

## Equity Research Report

## Varun Beverages Ltd

About the Company

Varun Beverages Limited (VBL) is a part of RJ Group. VBL is significant player in the beverages industry and is PepsiCo's second largest franchisee (outside US) of carbonated soft drinks (CSD) and non-carbonated beverages (NCBs). The company was incorporated as Varun Beverages Limited on 16 June 1995. VBL started its operations at Jaipur in 1996. In 1999, the company started operations at Alwar, Jodhpur and Kosi.

The company produces and distributes a wide range of carbonated soft drinks, non carbonated drinks and packaged water sold under trademarks owned by PepsiCo. CSD brands sold by the company include Pepsi, Pepsi Black, Mirinda Orange, Mountain Dew, Seven-Up, Seven-Up Nimbooz Masala Soda, Evervess and Sting. NCB brands sold by the company include Tropicana (100%, Essentials & Delight), Tropicana Slice and sports drink Gatorade as well as packaged drinking water under the brand Aquafina.

They operate in ten countries with franchise rights and four countries with distribution rights as of Q1FY25. Three territories in Africa (Morocco, Zambia, and Zimbabwe) generated around 17% of total sales in FY24, whereas three territories in the Indian Subcontinent (India, Sri Lanka, and Nepal) contributed over 83%. VBL has a franchise rights of various PepsiCo products across 26 States and 6 Union Territories in India. As of Q1FY25, VBL has 36 manufacturing facilities in India and 12 internationally. Currently, VBL owns franchisee rights of PepsiCo to manufacture and distribute products till 2039.

VBL Profile is not is restricted to being just a bottler. VBL got into a co-agreement to manufacture Kurkure Puffcorn, and to distribute & sell Lays, Doritos, and Cheetos in the territory of Morocco from January 2023. Currently, VBL has reached around 4 millions + Retail outlets in India as per CY2024. Varun Beverages Limited is a Key player in the global beverage industry and the second-largest franchisee of PepsiCo in the world (outside US).

**Key Points**

- Varun Zimbabwe and Varun Zambia (subsidiaries of the Company) started distribution & selling of PepsiCo's snack products in the territory of Zimbabwe and Zambia w.e.f. 1 February 2025.
- Final dividend of Rs. 0.50 (Fifty paise only) per equity share of the face value of Rs. 2 each for the year ended 31 December 2024, was approved by the shareholders at the Annual General Meeting held on 03 April 2025 and subsequently paid in April 2025.
- CRISIL (an S&P Global Company) upgraded the companies long-term rating for bank loan facilities to Crisil AAA/Stable from Crisil AA+/Stable.
- Consolidated sales volume grew by 30.1%.
- EBITDA increased by 27.8% in Q1 CY2025 to Rs. 12,639.6 million from Rs. 9,887.6 million in Q1 CY2024.
- Post repayment of debt through QIP proceeds, finance cost in India is negligible and there is interest income of Rs. 108 million during the quarter.

**Stock Data as on 9 July 2025**

Previous close	458.15
Open Price	463.95
Day High/Low	469.5 / 463.10
52 -Week High	681.12
52 -Week Low	419.55
Total Traded Quantity	12242000

**Relative Stock Performance – 1Yrs**

Compounded Sales Growth		Stock Price CAGR	
5 Years:	23%	5 Years:	50%
3 Years:	31%	3 Years:	40%
TTM:	29%	1 Year:	-28%

**Shareholding Pattern**

	Mar-23	Mar-24	Mar-25
Promoters	63.90%	62.91%	60.23%
FII's	26.00%	25.79%	22.98%
DII's	3.67%	4.16%	9.19%
Public	6.41%	7.16%	7.59%

**Financial Summary**

Year	2024A	2025E	2026E
Income	204813	273169	355221
Growth	25%	33%	30%
EBITDA	47,111	56,132	72,992
EBITDA (%)	23%	21%	21%
Net Income	26342.9	34158.3	45873.6
PAT (%)	13%	13%	13%
Dividend	0.5	1.3	1.8
ROE	16%	17%	19%
EPS	7.8	10.1	13.6

Prepared By- Dhiraj Mehta

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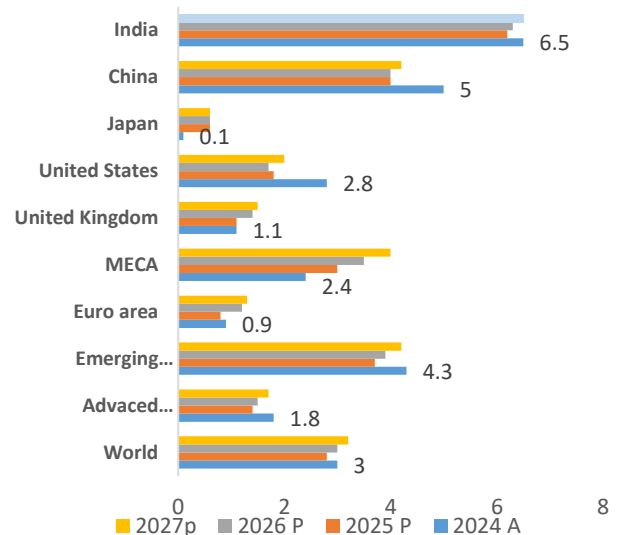
## Varun Beverages Ltd

Global Economy

It is anticipated that the pace of global growth will decline from 3.2% year over year in 2023 to 3.0% in 2024, mainly due to weaker growth prospects in China and Europe. The US economy is predicted to grow faster than its trend rate and is demonstrating ongoing resilience. Although a recession is improbable, the persistently lagged effect of tight monetary policy on demand is reflected in the gradual slowing of global growth. (Source – Company AR)

According to IMF projections, global growth would decrease to 2.8 percent in 2025, which is almost half a percentage point less than the initial estimate. A weak rebound is predicted for 2026–2027, with growth averaging just 3.1% and global output falling well short of January estimates. These decline in growth majorly due to conflicts between Russia and Ukraine, major international conflicts in Europe, also recently many countries get involves in the war like situation (like- Israel – Iran) which disrupted the supply chain and logistics.

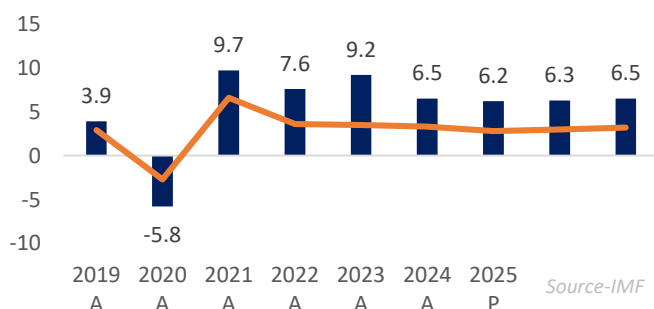
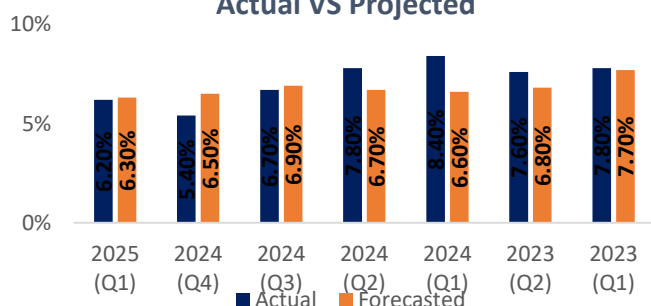
## Global GDP Projection (%)



Due to these issues, developed economies grew at a slower pace, while emerging and developing economies saw growth at 3.7 in CY 2025 as Compare to 4.3% in CY 2024. In the Euro region, where the company has a significant international presence, growth was 0.4% and 0.9% in 2023 and 2024 where as in 2025 the growth decline slightly and have 0.8 % . The overall global economy expanded by 2.8% in CY 2025, compared to 3.3% in the previous year. This all effect the Operational Activities of the Varun beverages as it also operates in international markets, these factor may reduce their revenues for the future years.

Indian Economy

## India vs Global GDP Growth(%)

India GDP Quarterly Growth Growth-  
Actual VS Projected

India remained one of the major economies with the quickest rates of growth in the world in 2024 thanks to its ongoing excellent economic performance. The International Monetary Fund (IMF) expressed confidence in India's economic trajectory by maintaining its prediction for GDP growth at 6.5% for both FY2026 and FY2027. Strong private consumption, especially in rural areas, and significant investments in public infrastructure underpin this solid outlook. Currently ranked as 4th largest economy in the world by nominal GDP surpassed the Japan, India is projected to be world's fastest –growing major economy in the upcoming economy.

India's economic prognosis is still optimistic in spite of global economic difficulties, such as inflationary pressures and geopolitical unrest. With the help of technological improvements and structural changes, India is well-positioned to continue on its current growth trajectory. Even while some industries struggle with issues like rising inflation and declining consumption, these issues also present chances for policy changes to boost demand and guarantee inclusive growth. It is anticipated that the government's proactive fiscal policy and infrastructure

development initiatives will lessen these problems and promote a robust and dynamic business climate. (Source-MDA)

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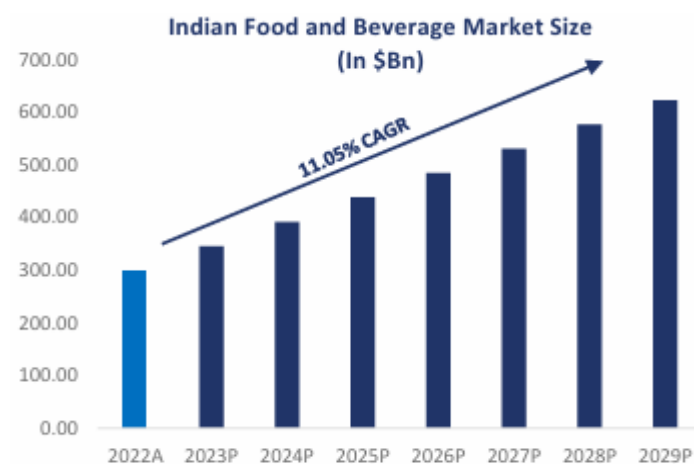
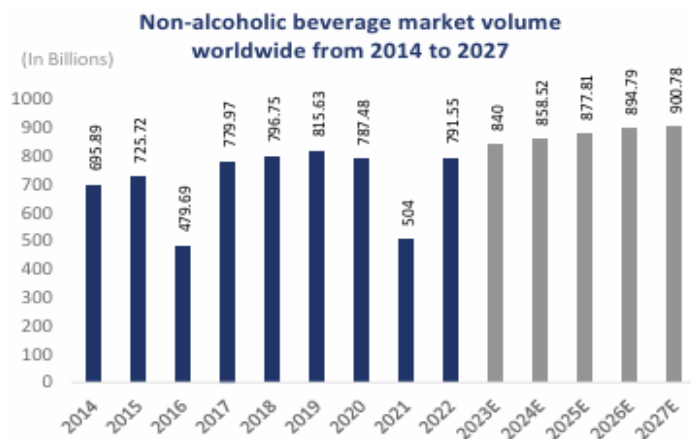
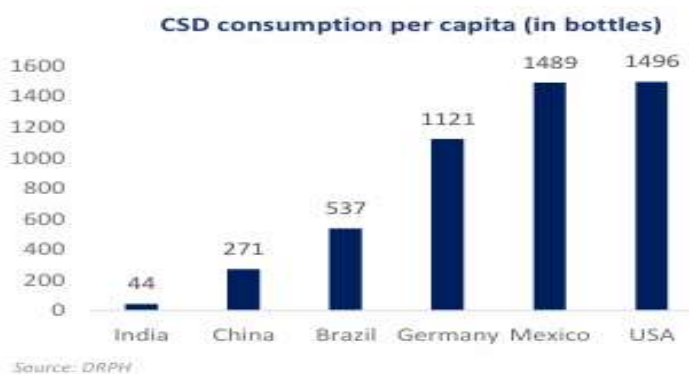
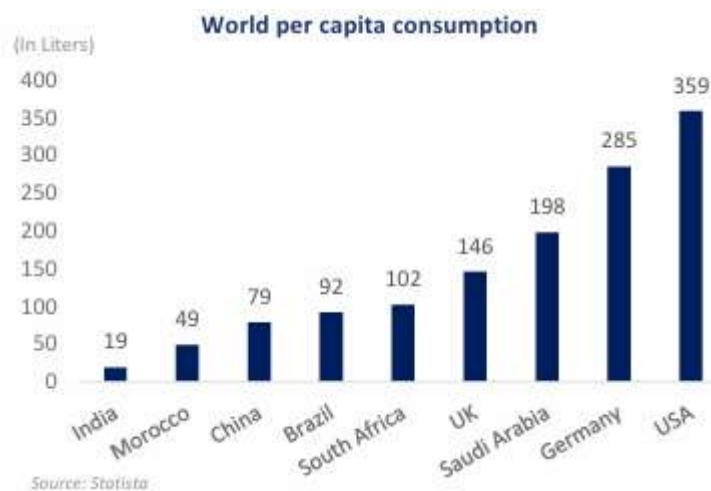


## Global Non-Alcoholic Beverage Industry

The non-alcoholic beverage industry is expected to increase at a compound annual growth rate (CAGR) of 7.4% from 2024 to 2030, from an estimated USD 1,223.93 billion in 2023 to USD 1,997.25 billion by 2030.

The market is expected to grow at a reasonable rate, owing to rising disposable income and shifting consumer preferences toward ready to-drink beverages, particularly in developing and emerging economies. Rising per capita consumption of alcoholic beverages and consumer preferences for premium products are expected to drive market growth.

However, growing health concerns regarding bottled beverages' sugar level could hinder industry expansion. Nonetheless, it is anticipated that the launch of new goods, including beverages with less sugar, would open up a number of market prospects. Demand for non-alcoholic beverages is rising in the market, especially among the millennial and baby boomer groups. Customers' growing interest in health awareness and the availability of a larger range of products with better taste make it easier for them to select items based on their preferences, sales of non-alcoholic beverages have been increasing.



Source: Maximize Market Research

## Indian Beverage Industry

In 2024, the soft drink sector in India faced a difficult environment. Unexpected weather patterns and weakening consumption trends kept demand muted in this historically strong growth market, which was fuelled by rising urbanization, a developing middle class, and changing consumer tastes.

Sales were severely damaged by the unseasonable rains in a number of regions of the nation, especially during the busy summer months, which are crucial for the industry.

The size of the Indian food and beverage market was estimated at US\$ 332 billion in 2023, and it is anticipated that the total income from this sector will increase at a compound annual growth rate (CAGR) of 11.05% between 2024 and 2030, to reach over US\$ 691.47 billion. Future growth prospects for the Indian beverage sector are expected to be substantial due to increased Urban Growth and Increasing Spending Power, Youth Demographic, and Unlocking Growth in Rural India. Additionally, customers are willing to spend more on upscale and specialized goods as a result of rising per capita income. The soft drink market in India is primarily composed of three segments: bottled water, juices, and carbonates. In terms of value, carbonates are the largest category.

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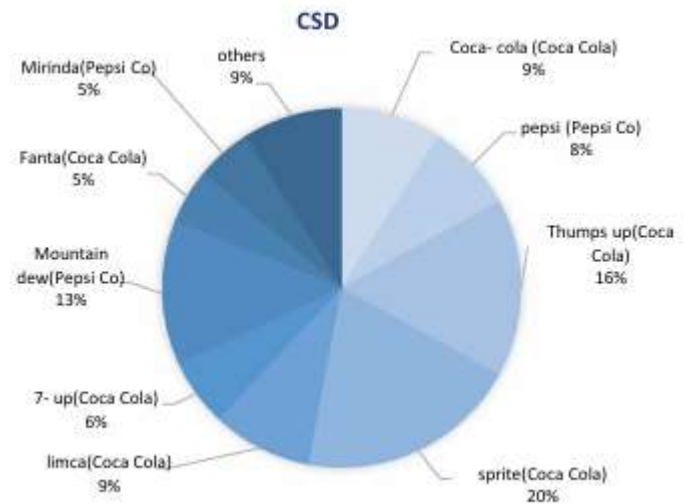


## Indian Soft Drink Market

The value of the Indian soft drink market is estimated at Rs 1,283 billion and its volume at 33,559 million liters. Packaged drinking water (PDW) accounts for 48% of the volume share, with bulk/HOD water coming in second at 23% and carbonated soft drink (CSD) at 19%. Nonetheless, CSDs account for 44% of the sector's value (Rs 567 bn), with PDW coming in second at 30% (Rs 385 bn). Juices, nectar, and still drinks are all included in the JNSD category, which accounts for 19% (Rs 244bn) of the soft drink market.

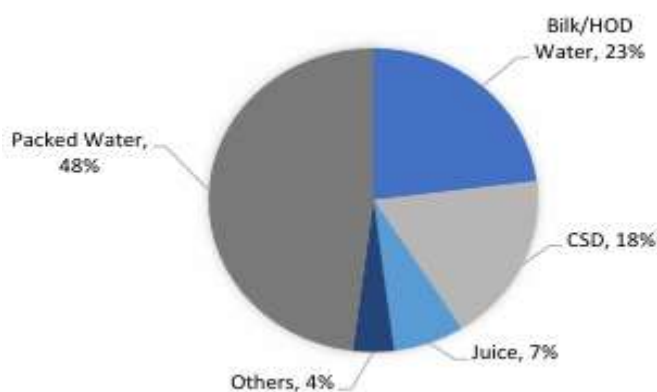
Future growth prospects for the Indian beverage sector are expected to be substantial due to increased market penetration in rural areas, a changing demographic, and the rise of the middle class. Additionally, customers are willing to spend more on niche and high-end goods as a result of rising per capita income. The soft drink market in India is primarily composed of three segments: **bottled water, juices, and carbonates**. In terms of value, carbonates are the largest category. Carbonated drinks (~19%) and bottled and bulk water (~71%) account for the majority of the volume. But when it comes to value, carbonated drinks account for the largest share (around 44%), followed by bottled and bulk water (about 32%) and JNSD (19%).

## Industry market share



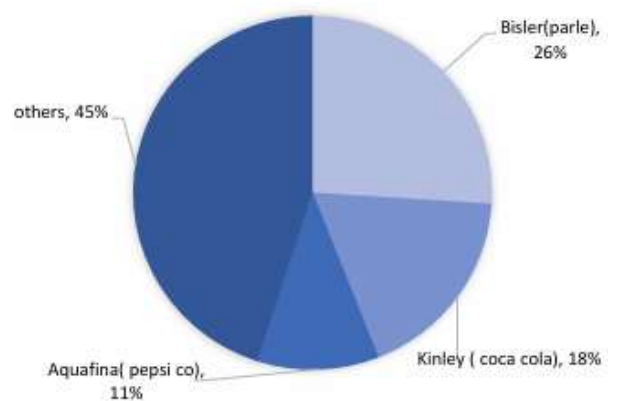
Source: Company data, Market Research

## SOFT DRINK VOLUME SHARE



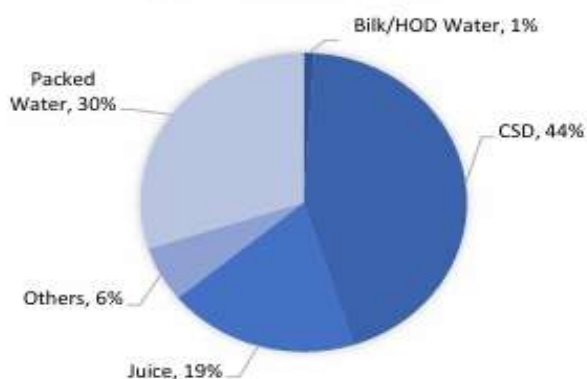
Source: Company data

## PACKAGED DRINKING WATER

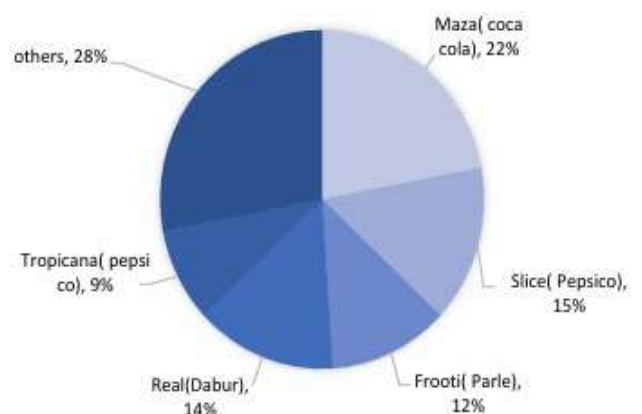


Source: Company data, Market Research

## SOFT DRINK VALUE SHARE



## JUICE





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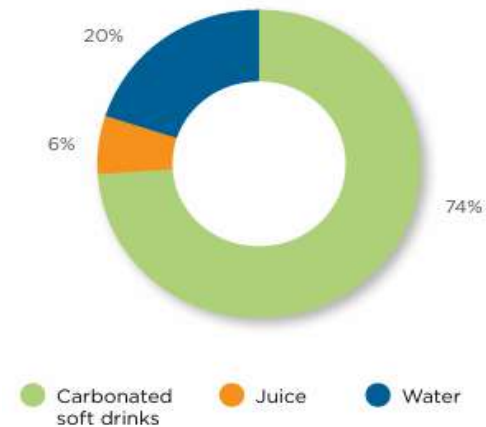
## Varun Beverages Ltd

Varun Beverage Business Model

Varun Beverages Limited is the 2nd largest franchisee of PepsiCo in India. The company's business model revolves around manufacturing, marketing, and distribution of beverages under the PepsiCo brand. VBL sales volume majorly Comes from Carbonated soft drinks (74%), water (20%) and Juice (6%).

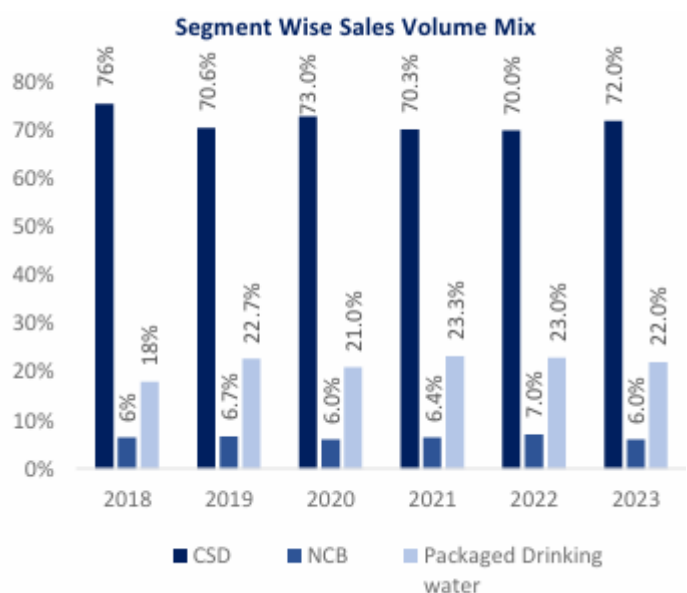
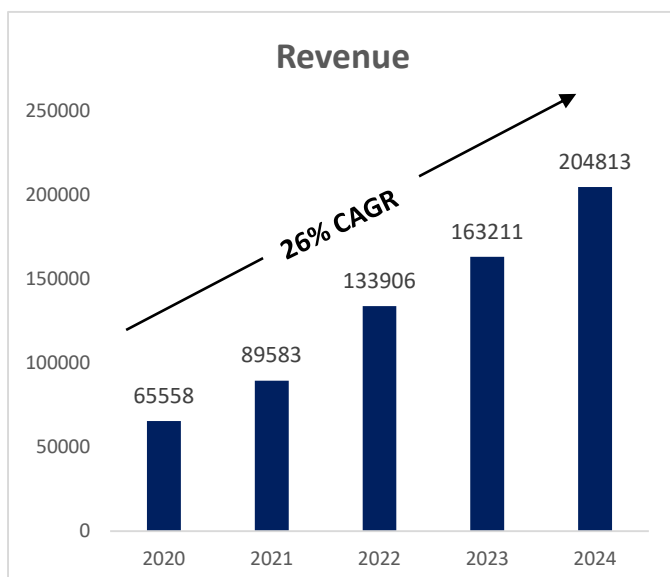
It operates in 9 countries with franchise rights and 4 countries with distribution rights as of Q1FY25. Three territories in Africa (Morocco, Zambia, and Zimbabwe) generated around 17% of total sales in FY24, whereas three territories in the Indian Subcontinent (India, Sri Lanka, and Nepal) contributed over 83%. VBL has a franchise rights of various PepsiCo products across 26 States and 6 Union Territories in India. As of Q1FY25, VBL has 36 manufacturing facilities in India and 12 internationally. Currently, VBL owns franchisee rights of PepsiCo to manufacture and distribute products till 2039.

Share of Segment-wise Sales Volume



The company operates on a franchise model, where it pays a fee to PepsiCo for the right to manufacture and distribute its products. VBL has to set aside 20% of net revenues for which 14% is paid to PepsiCo (8% as concentrate cost that VBL purchases from Pepsi and 6% for the payment towards 'above the line' (ATL) advertising spends). The remaining 6% has to be spend by VBL on below the line (BTL) marketing. As per the agreement with PepsiCo, the responsibilities of both players are clearly pre-determined, pepsiCo will focus on creting the demand while VBL will focus on Fulfillment of demand. There are 3 important raw materials for making beverages: concentrate, sugar and packing materials. The company operates through its own manufacturing facilities and also outsources production to third-party manufacturers.

Varun Beverages' revenue model is based on the sale of its products to retailers and distributors. The company also generates revenue through the sale of PET preforms and caps to third-party manufacturers. Additionally, the company has diversified into the dairy business with the launch of its own brand of milk and dairy products. VBL also has another dairy brand via 'Creambell' (a brand licensed from Devyani Foods). According to the current arrangement, VBL is paying ~1% of its wholesale price in this product to PepsiCo for using the same infrastructure for manufacturing and distribution.



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## Varun Beverages Ltd

Varun Beverage International business

VBL has also been granted the franchise rights for various PepsiCo products for the territories of Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe, South Africa, Lesotho, Eswatini & DRC and 4 countries with distribution rights for Namibia, Botswana, Mozambique and Madagascar. Over the last 5 years, the company has improved its market share in most of International geographies.

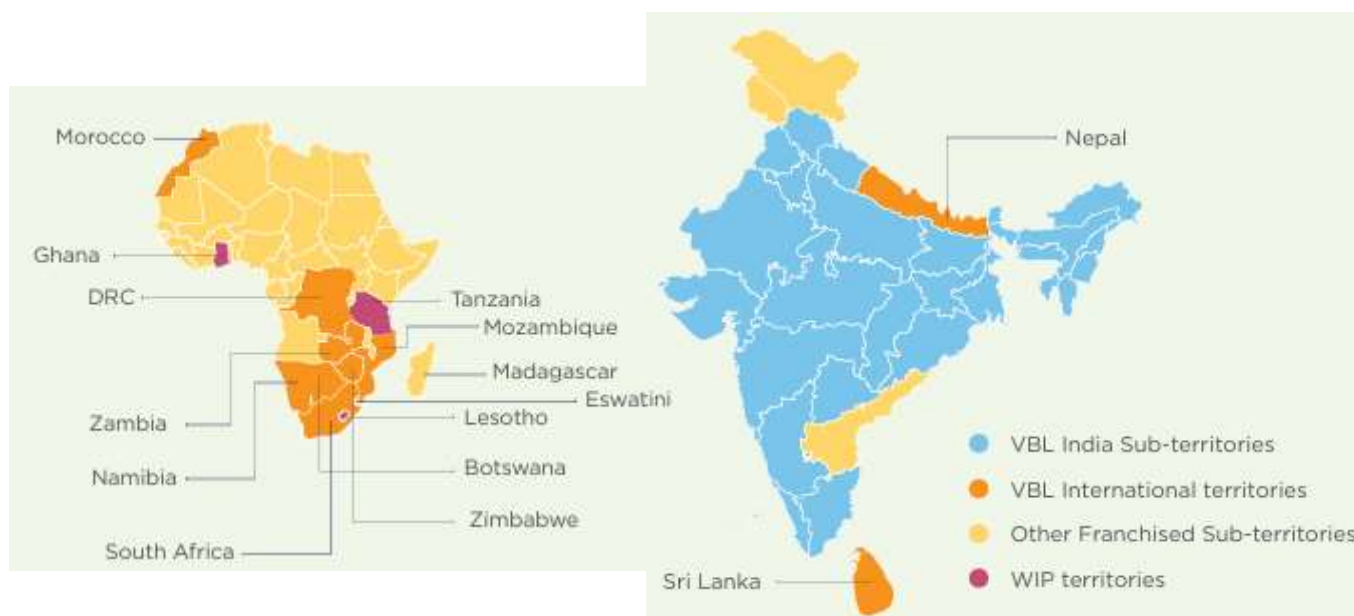
## Sales Volume



\*A unit case is equal to 5.678 liters of beverage divided in 24 bottles of - 237 ml each

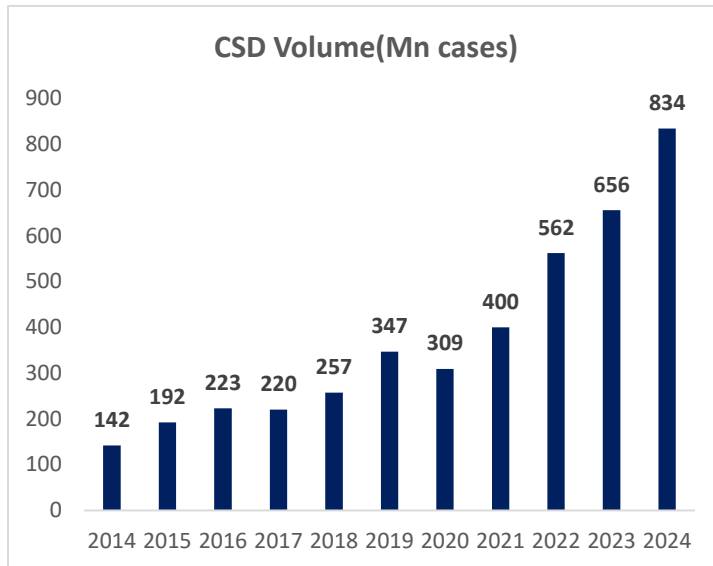
A combination of organic volume growth, an enhanced product mix, and contributions from recent acquisitions propelled VBL's strong performance in CY 2024. Revenue climbed by 24.7% and PAT increased by 25.3% as a result of a 23.2% rise in consolidated sales volume and a 1.3% increase in net realization per case. The business saw double-digit growth in both its Indian and foreign businesses; consolidated volumes increased by 23.2% and India's growth was 11.4%. Packaged drinking water made up 19.6% of total sales volumes in CY 2024, JBD 6.2%, and CSD 74.2%. For the year, realization per case rose 1.3% to about 177.9.

It made significant strides in bolstering the market share in Africa in CY 2024. The beverage company Proprietary Limited (BevCo) was successfully integrated in South Africa, which improved their operational capabilities and sped up growth throughout the continent. This was a significant milestone. In addition to obtaining distribution rights in Namibia, Botswana, Mozambique, and Madagascar, this acquisition allowed the company to strengthen their position in franchised territories in South Africa, Lesotho, and Eswatini. They increased their footprint by making targeted acquisitions in important African regions, building on this momentum.



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**Varun Beverage Business Segments****Segment 1 - Carbonated Soft Drinks (CSD)**

Carbonated soft drinks (CSDs) are made with carbon dioxide gas dissolved in water, as well as flavourings, sweeteners, and other ingredients. They are frequently referred to as fizzy drinks, soda, or pop. VBL is engaged in the bottling, selling and distribution of various PepsiCo India's products (Pepsi, Mountain Dew, Pepsi Black, Mirinda, 7up, Tropicana Slice, Tropicana, Sting, Evervess, Gatorade, Duke's, 7up Nimbooz and 7up Nimbooz Masala Soda). Carbonated soft drinks have expanded 2.5 times in the last five years. CDS contributed 74.20% of the total volume of VBL in CY2024, up from 84% in 2014.

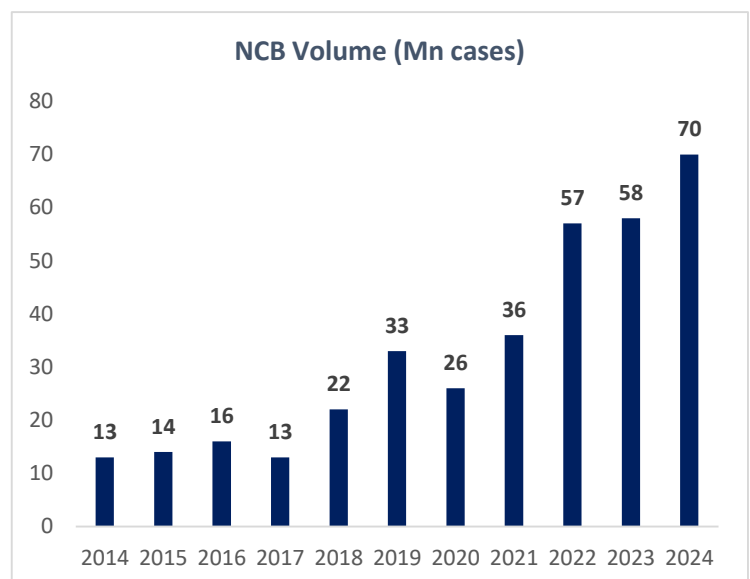
The future of carbonated soft drinks in India is unclear. Although they remain a popular beverage option, people are becoming more conscious of the negative health effects of drinking excessive amounts of sugar and artificial sweeteners. Consequently, a lot of customers

are turning to healthier substitutes like natural juices and flavored water. To further discourage usage and encourage healthier options, the Indian government has also imposed a charge on sugar-filled beverages.

**Segment 2 - Non-Carbonated Beverages (NCBs)**

Carbon-free Soft drinks are defined as those without sparkling tea or carbon dioxide. Tropicana Tropicana Frutz (Lychee, Apple, and Mango), Slice, Lipton ice tea, and 7UP Nimbooz are available from VBL in the NCB category. One of India's top companies in the juice market is PepsiCo. During CY24, juices accounted for 6.2% of VBL's overall volume share, which increased by 21.9% CAGR from CY20 to CY24.

In addition, there is growing awareness about the health risks associated with consuming too much sugar and artificial sweeteners. many consumers are shifting towards non-carbonated soft drinks that are free from these additives. Non-carbonated soft drinks, such as juices and flavored water, are becoming increasingly popular in India. Consumers are looking for healthier alternatives to carbonated sodas, and non-carbonated drinks are seen as a more natural and nutritious option. Overall, it seems that the future of beverages in India is moving towards healthier and more natural options, with non-carbonated soft drinks playing an important role in this shift.

**Segment 3 – Packaged drinking water volume(PWD)**

Another market where VBL has demonstrated a strong volume CAGR of 19.5% over CY2020–2024 is packaged drinking water (PDW). In CY24, the sale of drinking water packages accounted for 19.60% of total volumes.

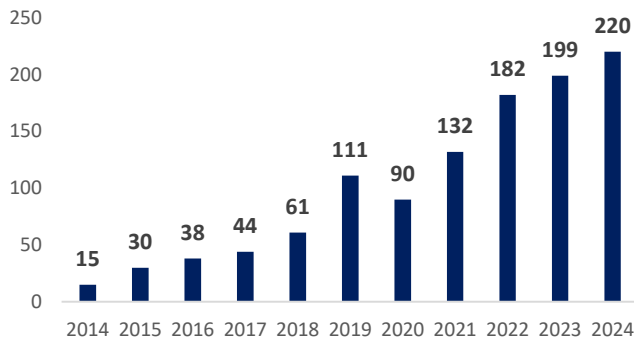
Aquafina is a key brand for VBL in this market. The market for PDW is INR400+ billion. The public's growing health consciousness and understanding of water quality and the proliferation of water-borne illnesses present significant growth opportunities for the PDW market.

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Packaged Drinking water(mm cases)



Over the past few years, packaged drinking water (PDW) has grown at the quickest rate due to rising health concerns and growing consumer confidence in PDW. In addition to strong industry expansion, the segment's significant growth was caused by entry into new geographies like Morocco and Sri Lanka.

**VBL's distribution model**

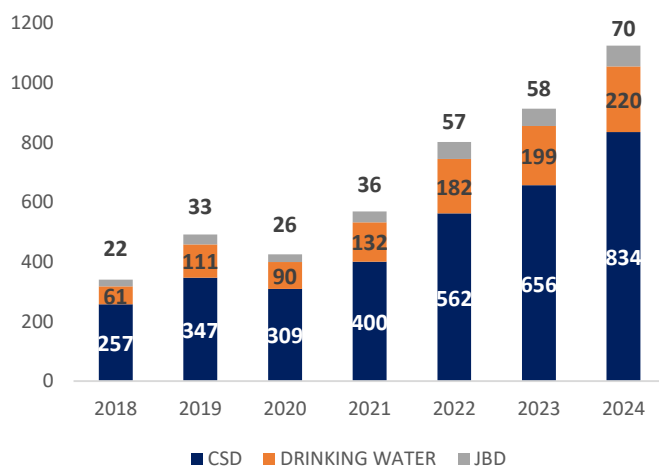
VBL has a franchise rights of various PepsiCo products across 26 States and 6 Union Territories in India, along with territories of Nepal, Sri Lanka, Morocco, Zambia, Zimbabwe,

South Africa, Lesotho, Eswatini & DRC and 4 countries with distribution rights for Namibia, Botswana, Mozambique and Madagascar. VBL has total 36 production facilities in India and 12 in International catering to different products. Currently, VBL owns franchisee rights of PepsiCo to manufacture and distribute products till 2039. To achieve all this VBL has 2800+ primary distributors in India. It also has 130+ depots, 2600+ owned delivery vehicles. To increase penetration, it also installed 1.15 million+ visi-coolers across its territories. VBL's contribution to PepsiCo India's volume increased from 27% in CY11 to 45% in CY16 and gradually to 90%+ in CY24. VBL has achieved monopoly in India, in terms of selling PepsiCo's beverage products.

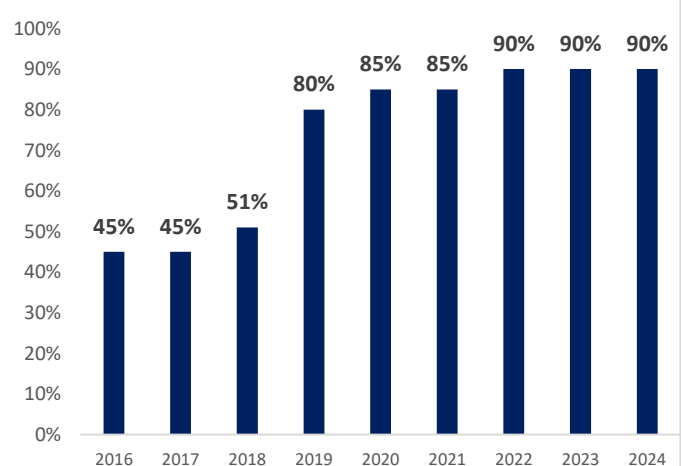
In India, there are 9 to 10 million outlets. VBL currently reaches only 4 million+ outlets in India, so there is much more room to grow for VBL in its distribution network. VBL target is to attend 15% - 20% of outlets additionally per year. Out of the 4 million+ outlets where VBL is present, 60% do not have a visi-cooler because of the lack of availability of electricity or because a competitor has already set up its own visi-cooler. For outlets which don't have any Visi Coolers, given that the cost of the machine is borne by VBL (~Rs 20,000/Visi Cooler). VBL has a target to add 70000 - 80000 visi-coolers every year. VBL owns the manufacturing rights of CSDs & NCB of PepsiCo. Along with beverages, VBL got into a Co-Agreement to manufacture Kurkure Puffcorn.

Geography	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Primary Distributors	1186	1049	1100+	1500+	1500+	2000+	2400+	2400+	2800+
Depot	71	72	80+	90+	90+	110+	110+	120+	130+
Owned Vehicles	2024	2122	2400+	2400+	2500+	2500+	2500+	2500+	2600+
Visi Coolers	458000	474500+	550000+	775000+	800000+	840000+	925000+	1000000+	1150000+

Category Wise Volume Growth



PepsiCo India's Volume



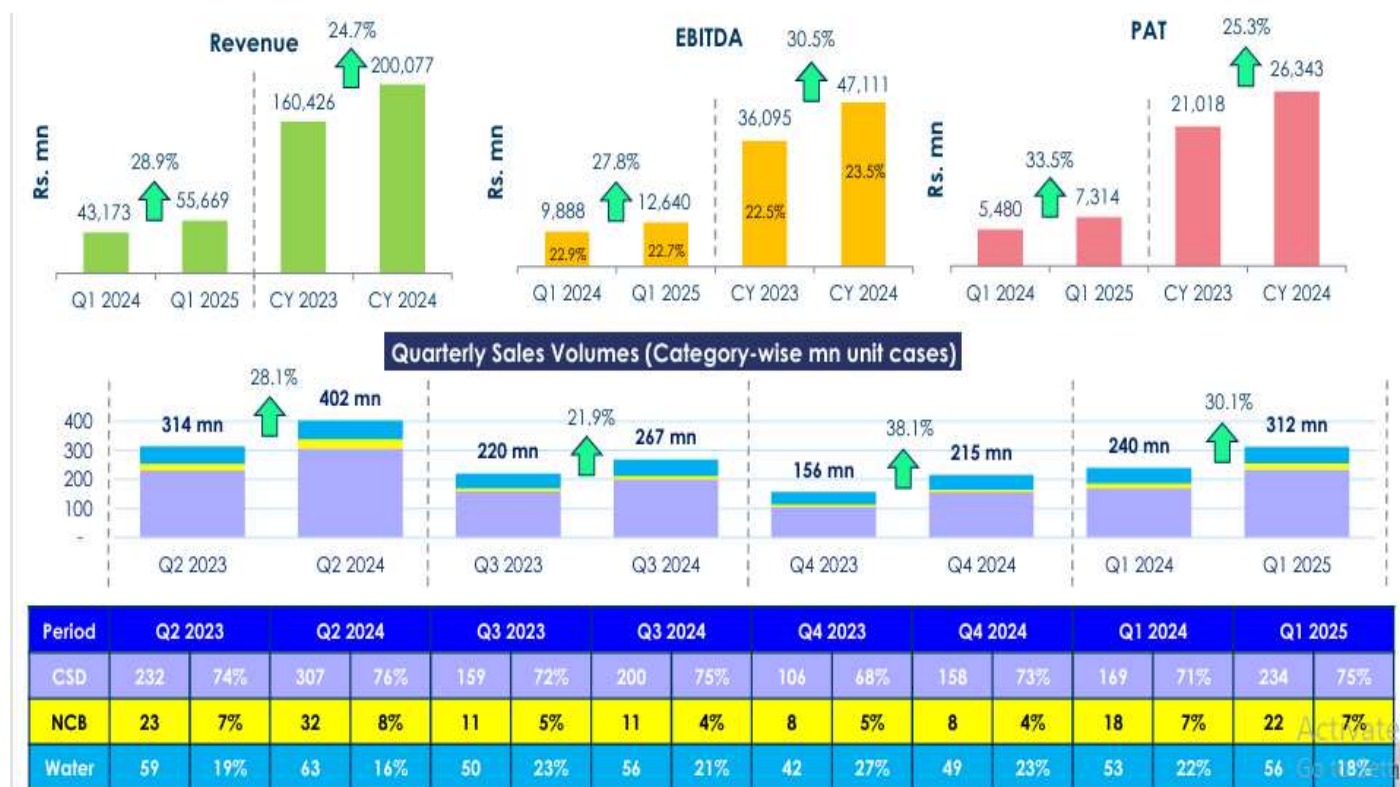


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Quarterly Result Analysis- Q1CY2025

- The first quarter of CY2025 had strong financial and operational results. India's robust organic volume increase of 15.5% was the main driver of the 30.1% YoY growth in consolidated sales volumes.
- Due to robust organic volume growth of 15.5% in India and in-organic volume contributions from South Africa and the Democratic Republic of the Congo, consolidated sales volume increased by 30.1% to 312.4 million cases in Q1 CY2025 from 240.2 million cases in Q1 CY2024. From Rs. 43,173.1 million in Q1 CY2024 to Rs. 55,669.4 million in Q1 CY2025, net revenue from operations increased by 28.9%.
- In the last four quarters, they reached 141 million cases in South Africa, an increase of about 13% over the same time last year. In Q1 CY2025, packaged drinking water made up 18%, NCB 7%, and CSD 75%.
- Gross margins were 54.6%, a decrease of 171 basis points from Q1 CY2024, as a result of the increased mix of CSD in India and the comparatively lower margin profile of owned brands in the South African market. The mix of low- and no-sugar products grew to around 59% of our total sales volumes in Q1 CY2025.
- In accordance with the growth in net revenue, EBITDA climbed by 27.8% in Q1 CY2025 to Rs. 12,639.6 million from Rs. 9,887.6 million in Q1 CY2024. Due to the lower profitability in the South African market at 14.4% and its higher mix in the first quarter of 2025, EBITDA margins slightly decreased at the consolidated level by 20 basis points. Strong volume growth and reduced financing costs drove a 33.5% increase in PAT from Rs. 5,479.8 million in Q1 CY2024 to Rs. 7,313.6 million in Q1CY2025.
- The commissioning of last year's new facilities (Supa, Gorakhpur, and Khordha), which weren't there in the base quarter, plus the consolidation of SA & DRC in the current quarter caused the depreciation to rise by 45.3%.

Results Overview

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## Varun Beverages Ltd

Peer Analysis

PepsiCo is the second-biggest player in the Indian soft drink market, after Coca-Cola, according to industry sources. About 90% of India's total CSD demand is met by Coca-Cola and PepsiCo combined. The Coca-Cola Company has granted rights to several businesses. The Coca-Cola Company has granted licenses to a number of Indian businesses, the biggest of which is Hindustan Coca-Cola Beverages (HCCB) Private Limited.

Backward integration has caused VBL's gross margins to be approximately 3–5% higher than HCCB's. Furthermore, VBL's operating margins are better than HCCB's because of lower general and miscellaneous expenses. It is anticipated that rising per capita income, expanding refrigeration penetration, and increasing household electrification in rural and semi-rural areas will affect overall beverage consumption. Due to the consolidation in new areas, VBL is expected to increase its market share. Coca-Cola's market share decreased from over 61% in CY12 to about 56% in CY19, while PepsiCo's market share was steady at about 35% during the same time frame.

Distribution Reach and Manufacturing Facilities

Particulars HCCB VBL	HCCB	VBL
Manufacturing Facilities in India	16	48
Outlet Reach( in MN)	2.5	4+
Distributors	3500+	2800+

In terms of market share, Coca-Cola is the leader with a 42% share, while Pepsi has a 31% share (Worldwide). However, Pepsi has been gaining ground in recent years, thanks in part to its successful marketing campaigns and product innovations. Both companies have diversified their product lines to include non-carbonated beverages such as bottled water, sports drinks, and energy drinks. They have also expanded their global reach, with Coca-Cola being sold in over 200 countries and Pepsi in over 190 countries. One of the biggest differences between the two companies is their branding. Coca-Cola has always marketed itself as a classic, timeless brand, while Pepsi has positioned itself as a more youthful and trendy brand.

Peer products table

Category	Manufacturers	Product
CSD	PepsiCo	Mountain Dew, Pepsi, Sting, Mirinda, 7 UP, Gatorade
	Coca Cola	Sprite, Thumps Up, Thumps Up Charged, Coca Cola, Limca, Fanta
	Parle	Appy Fizz, B Fizz, Bailey Soda, Frio, Dhishoom, Bombay 99
	Monster Beverages Corp	Monster
	Redbull	Redbull
	Campa Cola	Campa Cola, Campa Lemon and Campa Orange
Water	PepsiCo	Aquafina
	Coca Cola	Kinley
	Parle	Bisleri
Juice	PepsiCo	Slice, Tropicana
	Coca Cola	Maaza, Minutes Maid
	Parle	Frooti, Appy
	Dabur	Real
	Hector Beverages	Paper Boat

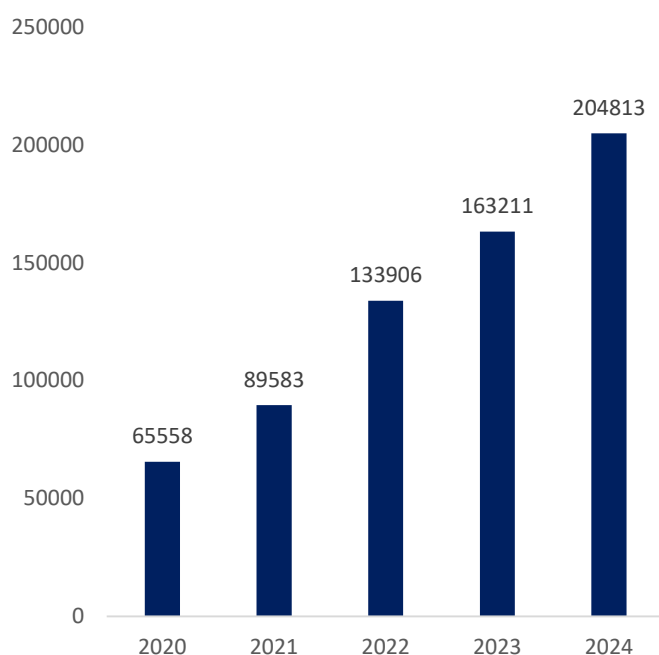
## Equity Research Report

## Varun Beverages Ltd

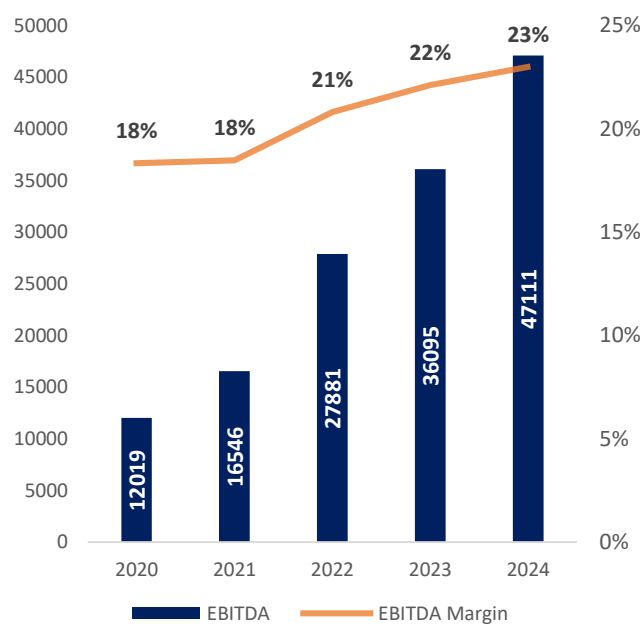


## 5-Year Financial Highlights

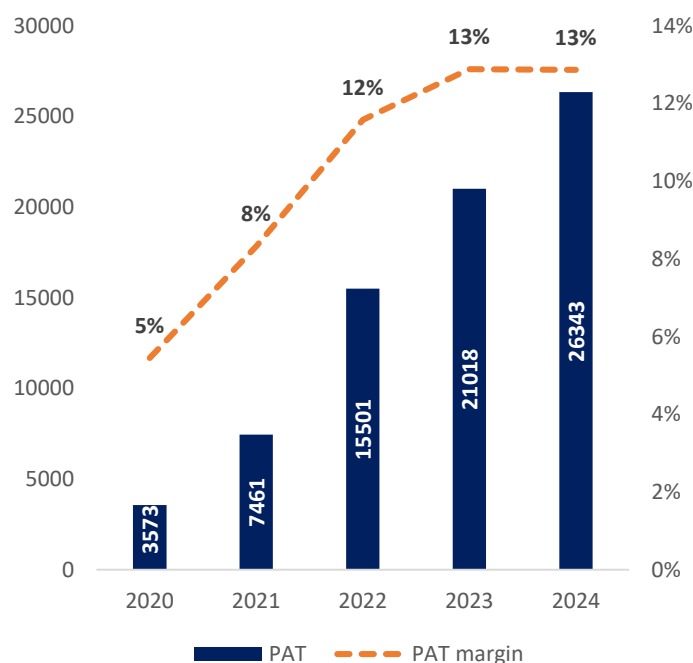
**Net Revenue (INR million) Compound Annual Growth Rate (2020-24): 26%**



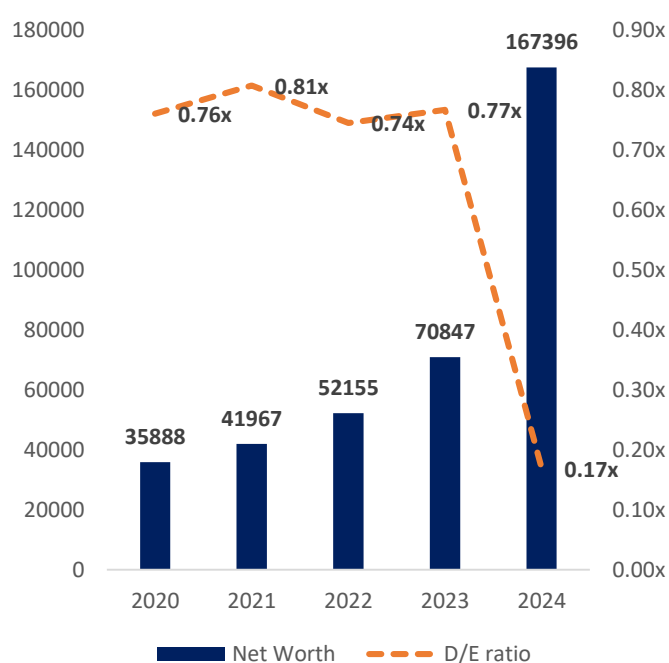
**EBITDA and EBITDA Margin (INR million) Compound Annual Growth Rate (2020-24): 31%**



**PAT and PAT Margin (INR million) Compound Annual Growth Rate (2020-24): 49%**



**Net Worth and Net Debt Equity Ratio Compound Annual Growth Rate (2019-23): 36%**



## Equity Research Report

## Varun Beverages Ltd

Management Analysis

## Leadership

*Below are the details and experience of Management*

S No.	Name	Designation	Description	Comments
1	Mr. Ravi Jaipuria	Promoter & Non Executive Chairman	He is the promoter of the Company and has over three decades of experience in conceptualizing, executing, developing and expanding food, beverages and dairy business in South Asia and Africa. He has completed higher secondary education from Delhi Public School, Mathura Road, New Delhi. He has an established reputation as an entrepreneur and business leader and is the only Indian Company's promoter to receive PepsiCo's award for International Bottler of the Year, awarded in 1997. He was also awarded the 'Distinguished Entrepreneurship Award' at the PHD Chamber Annual Awards for Excellence 2018.	Mr. Ravi Jaipuria is well qualified and capable of serving as the Chairman of the company, with a strong track record in the industry and a history of success.
2	Varun Jaipuria	Promoter & Whole-time Director	He attended Millfield School, Somerset, England and a degree course in international business from the Regent's University, London. He has 13 years of experience in the soft drinks industry and has also completed a program for leadership development at the Harvard Business School. He has been with the Company since 2009 and has been responsible for the development of Company's new business initiatives that includes implementation of sales automation tools.	Mr. Varun Jaipuria appears to be a highly experienced and accomplished individual with a strong track record of contributing to the development and success of the company.
3	Raj Pal Gandhi	Whole-time Director	He is a commerce graduate from University of Delhi and a qualified chartered accountant. Out of his total 41 years of experience, 29 years of experience is with the Group itself. He is instrumental in formulating company's strategy, diversification, expansion, mergers and acquisitions, capex planning and capital/fund raising. He enjoys rich relationship with institutional investors and lenders.	He is instrumental in formulating company's strategy, diversification, expansion, mergers and acquisitions, capex planning and capital/fund raising.
4	Rajinder Jeet Singh Bagga	Whole-time Director	He holds a master's degree in mechanical engineering from the Indian Institute of Technology, Kanpur. He has been associated with the Company since 1996 and is currently heading technical operations since 2003. He has an experience of 25 years with the Company in managing technical operations and execution of projects. Prior to this, he was associated with Eveready Industries India Limited for approximately 10 years and was last working in the capacity as their production manager.	Rajinder has extensive technical knowledge, tenure, and proven track record, he exhibits potential to contribute significantly to the company's leadership, potentially serving as both promoter and chairman, offering valuable technical and strategic insights.
5	Dr. Naresh Trehan	Non-Executive Non Independent Director	He holds a bachelor's degree in Medicine and Surgery from the University of Lucknow and has been certified as a renowned Cardiothoracic Surgeon by the American Board of Thoracic Surgery. He has trained and practiced at New York University Medical Center at Manhattan USA from July 1, 1971 to June 30, 1975 and is an honorary fellow at the Royal Australasian College of Surgeons. He has received many prestigious awards, including the Padma Bhushan Award, presented by the Government of India.	Bachelor's in Medicine and Surgery, certified Cardiothoracic Surgeon by the American Board. Trained at NYU Medical Center, honored fellow at RACS, and recipient of Padma Bhushan Award in India.



## Equity Research Report

## Varun Beverages Ltd

**Management Analysis****Independent Directors**

*Below are the details and experience of Management*

S No.	Name	Designation	Description	Comments
6	Dr. Ravi Gupta	Independent Director	He holds a bachelor's degree and a master's degree in commerce from the University of Delhi. He also holds a bachelor's degree in law from the University of Delhi, a diploma in labor law from the Indian Law Institute, a master's degree in business administration from the Faculty of Management Studies, University of Delhi and a doctorate in philosophy for his thesis on 'Country Risk Analysis in Investment Financing Decision Making' from the University of Delhi. He was employed as an Associate Professor in the commerce department of Shri Ram College of Commerce, University of Delhi	Dr. Ravi Gupta showcases a strong potential to serve as an independent director for the company. His broad ranging qualifications and government involvement reflect his ability to provide valuable insights and guidance in a directorial capacity.
7	Sita Khosla	Independent Director	She holds a bachelor's degree in law from the University of Delhi and is enrolled with the Bar Council of Delhi since 1987. She practices in the areas of corporate, contract and commercial laws since 1992. She has been involved in providing advice on a wide range of issues from company formation, corporate governance and regulatory compliance to mergers and acquisitions, corporate restructuring, joint ventures, foreign investments, exchange control regulations and securities laws.	Mrs. Sita Khosla appears to have a strong educational background and extensive experience in corporate and commercial law which makes her a potentially capable candidate for serving as an Independent Director
8	Rashmi Dhariwal	Independent Director	She holds a bachelor's degree in Arts from the University of Delhi and is a practicing advocate at the Calcutta High Court since 1978. She is also the chairperson of a non-profit organization called Prayatn which provides education to underprivileged children. She has also worked in several leading firms in India including Khaitan & Co, Calcutta and Delhi, Mulla & Mulla, Mumbai and also in the Philippines.	Mrs. Rashmi Dhariwal appears to have a diverse and extensive background in law, education, and work in leading firms, which may make her a strong candidate for an independent director role
9	Abhiram Seth	Independent Director	He holds a master's degree in management studies from Jamnalal Bajaj Institute, Bombay University, with a focus on marketing, and a bachelor's degree in economics from Delhi University. Since 2008, he has served as the managing director of Aquagri, an organization dedicated to advancing aqua agriculture among coastal communities by means of self-help organizations. In 1975, he began working for Hindustan Lever Limited in the sales and marketing department. In 2001, he was given the additional duty of spearheading the company's sustainability program and foreign relations.	Mr Abhiram Seth appears to have a diverse and extensive background in Marketing, Economics, and work in leading firms, which may make her a strong candidate for an independent director role.
10	Anil Kumar Sondhi	Independent Director	He holds a Master of Business Administration from Delhi University's Faculty of Management Studies and a B.Tech from IIT Delhi. He has worked in the fields of projects, manufacturing, and technical operations in the process industry for more than 45 years. In his early professional years, he worked with Shriram Industrial Enterprises Limited on manufacturing projects and projects involving heavy chemicals such as acids, oleums, caustic soda, chlorine, edible oils, fats, and calcium carbide.	Mr Anil Kumar Sondhi appears to have a diverse and extensive background in operations, manufacturing, and work in leading firms, which may make her a strong candidate for an independent director role.

## Equity Research Report

## Varun Beverages Ltd

Commentary

The company has strong management with vast experience and technical expertise. Further, independent directors are well diversified. And are from different industries having different professional skills such as surgeon, lawyer, CEO's, Assistant Professor, advocate and member of bar council of India. one of the independent director Dr. Naresh Trehan has served as personal surgeon the president of India since 1991, has been awarded with padam shri, padam bhushan. so, with that Many good people on board in my opinion that they will act in the favor of shareholders.

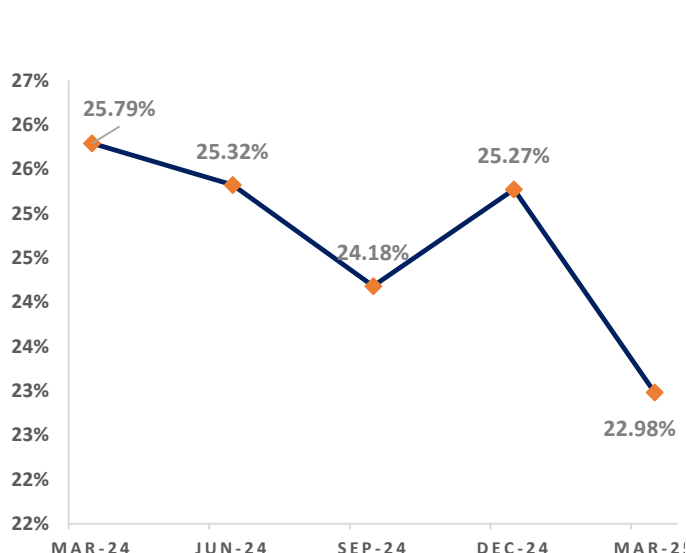
The Current Promoter & Chairman Mr. Ravi Jaipuria has over four decades of experience in conceptualizing, executing, developing and expanding food, beverages and dairy business in South Asia and Africa. His son varun jaipuria . He has been actively working with the Company since 2009 and played a significant role in acquisitions and integration of acquired territories. The rest of management has been associated with the company for a long time like Rajinder Jeet Singh Bagga who is whole-time director has been associated with the Company since 1996 and is currently heading technical operations since 2003.

Shareholding patters

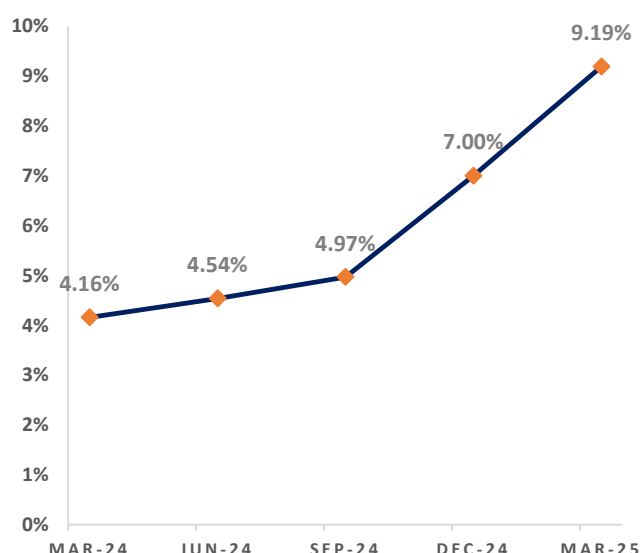
The **promoter holding** has steadily declined from **73.57% in Mar-18** to **60.23% in Mar-25**, indicating dilution to improve liquidity or meet regulatory norms. Despite this, promoters still hold a majority stake. **FII**s have shown rising interest, increasing their stake from **13.41% to 22.98%**, peaking at **26% in Mar-23**. This reflects strong foreign confidence in the company's growth and performance. **DII**s holdings were volatile, dropping to **3.67% in Mar-23** but rebounding strongly to **9.19% in Mar-25**, showing renewed domestic institutional interest. **Public shareholding** has remained stable, ranging from **5.84% to 8.11%**, currently at **7.59%**, indicating consistent retail participation.

	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Promoters	73.57%	73.56%	68.04%	66.40%	64.89%	63.90%	62.91%	60.23%
FIIs	13.41%	13.51%	19.82%	20.28%	21.03%	26.00%	25.79%	22.98%
DII	4.91%	6.42%	6.30%	5.90%	7.21%	3.67%	4.16%	9.19%
Public	8.11%	6.51%	5.84%	7.42%	6.87%	6.41%	7.16%	7.59%

Last 5 Quarter FIIs trend



Last 5 Quarter DIIs trend



## Equity Research Report

## Varun Beverages Ltd

Quarterly Snapshot

Particulars in (MN)	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
<b>Sales</b>	<b>38930</b>	<b>56110</b>	<b>38710</b>	<b>26680</b>	<b>43170</b>	<b>71970</b>	<b>48050</b>	<b>36890</b>	<b>55670</b>
YOY Sales Growth %	38%	13%	22%	20%	11%	28%	24%	38%	29%
<b>Expenses</b>	<b>30950</b>	<b>41010</b>	<b>29890</b>	<b>22490</b>	<b>33290</b>	<b>52060</b>	<b>36540</b>	<b>31100</b>	<b>43040</b>
<b>Operating Profit</b>	<b>7980</b>	<b>15,110</b>	<b>8820</b>	<b>4180</b>	<b>9890</b>	<b>19,910</b>	<b>11,510</b>	<b>5790</b>	<b>12,630</b>
OPM %	20%	27%	23%	16%	23%	28%	24%	16%	23%
Other Income	100	420	190	90	80	440	240	450	280
Interest	630	690	620	740	940	1290	1190	1090	410
Depreciation	1720	1720	1710	1660	1880	2420	2570	2610	2730
<b>Profit before tax</b>	<b>5730</b>	<b>13,110</b>	<b>6670</b>	<b>1880</b>	<b>7160</b>	<b>16,630</b>	<b>8000</b>	<b>2540</b>	<b>9780</b>
Tax %	24%	23%	23%	24%	23%	24%	21%	23%	25%
<b>Net Profit</b>	<b>4390</b>	<b>10,050</b>	<b>5140</b>	<b>1440</b>	<b>5480</b>	<b>12,620</b>	<b>6290</b>	<b>1960</b>	<b>7310</b>
YOY Profit Growth %	69%	26%	32%	77%	25%	26%	24%	40%	35%
<b>EPS in Rs</b>	<b>1.32</b>	<b>3.06</b>	<b>1.54</b>	<b>0.41</b>	<b>1.65</b>	<b>3.86</b>	<b>1.91</b>	<b>0.55</b>	<b>2.15</b>

Annual Snapshot

Particulars in (MN)	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E
<b>Revenue from operations</b>	<b>65558</b>	<b>89583</b>	<b>133906</b>	<b>163211</b>	<b>204813</b>	<b>273169</b>	<b>355221</b>	<b>451250</b>
Y-O-Y Growth		37%	49%	22%	25%	33%	30%	27%
Cost of Goods Sold (COGS)	28696	41697	64786	76834	93784	126513	164514	208988
<b>Gross Profit</b>	<b>36862</b>	<b>47886</b>	<b>69120</b>	<b>86377</b>	<b>111029</b>	<b>146656</b>	<b>190707</b>	<b>242262</b>
Gross Margin	56%	53%	52%	53%	54%	54%	54%	54%
Total Expenses	24843	31339	41239	50282	63919	90524	117715	149537
<b>EBITDA</b>	<b>12019</b>	<b>16546</b>	<b>27881</b>	<b>36095</b>	<b>47111</b>	<b>56132</b>	<b>72992</b>	<b>92725</b>
EBITDA Margin	18%	18%	21%	22%	23%	21%	21%	21%
Depreciation	5287	5313	6172	6809	9474	12693	15282	17900
<b>EBIT</b>	<b>6732</b>	<b>11234</b>	<b>21709</b>	<b>29286</b>	<b>37637</b>	<b>43439</b>	<b>57710</b>	<b>74825</b>
EBIT Margin	10%	13%	16%	18%	18%	16%	16%	17%
Interest	2811	1847	1861	2681	4504	1940	1940	1940
Other Income	-296	679	388	789	1198	910	1183	1503
<b>EBT</b>	<b>3625</b>	<b>10066</b>	<b>20236</b>	<b>27394</b>	<b>34331</b>	<b>42408</b>	<b>56953</b>	<b>74388</b>
EBT Margin	6%	11%	15%	17%	17%	16%	16%	16%
Taxes	52	2606	4735	6375	7988	8250	11080	14471
<b>Net Income</b>	<b>3573</b>	<b>7461</b>	<b>15501</b>	<b>21018</b>	<b>26343</b>	<b>34158</b>	<b>45874</b>	<b>59917</b>
Net Profit Margin	5%	8%	12%	13%	13%	13%	13%	13%

## Equity Research Report

## Varun Beverages Ltd

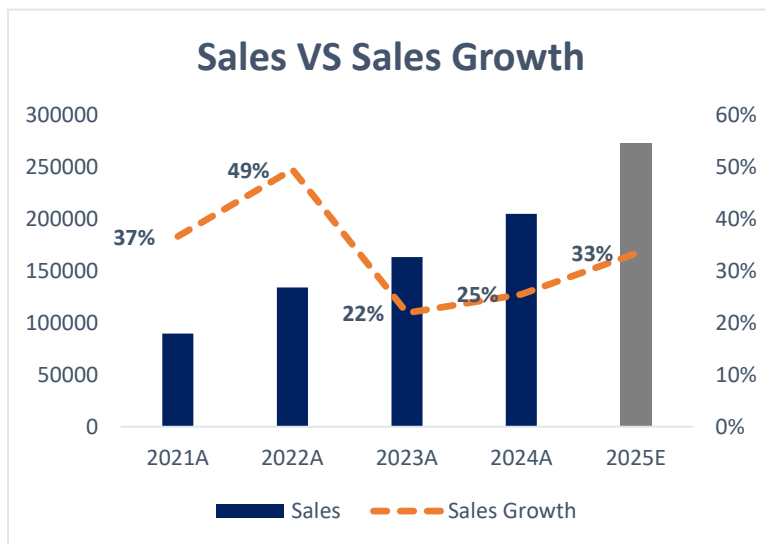
Ratio Analysis

Ratios	2021A	2022A	2023A	2024A	2025E	2026E	2027E
Sales Growth	37%	49%	22%	25%	33%	30%	27%
EBITA Growth	38%	69%	29%	31%	19%	30%	27%
EBIT Growth	67%	93%	35%	29%	15%	33%	30%
Net Profit Growth	109%	108%	36%	25%	30%	34%	31%
Gross Margin	53%	52%	53%	54%	54%	54%	54%
EBITDA Margin	18%	21%	22%	23%	21%	21%	21%
EBIT Margin	13%	16%	18%	18%	16%	16%	17%
EBT Margin	11%	15%	17%	17%	16%	16%	16%
Net Profit Margin	8%	12%	13%	13%	13%	13%	13%
SalesExpense%Sales	35%	31%	31%	31%	33%	33%	33%
Dep%Sales	6%	5%	4%	5%	5%	4%	4%
OperatingIncome%Sales	13%	16%	18%	18%	16%	16%	17%
Return on Capital Employed	14%	23%	22%	19%	19%	21%	23%
Return on Equity%	18%	30%	30%	16%	17%	19%	21%
Interest Coverage Ratio	6.08x	11.66x	10.92x	8.36x	22.39x	29.74x	38.56x
Debtor Turnover ratio	40.49x	44.73x	45.41x	24.21x	33.96x	33.96x	33.96x
Creditor Turnover Ratio	5.86x	7.86x	10.13x	6.01x	6.75x	6.75x	6.75x
Inventory Turnover	2.88x	3.25x	3.57x	3.36x	3.21x	3.21x	3.21x
Fixed Asset Turnover	1.32x	1.78x	1.58x	1.44x	1.59x	1.77x	1.96x
Capital Turnover Ratio	2.20x	2.62x	2.35x	1.23x	1.40x	1.51x	1.57x
Debtor Days	9 Days	8 Days	8 Days	15 Days	11 Days	11 Days	11 Days
Payable Days	62 Days	46 Days	36 Days	61 Days	54 Days	54 Days	54 Days
Inventory Days	127 Days	112 Days	102 Days	109 Days	114 Days	114 Days	114 Days
Cash Conversion Cycle	73 Days	74 Days	74 Days	63 Days	70 Days	70 Days	70 Days
Current Ratio	1.56x	1.52x	1.66x	2.43x	2.30x	2.38x	2.68x
Quick Ratio	0.58x	0.51x	0.64x	1.46x	1.07x	1.02x	1.21x
Debt/Equity Ratio	0.81x	0.74x	0.77x	0.17x	0.14x	0.12x	0.10x



## Equity Research Report

## Varun Beverages Ltd

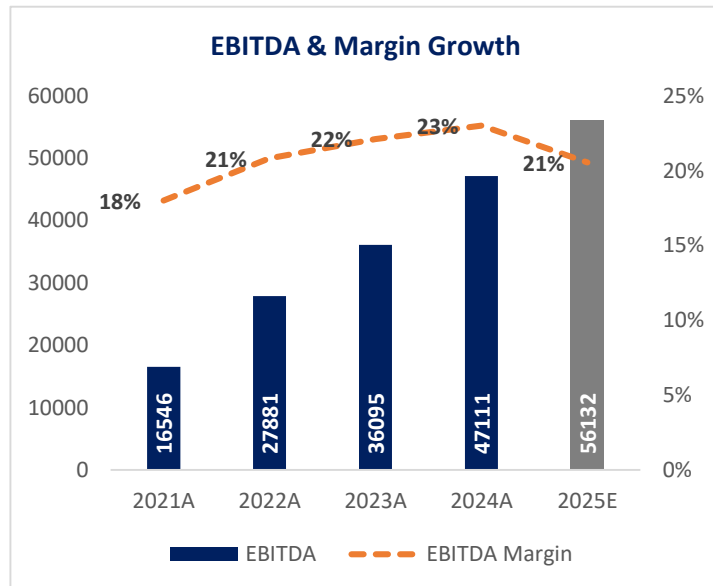
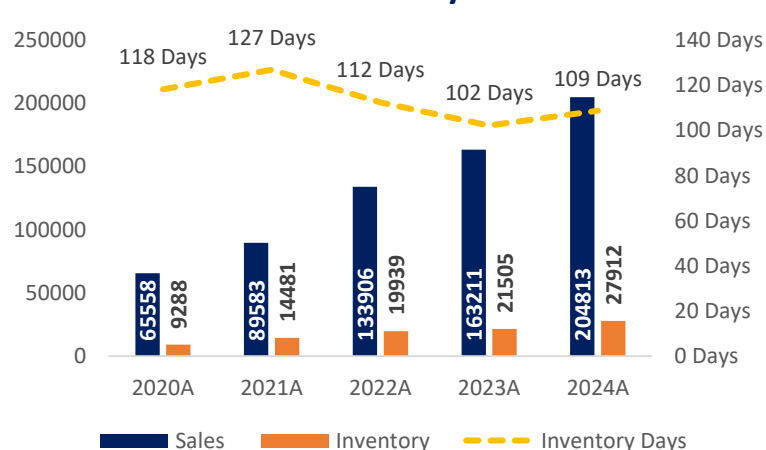
Commentary**Revenue**

In FY2024, the company posted revenue of Rs. 204813 million increase by 25% driven by growth in international markets. Net Revenue from operations grew by 28.9% in Q1 CY2025 to Rs. 55,669.4 million from Rs. 43,173.1 million in Q1 CY2024. The company have delivered a resilient performance in the quarter despite facing a soft demand environment in India due to abnormal high unseasonal rain throughout the quarter. In FY2024, CSD made up 74.2%, NCB 6.2%, and packaged drinking water 19.6% in CY2024. India's NCB (non-carbonated beverages) portfolio mix grew from 7.4% in CY2023 to 8.0% in CY2024. Sales volume have grown by 26% CAGR from CY2020-CY2024 with 90% volume coming from India and rest Internationally.

**Gross Margin**

Gross margins rose by 165 basis points to 55.5% in CY2024 from 53.8% in CY2023, mostly as a result of selective PET chip procurement and storage to take advantage of pricing advantages, as well as initiatives to lower sugar content and boost backward integration.

Due to improvements in gross margins, EBITDA grew by 30.5% to Rs. 47,110.7 million in CY2024, and the EBITDA margin improved by 105 basis points to 23.5%. Despite the low margin consolidation of the SA market caused by the approximately 80% mix of own brands and the fixed costs connected with new capital expenditures that have not yet been fully utilized, there has been a net improvement in EBITDA margins. The company has displayed significant growth, with EBITDA growing at a 5-year Compound Annual Growth Rate (CAGR) of 32%. The company's debt to EBITDA ratio stands at 0.60x, indicating a healthy financial position.

**Inventory****Inventory**

While companies' revenue growth and growth in inventory is almost aligned, there is a increase in inventory days during FY24 (109 Days vs 102 Days in FY23). While sales continued to grow by around 25%, inventory rose by nearly 30%, indicating that inventory levels grew faster than sales. This may point to a build up of stock in anticipation of future demand or slower movement of goods. Varun Beverages has shown strong inventory efficiency in recent years, As per our research, there is no major challenges seems in inventory levels.

## Equity Research Report

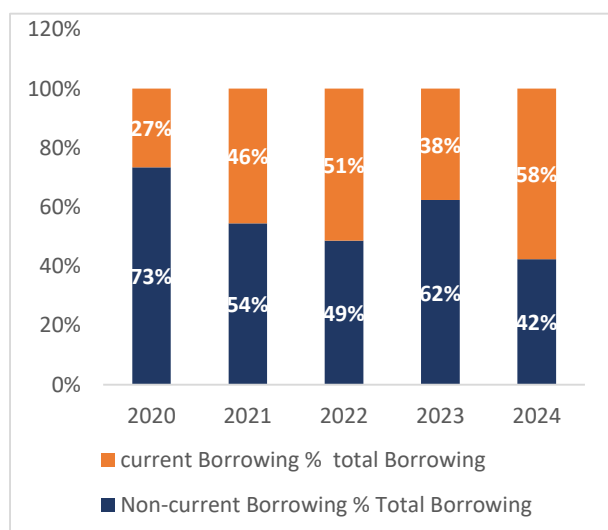
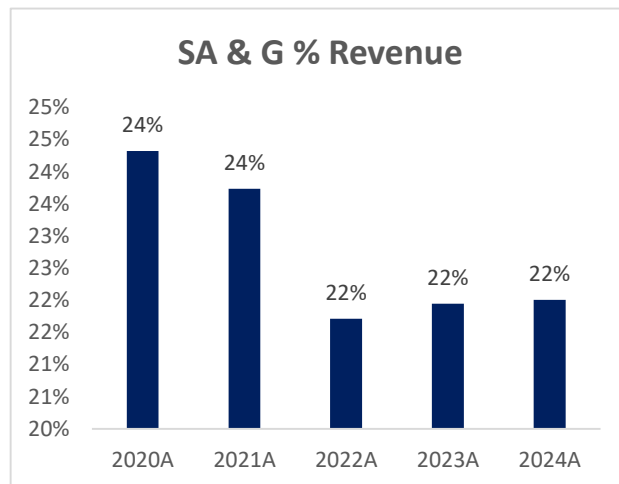
## Varun Beverages Ltd



## SG&amp;A Expenses

In 2020A and 2021A, SA&G expenses stood at 24% of revenue, indicating a relatively high cost base. However, from 2022A onwards, there was a noticeable improvement, with the ratio declining to 22% and remaining stable through 2024A. This consistent reduction suggests improved operational efficiency and cost management, especially as the company scaled up its revenues.

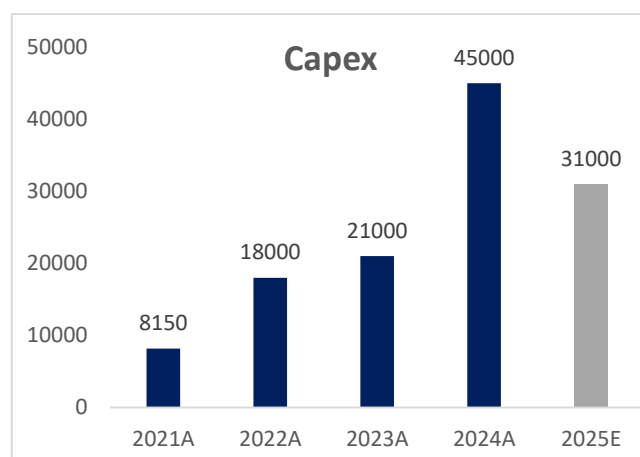
Maintaining SA&G at 22% over the last three years, despite rising sales, reflects Varun Beverages' ability to control overhead costs while expanding. This efficiency contributes positively to profitability and highlights the company's strategic focus on optimizing fixed and semi-variable costs during its growth phase.

**Borrowings**

The company leaned heavily on short-term borrowings in 2024 (58%). During this year, company have the total debt of 28263 mn which is 48% less in 2023 (54313 mn). VBL became net debt-free following the repayment of loans using proceeds from the QIP issue that is why it show larger amount of debt as a current as compare to non-current. The company has experienced a significant increase in total borrowings due to substantial capital expenditures in recent years. However, with new capacities being commissioned and expected to generate substantial cash flows, it is anticipated that the company will no longer need to take on new borrowings. Instead, it will begin to repay its existing debt starting from CY 2024 While the company's financial position has strengthened, efforts to enhance operational efficiencies remain ongoing.

**Capex**

In CY 2024, the company undertook a total capex of Rs 45000 mn. Rs. 32,000 million was allocated to four Greenfield facilities in Supa, Gorakhpur, Khorda and DRC. Additional Rs. 8,000 million was invested international territories for Brownfield expansion in Nepal, Morocco and Zimbabwe, including backward integration at Morocco, Zambia and Zimbabwe. This remaining CAPEX includes CAPEX on cars, pallets, glass portals, visi coolers, and other items as well as land capitalized for future projects. Actually, a portion of the increase in CAPEX is due to land acquisitions for upcoming projects as well as CAPEX for South Africa, which was added during the year; we have already begun to upgrade the facilities there. CAPEX of CY2025 season is projected at Rs. 31,000 million out of which as on 31st December 2024, CWIP and capital advances already paid for Rs. 16,500 million, out of total projected CAPEX of Rs. 20,000 million is towards setting up of Greenfield facilities at Prayagraj, Damtal, HP, Buxar and Meghalaya. The balance CAPEX is for snack manufacturing facilities in international territories, Brownfield expansion in India, Sricity, rPET facilities in India and expansion in DRC.

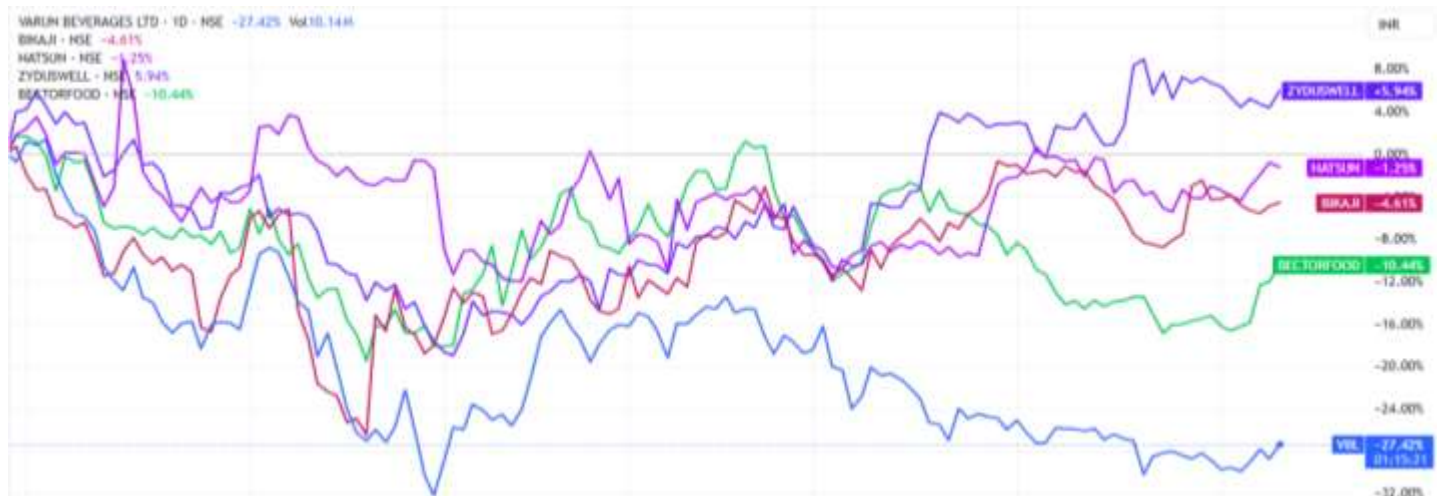


## Equity Research Report

## Varun Beverages Ltd



## Peers Analysis



As of July 9, 2025, **Varun Beverages (VBL)** has underperformed significantly compared to its peers, with a sharp - **27.42%** decline YTD.

- **Zydus Wellness** gained **+5.94%**, showing strong relative strength.
- **Hatsun** is nearly flat at **-1.25%**, indicating stability.
- **Bikaji** declined moderately by **-4.61%**.
- **Bector Food** fell **-10.44%**, but still outperformed VBL.

Overall, VBL has shown the **weakest stock performance** among its peer group, signalling possible due to heavy rainfall in the different state of the country in summer season, this effects the temperature and may reduce their future earnings.

Secondly, there is entry of the Reliance industries in cold drinks market name as CAMPA COLA in this year, it also breaks their make shares, as we all know that reliance use the pricing strategy for their competitors and provides the product in low price as compare to varun beverages. These things impacting beverage consumption or investor sentiment.

## Technical Analysis



## Equity Research Report

## Varun Beverages Ltd



The chart of **Varun Beverages Ltd (VBL)** shows a clear **downtrend** over the past several months, with the stock currently trading around **₹466.80**

- VBL has fallen from a high above ₹600 to current levels, indicating sustained selling pressure.
- **Strong support** is visible near ₹440–₹450, where the stock has recently consolidated.
- **Resistance levels** lie around ₹490, ₹520, and then ₹560, which are previous highs and breakdown zones.
- The recent price movement suggests a short-term **bounce**, gaining +1.89% on the latest day, but overall trend remains weak unless it breaks above key resistance levels.

## RSI Analysis:

- The **Relative Strength Index (RSI)** is at **50.14**, up from 40.26, signalling a move from bearish to neutral zone.
- This bounce may suggest **short-term recovery or accumulation**, but not yet a confirmed uptrend.

## Stochastic RSI:

- Currently at **92.63**, well into the **overbought zone** (>80), suggesting that the stock has moved up rapidly and might face short-term consolidation or mild pullback.
- However, sustained strength in this zone also signals **strong bullish momentum** in the near term.

## MACD (Moving Average Convergence Divergence):

- The MACD line has turned **positive at 2.00**, crossing above the signal line (−5.84), indicating a **bullish crossover**.
- This is a key positive signal after a prolonged bearish phase, pointing toward **early upward momentum** building up.





## Equity Research Report

## Varun Beverages Ltd



## Bollinger Bands (BB):

- Price has **moved above the middle band (20-day SMA at ₹461.56)** and is approaching the upper band (₹476.66), indicating **short-term bullish momentum**.
- A breakout above the upper band could signal **stronger upside**, while rejection here may lead to consolidation.

## On-Balance Volume (OBV):

- OBV is relatively flat at **1.41B**, suggesting **neutral volume flow**—no strong accumulation or distribution yet.
- For a confirmed uptrend, a **rising OBV trend** would be ideal to support price movement.

Varun Beverages is showing early signs of a recovery. RSI and MACD indicate improving momentum, while price has crossed above the 20-day SMA. However, Stochastic RSI is overbought, and OBV remains flat, showing weak volume support. A breakout above ₹476–₹490 with rising volume is needed to confirm a trend reversal. For now, the outlook is cautiously bullish.

## Valuation

Intrinsic Value	
Sum of PV of CashFlows	₹ 2,86,200.69
Add-PV of Terminal Value	₹ 6,02,863.66
<b>Enterprise Value</b>	<b>₹ 8,89,064.35</b>
Plus- Cash & Cash Equivalent	24,501
Less- Debt	-28262.54
Less- Pref. stocks	0
Less- Noncontrolling Interest	-1,298
<b>Equity Value</b>	<b>₹ 8,84,004.28</b>

<b>Outstanding Shares (MN)</b>	<b>3380</b>
<b>Equity value/Share</b>	<b>₹ 261.54</b>

Sensitivity Analysis						
Terminal Growth Rate	Discount Rate					
		10%	12%	14%	16%	18%
	3%	434	304	225	174	138
	4%	494	333	242	184	144
	5%	581	371	262	195	151
	6%	715	423	287	209	159
	7%	949	497	319	226	169

## Equity Research Report

# Varun Beverages Ltd



### Analyst Coverage Report

S.no	Research House	Rating	Price at Reco	Target
1	Consensus Share Price Target	Buy	466	624
2	Geojit BNP Paribas	Hold	540	585
3	BP Wealth	Buy	524	613
4	Axis Direct	Buy	524	650
5	Motilal Oswal	Buy	531	680
6	Emkay	Buy	522	625

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