

# Varun Beverages LTD

( VBL | BSE Code: 540180)

**INR 460.4**

52 Week (High - INR 681.12 & Low - 419.55)

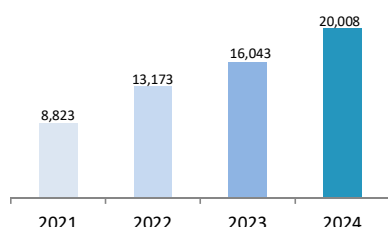


## About the company

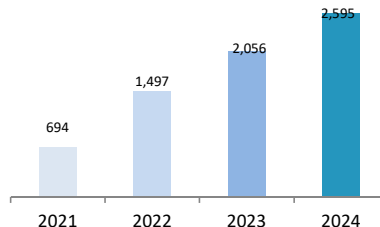
**Varun Beverages Limited (VBL)** is an Indian multinational company that manufactures, bottles and distributes beverages. It is one of the largest bottling company of PepsiCo's beverages in the world outside the United States. The company was incorporated in 1995 as a subsidiary of RJ Corp, and named after founder Ravi Jaipuria's son

## Financial Summary

Revenues (INR crs.)



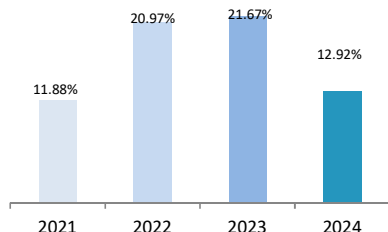
Net Profit (INR crs.)



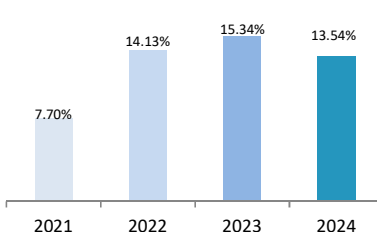
Average Total Assets (INR crs.)



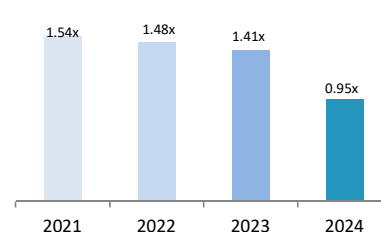
Return on Equity (%)



Return on Asset (%)



Financial Leverage



## Recent Updates

- The company reported a 36% increase in net profit for Q4 2024, with revenue rising to 3,817.61 , totaling 195.64 crore for the December quarter of 2024, fueled by growth in volume and enhanced margins.
- Operates on a calendar year basis for its financial reporting, reported a net profit of 143.76 crore during the same October-December period the previous year .
- Revenue from operations rose to 3,817.61 crore in the fourth quarter, compared to 2,730.98 crore in the same period of the last fiscal year.
- As stated in an earnings announcement, "EBITDA grew by 38.7 percent to 579.97 crore, up from 418.29 crore."
- Gross margins increased by 165 bps to 55.5% in CY2024, compared to 53.8% in CY2023, mainly due to strategic procurement and storage of PET chips to avail price benefits .
- The other income stood at Rs. 3,539.3 million on account of receipt of dividend of Rs. 1,316.0 million from Nepal and a maiden dividend from Sri Lanka, interest on loan to subsidiaries of Rs. 967.8 million and gain on foreign currency of Rs. 714.8 million.
- Depreciation increased by 39.1% and Finance cost increased by 68.0% in CY2024. The increase was due to the acquisition of BevCo and the establishment of four new production facilities in India and DRC.
- In the current quarter, the company has become net debt free through prepayment of debts by using the proceeds from the QIP issue.

## Dupont Analysis - Return on Equity & Return on Asset

	Return on Equity (ROE)						
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Net Profit	292.8	469.0	329.0	694.1	1,497.4	2,055.9	2,594.6
Average Shareholder Equity	2,883.2	4,327.7	5,188.2	5,841.9	7,142.3	9,487.7	20,078.1
<b>Return on Equity</b>	<b>10.16%</b>	<b>10.84%</b>	<b>6.34%</b>	<b>11.88%</b>	<b>20.97%</b>	<b>21.67%</b>	<b>12.92%</b>

	ROE - Dupont Equation						
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Net Profit	292.8	469.0	329.0	694.1	1,497.4	2,055.9	2,594.6
Revenue	5,105.3	7,129.6	6,450.1	8,823.2	13,173.1	16,042.6	20,007.7
<b>Net Profit Margin (A)</b>	<b>5.74%</b>	<b>6.58%</b>	<b>5.10%</b>	<b>7.87%</b>	<b>11.37%</b>	<b>12.82%</b>	<b>12.97%</b>
Revenue	5,105.3	7,129.6	6,450.1	8,823.2	13,173.1	16,042.6	20,007.7
Average Total Asset	5,636.8	7,186.8	8,411.5	9,013.4	10,598.9	13,402.7	19,155.7
<b>Asset Turnover Ratio (B)</b>	<b>0.9x</b>	<b>1.0x</b>	<b>0.8x</b>	<b>1.0x</b>	<b>1.2x</b>	<b>1.2x</b>	<b>1.0x</b>
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<b>Equity Multiplier (C)</b>	<b>1.96x</b>	<b>1.66x</b>	<b>1.62x</b>	<b>1.54x</b>	<b>1.48x</b>	<b>1.41x</b>	<b>0.95x</b>
<b>Return on Equity (A*B*C)</b>	<b>10.16%</b>	<b>10.84%</b>	<b>6.34%</b>	<b>11.88%</b>	<b>20.97%</b>	<b>21.67%</b>	<b>12.92%</b>

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<b>Return on Asset</b>	<b>5.20%</b>	<b>6.53%</b>	<b>3.91%</b>	<b>7.70%</b>	<b>14.13%</b>	<b>15.34%</b>	<b>13.54%</b>

	ROA - Dupont Equation						
	Dec-18	Dec-19	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Net Profit	292.8	469.0	329.0	694.1	1,497.4	2,055.9	2,594.6
Revenue	5,105.3	7,129.6	6,450.1	8,823.2	13,173.1	16,042.6	20,007.7
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<b>Return on Asset (A*B)</b>	<b>5.20%</b>	<b>6.53%</b>	<b>3.91%</b>	<b>7.70%</b>	<b>14.13%</b>	<b>15.34%</b>	<b>13.54%</b>

### Dupont Summary

•ROE of Varun Beverages has been decreased to 6.34% during COVID and made a low of 11.88% in FY2021 which now has rose to precovid levels and currently at 12.92% as of 31 March 2024.

•While the company was able to increase the net margins from 5.74% in FY2018 to 12.97% in FY24. Asset efficiency of the company is constantly maintained throughout the period, the reason for fall in ROE is reduction of financial leverage in the company from 1.96x in FY2018 to 0.95x in FY2024.

•ROA of Varun Beverages has been increased from 5.20% in FY2018 to 13.54% in FY2024. While the asset efficiency remains constant, the reason for increase in ROA is increased net margin of the company.

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