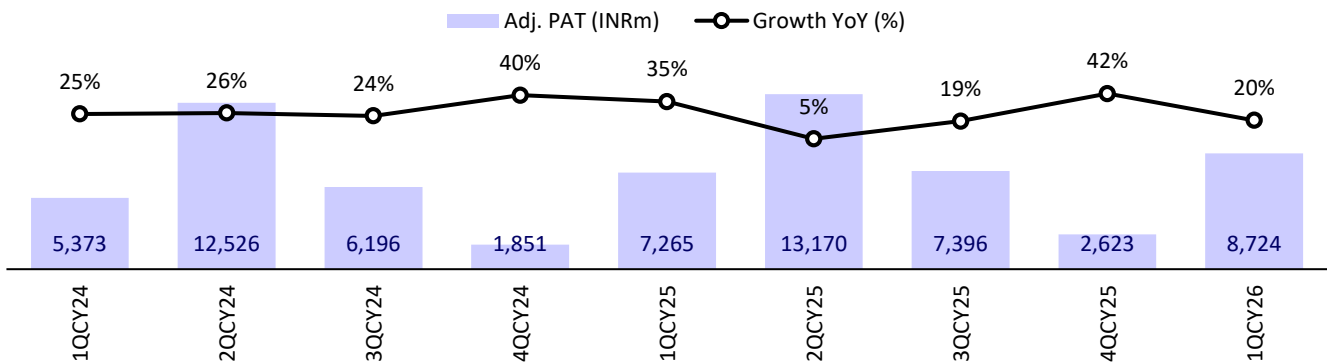
Source: Company, MOFSL

Exhibit 3: Trend in consolidated EBITDA



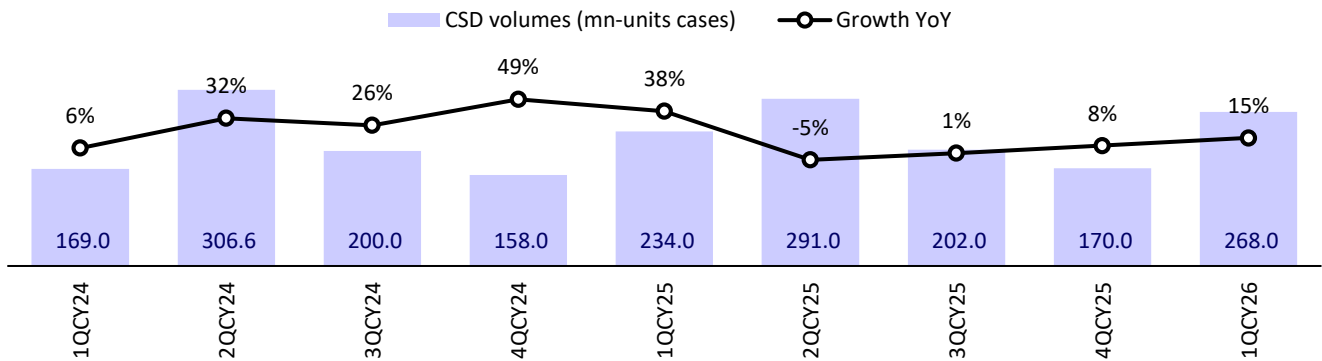
Source: Company, MOFSL

Exhibit 4: Trend in consolidated adjusted PAT



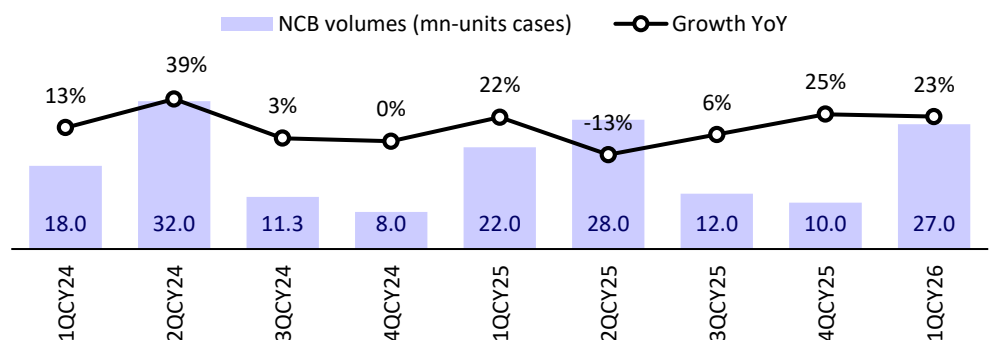
Source: Company, MOFSL

Exhibit 5: CSD sales volume trend



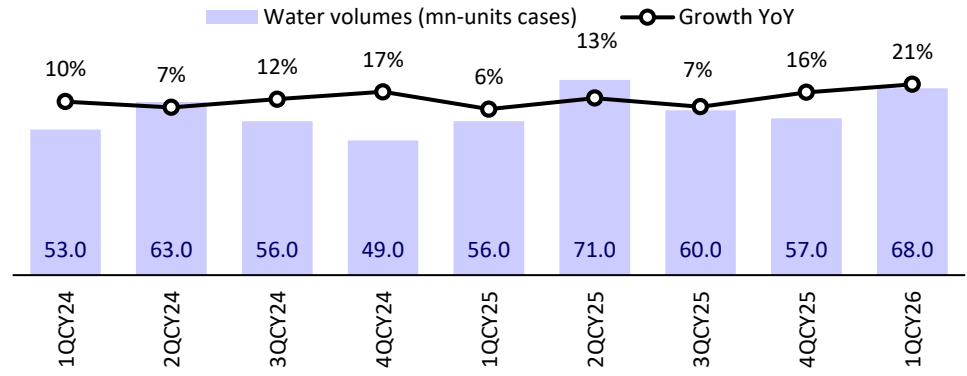
Source: Company, MOFSL

Exhibit 6: NCB sales volume trend



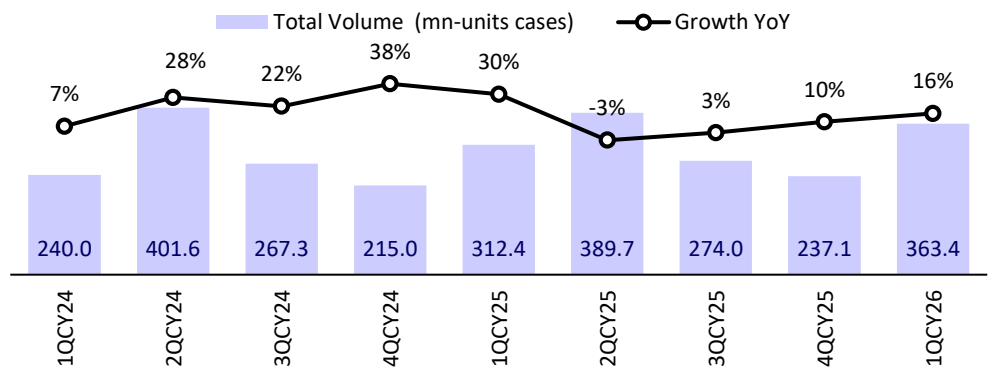
Source: Company, MOFSL

Exhibit 7: Water sales volume trend



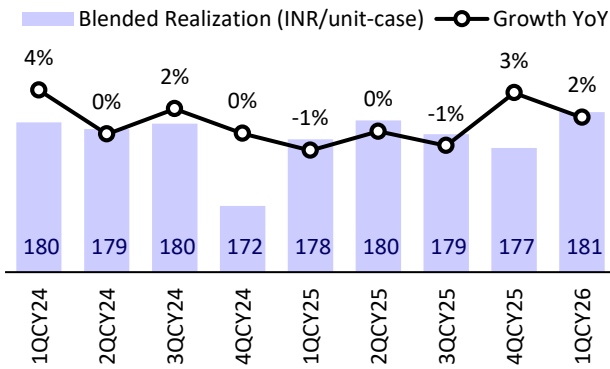
Source: Company, MOFSL

Exhibit 8: Total volume growth trend



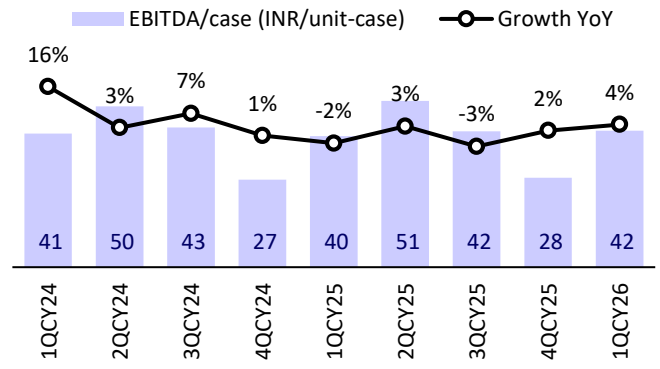
Source: Company, MOFSL

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

- VBL's sales volume grew ~16% YoY in 1QCY26, driven by strong volume growth of ~14% in India and ~21% in international market
- Net realization per case improved by 1.6% in International markets, primarily due to favorable currency movement, whereas it declined by 1.5% in the domestic market, primarily due to volume growth initiatives such as upsizing of packs and selective price-point launches in targeted markets to onboard new consumers.
- Gross margins improved by ~60 bps at 55.2% in 1QCY26, supported by early stocking of key raw materials despite the inflationary raw material environment.
- In 1QCY26, the mix of low-sugar/no-sugar products has increased to ~63% of consolidated sales volume.
- In India, EBITDA margins improved by ~110bp, driven by operational efficiencies from robust volume growth and improved gross margin.
- Product mix is dynamic, and the future mix will depend on demand.

Guidance and outlook

- Management remains confident in the long-term opportunity across domestic and international markets, supported by favorable demographics, rising incomes, growing urbanization, and increasing beverage consumption.
- The overall market is growing at a rapid pace. The company is not expecting an adverse impact on consumption trends in the coming quarters due to inflation and is bullish on the domestic market.
- Apr'26 is looking good for the company due to the high temperature. New launches showing strong growth with Nimbooz (~60% growth), Tropicana (100% growth). There was a low base in May and Jun'25 due to the monsoons.
- Capex is not expected to be substantial in CY26 (less than INR5b)

India business

- Demand remained encouraging during the quarter, supported by VBL's wide distribution reach, strengthened execution, and continued investments in manufacturing capacity and chilling infrastructure (~0.5m outlets additions expected)
- The company is passing cost-cutting benefits and new plant efficiency. Realization has not dropped rapidly due to other premium products.
- VBL undertook targeted initiatives to drive volumes and strengthen our domestic portfolio, including pack upsizing, selective price-point launches in identified markets to onboard new consumers, and new launches in the energy and juice-based drink segments (Sting classic)
- Consumption is growing in liters and numbers.

Packaging

- The company's aluminum can beverage sales are less than 2%. The company is managing rising costs by cutting discounts.
- On the domestic side, packaging inventory is covered for the current quarter. In the next quarter, the effect of war is expected, which is being mitigated through discounts and cost-cutting.

- On the international front, the minimal impact of geopolitical issues is due to higher raw material inventory holding (~6 months holding). A minimal effect of the increase in transportation costs will be there.
- Shortage of aluminum cans is affecting the energy drinks portfolio. The company is shifting to PET bottles.

Strategic acquisitions

- VBL consummated the acquisition of Twizza in South Africa through BevCo at EV of ZAR2b, strengthening its manufacturing footprint and route-to-market capabilities in Africa's largest soft drinks market. (INR8b revenue)
- The acquisition is expected to generate meaningful operational and commercial synergies over time.
- Also, VBL entered into a share purchase agreement to acquire Crickley Dairy through BevCo at an EV of ZAR238m, which will further strengthen its presence in South Africa, subject to regulatory and other approvals. (INR1.6b revenue)

International business

- VBL continues to build scale in snacks across Africa and deepen its presence in high-potential markets, in line with our strategy of broadening the portfolio and strengthening consumer relevance
- Zimbabwe plant ramp-up will accelerate the snacks business
- Sugar's international price decline is benefiting the company

Others

- Depreciation increased by 30.9% on account of the commissioning of new plants of last year (Buxar, Prayagraj, Damtal, and Meghalaya), which were not present in the base quarter.
- In 1QCY26, Finance cost increased by 18% on account of the acquisition of Twizza in South Africa.
- VBL's board has approved an interim dividend of INR 0.50 per share.
- Less than 2% of volumes were generated from INR10 products.
- The company is not aggressively marketing packaged water and has no intention of lowering prices.
- Demand for energy drinks (Adrenaline Rush, Sting) is exceeding the expectations of the management.
- Management says ~3-4 year payback period for new plants.

Valuation and view

- We expect VBL to witness improved earnings momentum, aided by an extreme heatwave expected this year due to El Niño conditions (to aid in peak season demand); 2) a scale-up in the international market, driven by South Africa and recovery in the Zimbabwe market; 3) strengthening of on-ground execution in the Indian market; 4) scale-up of the snacking business, backed by the operationalization of the Morocco and Zimbabwe markets in 2HCY25; and 5) an expanding product portfolio (recently launched an energy drink known as ‘Adrenaline Rush’).
- We expect a CAGR of 16%/16%/20% in revenue/EBITDA/PAT over CY25-27. We increase our CY26E/CY27E earnings estimates by 4%/6% and **reiterate our BUY rating on the stock with a TP of INR600 (47x CY26E EPS).**

Exhibit 11: Summary of our revised estimates

| Earnings change (INRm) | Old | | New | | Change | |
|---------------------------|----------|----------|----------|----------|--------|-------|
| | CY26E | CY27E | CY26E | CY27E | CY26E | CY27E |
| Revenue | 2,45,562 | 2,75,637 | 2,60,186 | 2,92,509 | 6% | 6% |
| EBITDA | 56,965 | 64,431 | 60,363 | 68,447 | 6% | 6% |
| Adj. PAT | 34,656 | 41,035 | 36,040 | 43,575 | 4% | 6% |

Financials and valuations

| Consolidated - Income Statement | | | | | | | | (INRm) |
|-------------------------------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E December | CY20 | CY21 | CY22 | CY23 | CY24 | CY25 | CY26E | CY27E |
| Total Income from Operations | 64,501 | 88,232 | 1,31,731 | 1,60,426 | 2,00,077 | 2,16,854 | 2,60,186 | 2,92,509 |
| Change (%) | -9.5 | 36.8 | 49.3 | 21.8 | 24.7 | 8.4 | 20.0 | 12.4 |
| RM Cost | 27,639 | 40,347 | 62,612 | 74,049 | 89,047 | 97,154 | 1,16,492 | 1,30,752 |
| Employees Cost | 8,897 | 10,077 | 12,166 | 14,466 | 18,850 | 21,867 | 24,603 | 27,788 |
| Other Expenses | 15,946 | 21,262 | 29,072 | 35,816 | 45,068 | 47,198 | 58,727 | 65,522 |
| Total Expenditure | 52,483 | 71,686 | 1,03,850 | 1,24,331 | 1,52,966 | 1,66,220 | 1,99,823 | 2,24,062 |
| % of Sales | 81.4 | 81.2 | 78.8 | 77.5 | 76.5 | 76.7 | 76.8 | 76.6 |
| EBITDA | 12,019 | 16,546 | 27,881 | 36,095 | 47,111 | 50,634 | 60,363 | 68,447 |
| Margin (%) | 18.6 | 18.8 | 21.2 | 22.5 | 23.5 | 23.3 | 23.2 | 23.4 |
| Depreciation | 5,287 | 5,313 | 6,172 | 6,809 | 9,474 | 12,165 | 14,903 | 14,959 |
| EBIT | 6,732 | 11,234 | 21,709 | 29,286 | 37,637 | 38,469 | 45,460 | 53,488 |
| Int. and Finance Charges | 2,811 | 1,847 | 1,861 | 2,681 | 4,504 | 1,696 | 1,535 | 500 |
| Other Income | 370 | 679 | 388 | 794 | 1,213 | 3,507 | 2,705 | 3,308 |
| PBT bef. EO Exp. | 4,290 | 10,066 | 20,236 | 27,398 | 34,346 | 40,281 | 46,629 | 56,296 |
| EO Items | -665 | 0 | 0 | 0 | 0 | 140 | 0 | 0 |
| PBT after EO Exp. | 3,625 | 10,066 | 20,236 | 27,398 | 34,346 | 40,141 | 46,629 | 56,296 |
| Total Tax | 52 | 2,606 | 4,735 | 6,375 | 7,988 | 9,476 | 10,258 | 12,385 |
| Tax Rate (%) | 1.4 | 25.9 | 23.4 | 23.3 | 23.3 | 23.6 | 22.0 | 22.0 |
| Share of profit from associates | 0 | 0 | 0 | -5 | -15 | -60 | -39 | 0 |
| Minority Interest | 283 | 520 | 527 | 459 | 397 | 256 | 291 | 320 |
| Reported PAT | 3,290 | 6,941 | 14,974 | 20,559 | 25,946 | 30,349 | 36,040 | 43,591 |
| Adjusted PAT | 3,251 | 6,941 | 14,974 | 20,559 | 25,946 | 30,454 | 36,040 | 43,591 |
| Change (%) | -30.7 | 113.5 | 115.8 | 37.3 | 26.2 | 17.4 | 18.3 | 20.9 |
| Margin (%) | 5.0 | 7.9 | 11.4 | 12.8 | 13.0 | 14.0 | 13.9 | 14.9 |

| Consolidated - Balance Sheet | | | | | | | | (INRm) |
|-------------------------------------|---------------|---------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E December | CY20 | CY21 | CY22 | CY23 | CY24 | CY25 | CY26E | CY27E |
| Equity Share Capital | 2,887 | 4,330 | 6,496 | 6,496 | 6,763 | 6,763 | 6,763 | 6,763 |
| Total Reserves | 32,353 | 36,469 | 44,528 | 62,869 | 1,59,335 | 1,89,023 | 2,16,610 | 2,51,747 |
| Net Worth | 35,240 | 40,799 | 51,024 | 69,365 | 1,66,098 | 1,95,786 | 2,23,373 | 2,58,510 |
| Minority Interest | 648 | 1,168 | 1,131 | 1,482 | 1,298 | 1,623 | 1,914 | 2,234 |
| Total Loans | 32,059 | 33,418 | 36,948 | 51,944 | 23,643 | 20,241 | 12,241 | 7,241 |
| Deferred Tax Liabilities | 2,149 | 3,087 | 3,368 | 3,430 | 4,879 | 6,192 | 6,192 | 6,192 |
| Capital Employed | 70,096 | 78,473 | 92,471 | 1,26,221 | 1,95,918 | 2,23,842 | 2,43,719 | 2,74,177 |
| Gross Block | 90,086 | 94,420 | 1,06,807 | 1,28,385 | 1,85,018 | 2,30,221 | 2,53,077 | 2,62,754 |
| Less: Accum. Deprn. | 26,242 | 31,555 | 37,727 | 44,536 | 54,010 | 66,174 | 81,078 | 96,037 |
| Net Fixed Assets | 63,844 | 62,865 | 69,080 | 83,849 | 1,31,008 | 1,64,047 | 1,71,999 | 1,66,717 |
| Goodwill on Consolidation | 242 | 242 | 242 | 242 | 3,009 | 3,542 | 3,542 | 3,542 |
| Capital WIP | 668 | 4,966 | 6,066 | 19,222 | 11,667 | 2,708 | 1,354 | 677 |
| Total Investments | 0 | 0 | 0 | 211 | 595 | 1,743 | 4,743 | 8,743 |
| Current Investments | 0 | 0 | 0 | 211 | 0 | 0 | 0 | 0 |
| Curr. Assets, Loans&Adv. | 19,719 | 27,721 | 40,794 | 48,347 | 85,160 | 83,612 | 1,00,592 | 1,35,529 |
| Inventory | 9,288 | 14,481 | 19,939 | 21,505 | 27,912 | 29,518 | 34,664 | 38,973 |
| Account Receivables | 2,418 | 2,212 | 2,993 | 3,594 | 8,458 | 12,490 | 14,257 | 15,227 |
| Cash and Bank Balance | 1,901 | 3,366 | 2,853 | 4,599 | 24,501 | 19,985 | 26,174 | 55,004 |
| Loans and Advances | 6,113 | 7,661 | 15,009 | 18,649 | 24,288 | 21,619 | 25,498 | 26,326 |
| Curr. Liability & Prov. | 14,378 | 17,322 | 23,711 | 25,651 | 35,521 | 31,810 | 38,511 | 41,031 |
| Account Payables | 5,114 | 7,118 | 8,243 | 7,582 | 15,604 | 14,013 | 16,395 | 17,631 |
| Other Current Liabilities | 6,893 | 7,622 | 13,135 | 15,117 | 17,283 | 15,387 | 19,514 | 20,476 |
| Provisions | 2,371 | 2,583 | 2,333 | 2,952 | 2,633 | 2,410 | 2,602 | 2,925 |
| Net Current Assets | 5,342 | 10,399 | 17,083 | 22,696 | 49,639 | 51,802 | 62,081 | 94,497 |
| Appl. of Funds | 70,096 | 78,473 | 92,471 | 1,26,221 | 1,95,918 | 2,23,842 | 2,43,719 | 2,74,177 |

Financials and valuations

Income statement

| Y/E December | CY20 | CY21 | CY22 | CY23 | CY24 | CY25 | CY26E | CY27E |
|-------------------------------|-------|-------|-------|------|------|------|-------|-------|
| Basic (INR) | | | | | | | | |
| EPS | 1.0 | 2.1 | 4.4 | 6.1 | 7.7 | 9.0 | 10.7 | 12.9 |
| Cash EPS | 2.5 | 3.6 | 6.3 | 8.1 | 10.5 | 12.6 | 15.1 | 17.3 |
| BV/Share | 10.4 | 12.1 | 15.1 | 20.5 | 49.1 | 57.9 | 66.1 | 76.4 |
| DPS | 0.2 | 0.3 | 0.7 | 1.0 | 2.5 | 2.5 | 2.5 | 2.5 |
| Payout (%) | 21.9 | 15.6 | 15.2 | 16.4 | 32.6 | 27.9 | 23.5 | 19.4 |
| Valuation (x) | | | | | | | | |
| P/E | 540.1 | 252.9 | 117.2 | 85.4 | 67.7 | 57.6 | 48.7 | 40.3 |
| Cash P/E | 205.6 | 143.3 | 83.0 | 64.1 | 49.6 | 41.2 | 34.5 | 30.0 |
| P/BV | 49.8 | 43.0 | 34.4 | 25.3 | 10.6 | 9.0 | 7.9 | 6.8 |
| EV/Sales | 27.7 | 20.3 | 13.6 | 11.2 | 8.8 | 8.1 | 6.7 | 5.8 |
| EV/EBITDA | 148.6 | 108.0 | 64.2 | 50.0 | 37.3 | 34.7 | 28.9 | 25.0 |
| Dividend Yield (%) | 0.0 | 0.1 | 0.1 | 0.2 | 0.5 | 0.5 | 0.5 | 0.5 |
| FCF per share | 1.7 | 0.9 | 0.1 | -2.4 | -1.1 | 2.4 | 7.2 | 12.9 |
| Return Ratios (%) | | | | | | | | |
| RoE | 9.5 | 18.3 | 32.6 | 34.2 | 22.0 | 16.8 | 17.2 | 18.1 |
| RoCE | 10.4 | 12.5 | 20.9 | 22.1 | 19.2 | 15.8 | 16.6 | 17.7 |
| RoIC | 9.8 | 12.1 | 21.6 | 24.2 | 22.1 | 16.4 | 17.3 | 19.8 |
| Working Capital Ratios | | | | | | | | |
| Fixed Asset Turnover (x) | 0.7 | 0.9 | 1.2 | 1.2 | 1.1 | 0.9 | 1.0 | 1.1 |
| Asset Turnover (x) | 0.9 | 1.1 | 1.4 | 1.3 | 1.0 | 1.0 | 1.1 | 1.1 |
| Inventory (Days) | 53 | 60 | 55 | 49 | 51 | 50 | 49 | 49 |
| Debtor (Days) | 14 | 9 | 8 | 8 | 15 | 21 | 20 | 19 |
| Creditor (Days) | 29 | 29 | 23 | 17 | 28 | 24 | 23 | 22 |
| Leverage Ratio (x) | | | | | | | | |
| Current Ratio | 1.4 | 1.6 | 1.7 | 1.9 | 2.4 | 2.6 | 2.6 | 3.3 |
| Interest Cover Ratio | 2.4 | 6.1 | 11.7 | 10.9 | 8.4 | 22.7 | 30 | 107.0 |
| Net Debt/Equity | 0.9 | 0.7 | 0.7 | 0.7 | 0.0 | 0.0 | -0.1 | -0.2 |

Consolidated - Cash Flow Statement

| Y/E December | CY20 | CY21 | CY22 | CY23 | CY24 | CY25 | CY26E | CY27E |
|----------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| (INR m) | | | | | | | | |
| OP/(Loss) before Tax | 3,625 | 10,066 | 20,236 | 27,398 | 34,346 | 40,157 | 46,629 | 56,296 |
| Depreciation | 5,287 | 5,313 | 6,172 | 6,809 | 9,474 | 12,165 | 14,903 | 14,959 |
| Interest & Finance Charges | 2,730 | 1,850 | 1,854 | 2,681 | 4,504 | 1,696 | -1,170 | -2,808 |
| Direct Taxes Paid | -775 | -1,242 | -3,733 | -6,679 | -7,276 | -8,882 | -10,258 | -12,385 |
| (Inc)/Dec in WC | -1,109 | -2,688 | -5,851 | -6,735 | -6,694 | -5,711 | -4,091 | -3,586 |
| CF from Operations | 9,758 | 13,299 | 18,678 | 23,474 | 34,354 | 39,425 | 46,014 | 52,476 |
| Others | 362 | -985 | -778 | 434 | -543 | -4,332 | 0 | 0 |
| CF from Operating incl EO | 10,120 | 12,314 | 17,900 | 23,908 | 33,811 | 35,093 | 46,014 | 52,476 |
| (Inc)/Dec in FA | -4,282 | -9,229 | -17,499 | -31,939 | -37,404 | -27,124 | -21,502 | -9,000 |
| Free Cash Flow | 5,838 | 3,085 | 401 | -8,031 | -3,593 | 7,969 | 24,512 | 43,476 |
| (Pur)/Sale of Investments | 0 | 0 | 0 | -216 | -6,418 | -401 | -3,000 | -4,000 |
| Others | -429 | -877 | 453 | -743 | 654 | 176 | 2,666 | 3,308 |
| CF from Investments | -4,711 | -10,106 | -17,046 | -32,898 | -43,168 | -27,349 | -21,836 | -9,692 |
| Issue of Shares | 0 | 0 | 0 | 44 | 75,119 | 85 | 0 | 0 |
| Inc/(Dec) in Debt | -2,130 | 1,286 | 3,396 | 15,064 | -35,516 | -5,007 | -8,000 | -5,000 |
| Interest Paid | -2,774 | -1,791 | -1,717 | -2,694 | -4,650 | -1,587 | -1,535 | -500 |
| Dividend Paid | -722 | -1,083 | -1,624 | -2,273 | -3,248 | -5,073 | -8,454 | -8,454 |
| Others | 407 | 845 | -1,423 | 596 | -2,447 | -678 | 0 | 0 |
| CF from Fin. Activity | -5,219 | -743 | -1,368 | 10,737 | 29,259 | -12,259 | -17,989 | -13,954 |
| Inc/Dec of Cash | 190 | 1,465 | -513 | 1,747 | 19,902 | -4,516 | 6,189 | 28,830 |
| Opening Balance | 1,711 | 1,901 | 3,366 | 2,852 | 4,599 | 24,501 | 19,985 | 26,174 |
| Closing Balance | 1,901 | 3,366 | 2,852 | 4,599 | 24,501 | 19,985 | 26,174 | 55,004 |

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|----------------------------------|--|
| 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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