

VBL reported a strong and largely in-line quarter. India revenue growth was better at ~18% (vs expectation of ~15%), helped by ~16%/2% growth in volume/realization. However, International realization declined ~12% on consolidation of a lower-realization South Africa region, leading to in-line consol revenue growth of ~30%. While organic growth trends were healthy in Q1, persistent unseasonal rains in the peak season and scrapping of the Tanzania/Ghana acquisition (7-8% topline contribution) compel a 10-12% cut to our EPS estimate. Notably, VBL expects the high competitive intensity to drive faster expansion of the beverage category, with heightened ATL/BTL investments in an under-penetrated market. While rising competitive intensity poses a margin risk, we maintain India margin estimates with ongoing backward integration at plants, rising low-calorie mix, and PET light-weighting. Despite the earnings cut, we remain confident of VBL delivering double-digit volume growth and considerably outperforming the FMCG pack. We expect VBL to deliver a strong 15%/20% revenue/EPS CAGR over CY24-27E. We maintain BUY while cutting our TP by ~11% to Rs625 (50x Mar-27E EPS).

#### Better India performance offsets the weak International performance

VBL's 30% topline growth was in-line, mostly led by volume growth as consol realization dipped ~1%. Region-wise, India saw ~18% growth on 15.5% volume growth and 1.8% realization gain. The International business grew faster at ~74%, largely led by consolidation of SA/DRC regions as organic Intl volume growth was muted ex-BevCo/DRC contribution of ~46mn cases (Emkay estimate). Consolidated realization declined 0.9% on account of lower realization in own brands in the SA market. Tanzania and Ghana market acquisitions have been called off due to issues in compliance clearances. We had built in a 66/101mn case contribution to CY25E/CY26E volumes (7-8% topline contribution) which is now removed from our estimates. Carbonate/juice/water category volume grew 38%/22%/6%, with Q1 mix at 75%/7%/18%, respectively. Growth in non-carbonate categories was moderate as focus was on increasing the CSD mix (vs Water). Hydration/Energy is the fastest growing category, with *Nimbooz* achieving ~100% growth and the value-added segment growing at the same rate.

#### Consolidation of low-margin South-Africa region offsets margin gain in India

Gross margin was down by ~170bps to 54.6%, owing to the ~110bps dip in the India business, while International gross margin was down by ~620bps. The dip across regions has been attributed to a lower gross-margin profile of owned brands in the South African market and the higher mix of CSD in India. Despite the gross margin decline of 110bps, India EBITDA margin improved by ~110bps, on account of operating leverage. Consol EBITDA margins were largely flat due to margin decline in the International business, on account of lower profitability in the South Africa market (14.4% vs ~23% overall).

Target Price – 12M	Mar-26
Change in TP (%)	(10.7)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	19.7

Stock Data	VBL IN
52-week High (Rs)	683
52-week Low (Rs)	419
Shares outstanding (mn)	3,381.9
Market-cap (Rs bn)	1,767
Market-cap (USD mn)	20,908
Net-debt, FY26E (Rs mn)	(16,245.6)
ADTV-3M (mn shares)	8
ADTV-3M (Rs mn)	4,740.6
ADTV-3M (USD mn)	56.1
Free float (%)	36.0
Nifty-50	24,334.2
INR/USD	84.5

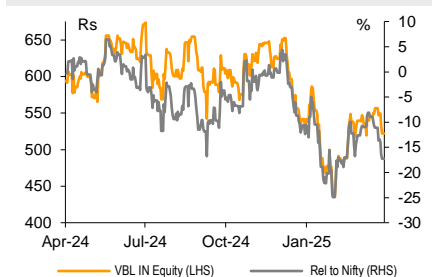
#### Shareholding, Mar-25

Promoters (%)	60.2
FPIs/MFs (%)	23.0/9.2

#### Price Performance

(%)	1M	3M	12M
Absolute	(3.2)	(2.7)	(11.7)
Rel. to Nifty	(6.4)	(6.0)	(18.0)

#### 1-Year share price trend (Rs)



#### Varun Beverages: Financial Snapshot (Consolidated)

Y/E Dec (Rs mn)	CY22	CY23	CY24	CY25E	CY26E
Revenue	131,731	160,426	200,077	235,944	273,603
EBITDA	27,881	36,095	47,111	54,060	63,666
Adj. PAT	14,975	20,559	25,946	32,632	39,964
Adj. EPS (Rs)	4.6	6.3	8.0	9.7	11.8
EBITDA margin (%)	21.2	22.5	23.5	22.9	23.3
EBITDA growth (%)	68.5	29.5	30.5	14.8	17.8
Adj. EPS growth (%)	115.8	37.3	26.2	20.8	22.5
RoE (%)	32.6	34.2	22.0	18.1	18.8
RoIC (%)	20.9	23.2	21.3	19.2	21.8
P/E (x)	113.3	82.5	65.4	54.1	44.2
EV/EBITDA (x)	62.2	48.4	36.1	31.5	26.7
P/B (x)	33.2	24.5	10.2	9.1	7.7
FCFF yield (%)	0.1	(0.5)	(1.1)	1.5	1.7

Source: Company, Emkay Research

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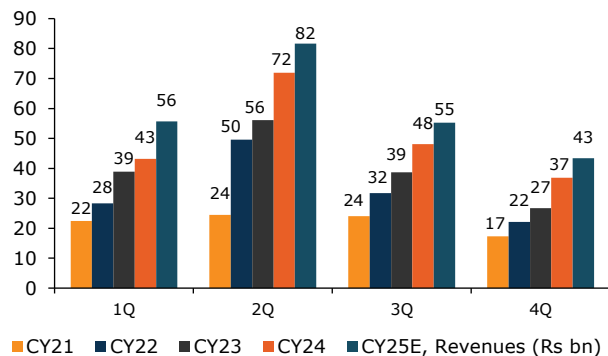
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### Earnings call KTAs

- 1) Ramp-up of the South-Africa market is on track with 141mn cases in TTM (up ~13%). Strong growth pick-up is despite the exit from some of the less-profitable beverages. VBL expects both, realization and margins, to improve in the SA market, as it focuses on increasing the mix of high-margin PepsiCo brands in the region and implements backward integration across its facilities. Focus is also improving on-the-ground execution in terms of diversification toward the general trade channel (vs largely modern trade earlier) and aggressive visi-cooler placements.
- 2) VBL expects capitalization of Rs31bn capex in CY25, of which Rs17bn was already done as CWIP in CY24, Rs9bn additional has been spent in CY25TD, and the remaining Rs4-5bn will be spent in rest of CY25. Capex has been done for greenfield plants in Damtal (HP), Gorakhpur (UP), Buxar (Bihar), and Meghalaya, with the balance for snacks manufacturing in International regions, brownfield expansion in India (Sricity), rPET facilities in India, and expansion in DRC.
- 3) VBL has started distribution of the snacks business in Zimbabwe/Zambia in Q1CY25.
- 4) The company is in talks with PepsiCo for launching a *Jeera*-based drink, and plans to bring it to the market in the next quarter.
- 5) India gross margin has been impacted by a higher CSD mix (vs water). India EBITDA margin improved by ~110bps due to better CSD realization and allied operating leverage, on strong volume growth.
- 6) International operations saw challenges, as preponement of *Ramzan* affected the Morocco market and sugar tax led to decline in volumes in Zimbabwe.
- 7) With growing demand for no-sugar and low-sugar products, the mix of low-sugar/no-sugar products increased to 59% of sales volumes (vs ~46% in Q1CY25).
- 8) New product innovation (*Sting Gold*) is a long-term one and will help expand the energy drinks market in India (5-6% in India vs 15% globally, yet to be launched in the SA market).
- 9) VBL is accelerating its portfolio penetration in terms increasing chillers, go-to-market, and distribution.
- 10) VBL has a 70% market share in the Zimbabwe market, but price hikes due to implementation of the sugar tax impacted market growth, which is expected to normalize from Q2CY25.
- 11) India business realization growth was 2%, and is expected to maintain this level as part of the long-term strategy.
- 12) Two plants in Bihar and Meghalaya are being operationalized in May-Jun-25.

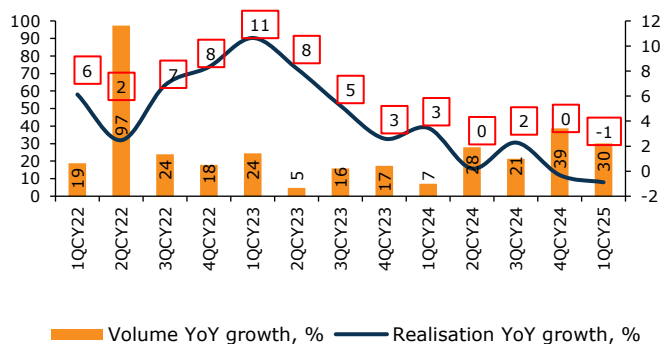
## Story in charts

**Exhibit 1: Revenue grew 30% in Q1; India growth was ~18%; International growth was ~74%**



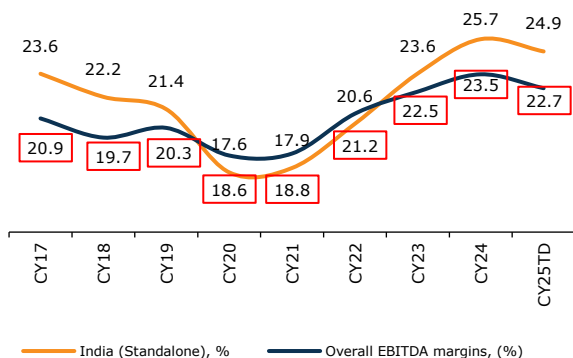
Source: Company, Emkay Research

**Exhibit 3: Q1 volume growth of 30% was led by organic growth of ~15-16% in India and inorganic contribution from SA/DRC**



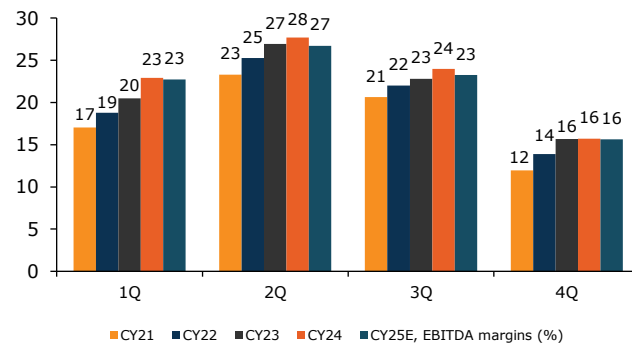
Source: Company, Emkay Research

**Exhibit 5: Consolidated margin dipped by 80bps in CY25YTD, led by weak margin in International operations**



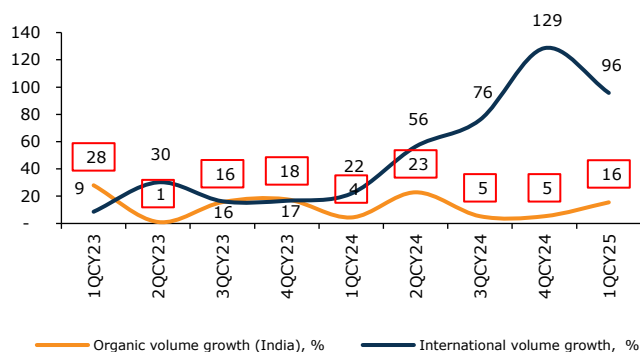
Source: Company, Emkay Research

**Exhibit 2: EBITDA margin was flat as margin decline in the International business has offset the gain in India business**



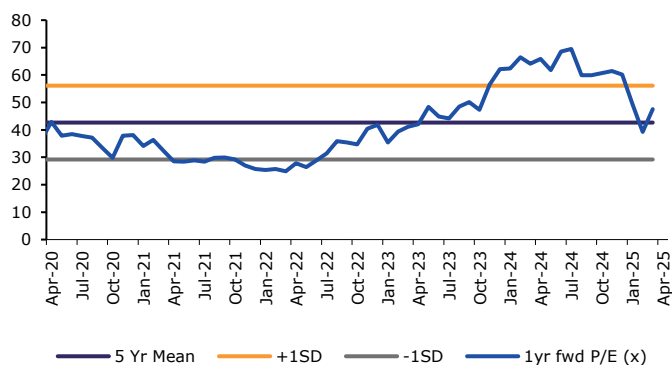
Source: Company, Emkay Research

**Exhibit 4: International volumes were up 96%; organic volume growth(ex-Bevco/DRC) was muted for international markets**

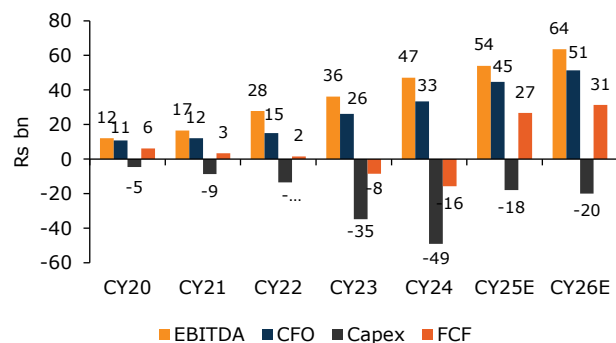


Source: Company, Emkay Research

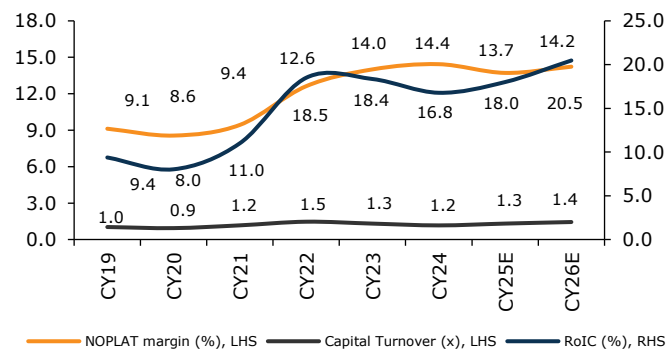
**Exhibit 6: VBL's 1-Y fwd P/E trend**



Source: Company, Emkay Research

**Exhibit 7: FCF should improve despite the strong expansion plans**

Source: Company, Emkay Research

**Exhibit 8: Asset turnover and margin improvement should lead to sustained improvement in RoIC**

Source: Company, Emkay Research

**Exhibit 9: Actual vs Estimates (Q1CY25)**

(Rs mn)	Actual	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net Sales	55,669	56,551	54,762	-2%	2%	Topline was largely in-line
EBITDA	12,640	12,885	12,354	-2%	2%	EBITDA was largely in-line
EBITDA Margin	22.7%	22.8%	22.6%	-8 bps	15 bps	
PAT	7,265	7,526	7,412	-3%	-2%	PAT was largely in-line

Source: Company, Emkay Research

## Exhibit 10: Summary of quarterly results

Y/E, Dec (Rs mn)	Q1CY24	Q2CY24	Q3CY24	Q4CY24	Q1CY25	YoY%	QoQ%	CY25TD	CY24TD	YoY%
<b>Sales</b>	<b>43,173</b>	<b>71,969</b>	<b>48,047</b>	<b>36,888</b>	<b>55,669</b>	<b>28.9</b>	<b>50.9</b>	<b>55,669</b>	<b>43,173</b>	<b>28.9</b>
Cost of Revenue	18,875	32,606	21,364	16,202	25,291	34.0	56.1	25,291	18,875	34.0
As a % of sales	43.7	45.3	44.5	43.9	45.4			45.4	43.7	
Employee Cost	3,937	4,993	5,130	4,790	5,115	29.9	6.8	5,115	3,937	29.9
As a % of sales	9.1	6.9	10.7	13.0	9.2			9.2	9.1	
Other Expenses	10,473	14,458	10,041	10,096	12,624	20.5	25.0	12,624	10,473	20.5
As a % of sales	24.3	20.1	20.9	27.4	22.7			22.7	24.3	
<b>Total Expenditure</b>	<b>33,286</b>	<b>52,056</b>	<b>36,536</b>	<b>31,088</b>	<b>43,030</b>	<b>29.3</b>	<b>38.4</b>	<b>43,030</b>	<b>33,286</b>	<b>29.3</b>
<b>EBITDA</b>	<b>9,888</b>	<b>19,912</b>	<b>11,511</b>	<b>5,800</b>	<b>12,640</b>	<b>27.8</b>	<b>117.9</b>	<b>12,640</b>	<b>9,888</b>	<b>27.8</b>
Depreciation	1,875	2,425	2,566	2,608	2,725	45.3	4.5	2,725	1,875	45.3
<b>EBIT</b>	<b>8,012</b>	<b>17,487</b>	<b>8,945</b>	<b>3,192</b>	<b>9,915</b>	<b>23.7</b>	<b>210.6</b>	<b>9,915</b>	<b>8,012</b>	<b>23.7</b>
Other Income	84	440	243	446	281	235.9	-37.1	281	84	235.9
Interest cost	937	1,292	1,185	1,090	411	-56.1	-62.3	411	937	-56.1
<b>PBT</b>	<b>7,159</b>	<b>16,636</b>	<b>8,002</b>	<b>2,548</b>	<b>9,784</b>	<b>36.7</b>	<b>283.9</b>	<b>9,784</b>	<b>7,159</b>	<b>36.7</b>
Tax	1,678	4,012	1,713	585	2,465	46.9	321.3	2,465	1,678	46.9
<b>PAT before Minority</b>	<b>5,481</b>	<b>12,624</b>	<b>6,289</b>	<b>1,963</b>	<b>7,319</b>	<b>33.5</b>	<b>272.8</b>	<b>7,319</b>	<b>5,481</b>	<b>33.5</b>
Minority Interest	-109	-98	-93	-112	-54	-49.9	-51.3	-54	-109	-49.9
Exceptional Items	0	0	0	0	0			0	0	
<b>Reported PAT</b>	<b>5,373</b>	<b>12,526</b>	<b>6,196</b>	<b>1,851</b>	<b>7,265</b>	<b>35.2</b>	<b>292.4</b>	<b>7,265</b>	<b>5,373</b>	<b>35.2</b>
<b>Reported EPS (Rs)</b>	<b>1.7</b>	<b>3.9</b>	<b>1.9</b>	<b>0.5</b>	<b>2.1</b>	<b>29.9</b>	<b>292.4</b>	<b>2.1</b>	<b>1.7</b>	<b>29.9</b>

(%)	Q1CY24	Q2CY24	Q3CY24	Q4CY24	Q1CY25	YoY bps	QoQ bps	CY25TD	CY24TD	YoY bps
EBITDA margin	22.9	27.7	24.0	15.7	22.7	-20.0	700.0	22.7	22.9	-20.0
EBIT margin	18.6	24.3	18.6	8.7	17.8	-70.0	920.0	17.8	18.6	-70.0
EBT margin	16.6	23.1	16.7	6.9	17.6	100.0	1070.0	17.6	16.6	100.0
PAT margin	12.7	17.5	13.1	5.3	13.1	50.0	780.0	13.1	12.7	50.0
Effective Tax rate	23.4	24.1	21.4	23.0	25.2	180.0	220.0	25.2	23.4	180.0

Source: Company, Emkay Research

## Exhibit 11: Change in estimates

(Rs mn)	CY25E			CY26E			CY27E		
	Old	New	% change	Old	New	% change	Old	New	% change
Revenue	256,420	235,944	(8.0)	309,124	273,603	(11.5)	NA	307,980	NA
EBITDA	58,449	54,060	(7.5)	70,989	63,666	(10.3)	NA	72,876	NA
EBITDA margin (%)	22.8	22.9	10 bps	23.0	23.3	30 bps	NA	23.7	NA
Net profit	35,845	32,632	(9.0)	45,625	39,964	(12.4)	NA	48,261	NA
EPS (Rs)	10.6	9.7	(9.0)	13.5	11.8	(12.4)	NA	14.3	NA

Source: Company, Emkay Research

**Exhibit 12: Key assumptions**

	CY18	CY19	CY20	CY21	CY22	CY23	CY24	CY25E	CY26E
CSD* (mn cases)	257	347	309	400	563	657	834	991	1,103
JNSD** (mn cases)	22	33	26	36	58	58	68	98	116
Water (mn cases)	61	111	90	132	181	199	222	215	232
<b>Total Volume (mn cases)</b>	<b>340</b>	<b>491</b>	<b>425</b>	<b>568</b>	<b>802</b>	<b>914</b>	<b>1,124</b>	<b>1,304</b>	<b>1,451</b>
Revenue/case (Rs)	150	145	152	155	164	176	178	181	189
EBITDA/case (Rs)	30	29	28	29	35	39	42	41	44

Source: Company, Emkay Research; Note: \*CSD is Carbonated soft drinks, \*\*JNSD is juices, nectars, and still drinks

**Exhibit 13: Peer comparison**

Companies	Closing price (Rs)	Mcap (Rs bn)	Reco	Target Price (Rs)	EPS (Rs)			P/E (x)			EV/EBITDA (x)*		
					FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Titan Company	3,380	3,000	REDUCE	3,200	36.6	50.1	64.0	92.2	67.5	52.8	55.0	42.6	35.4
<b>Varun Beverages</b>	<b>522</b>	<b>1,767</b>	<b>BUY</b>	<b>625</b>	<b>8.0</b>	<b>9.7</b>	<b>11.8</b>	<b>65.4</b>	<b>54.1</b>	<b>44.2</b>	<b>37.5</b>	<b>32.7</b>	<b>27.7</b>
Ethos	2,458	60	BUY	3,300	40.2	49.3	66.6	61.2	49.8	36.9	30.2	22.5	16.8
Aditya Vision	409	53	BUY	565	8.1	10.8	14.1	50.2	38.0	28.9	25.6	20.1	15.8
Page Industries	45,270	505	REDUCE	37,550	630.9	696.3	834.1	71.8	65.0	54.3	46.1	41.7	35.1
ABFRL	263	321	ADD	270	-4.7	-1.2	-0.5	NA	NA	NA	17.7	13.0	10.7
Go Fashion	786	42	BUY	950	17.3	19.4	22.1	45.4	40.5	35.5	14.9	13.3	11.6
Jubilant FoodWorks	715	472	ADD	775	3.7	5.9	8.9	193.5	121.5	80.7	30.0	25.7	21.6
Devyani International	179	215	BUY	200	0.3	0.7	1.3	513.2	264.2	139.9	26.4	21.2	17.2
Westlife Foodworld	671	105	ADD	775	0.2	3.9	8.1	2,724.5	174.1	82.9	32.3	24.0	18.7
Sapphire Foods	317	102	BUY	410	1.3	3.1	4.9	237.4	102.0	64.6	20.1	16.0	12.9
Senco Gold	347	57	BUY	500	15.5	15.6	19.8	22.5	22.3	17.6	19.2	12.2	9.8
Metro Brands	1,075	293	BUY	1,300	14.8	17.9	21.5	72.4	60.2	50.0	38.3	32.1	27.2

Source: Company, Emkay Research; Note: \*Post-IndAS116 EBITDA; \*\*FY25E is CY24E and likewise for Varun Beverages

## Varun Beverages: Consolidated Financials and Valuations

Profit & Loss					
Y/E Dec (Rs mn)	CY22	CY23	CY24	CY25E	CY26E
<b>Revenue</b>	<b>131,731</b>	<b>160,426</b>	<b>200,077</b>	<b>235,944</b>	<b>273,603</b>
Revenue growth (%)	49.3	21.8	24.7	17.9	16.0
<b>EBITDA</b>	<b>27,881</b>	<b>36,095</b>	<b>47,111</b>	<b>54,060</b>	<b>63,666</b>
EBITDA growth (%)	68.5	29.5	30.5	14.8	17.8
Depreciation & Amortization	6,172	6,809	9,474	11,751	12,781
<b>EBIT</b>	<b>21,710</b>	<b>29,286</b>	<b>37,637</b>	<b>42,309</b>	<b>50,886</b>
EBIT growth (%)	93.3	34.9	28.5	12.4	20.3
Other operating income	-	-	-	-	-
Other income	388	794	1,213	2,282	3,300
Financial expense	1,861	2,681	4,504	1,650	1,815
<b>PBT</b>	<b>20,237</b>	<b>27,398</b>	<b>34,346</b>	<b>42,941</b>	<b>52,371</b>
Extraordinary items	0	0	0	0	0
Taxes	4,735	6,375	7,988	10,091	12,307
Minority interest	(527)	(464)	(411)	(218)	(100)
Income from JV/Associates	0	0	0	0	0
<b>Reported PAT</b>	<b>14,975</b>	<b>20,559</b>	<b>25,946</b>	<b>32,632</b>	<b>39,964</b>
PAT growth (%)	115.8	37.3	26.2	25.8	22.5
<b>Adjusted PAT</b>	<b>14,975</b>	<b>20,559</b>	<b>25,946</b>	<b>32,632</b>	<b>39,964</b>
<b>Diluted EPS (Rs)</b>	<b>4.6</b>	<b>6.3</b>	<b>8.0</b>	<b>9.7</b>	<b>11.8</b>
Diluted EPS growth (%)	115.8	37.3	26.2	20.8	22.5
<b>DPS (Rs)</b>	<b>0.5</b>	<b>0.7</b>	<b>1.0</b>	<b>1.2</b>	<b>1.4</b>
<b>Dividend payout (%)</b>	<b>10.8</b>	<b>11.1</b>	<b>12.5</b>	<b>12.0</b>	<b>12.0</b>
EBITDA margin (%)	21.2	22.5	23.5	22.9	23.3
EBIT margin (%)	16.5	18.3	18.8	17.9	18.6
Effective tax rate (%)	23.4	23.3	23.3	23.5	23.5
<b>NOPLAT (pre-IndAS)</b>	<b>16,630</b>	<b>22,471</b>	<b>28,883</b>	<b>32,367</b>	<b>38,928</b>
Shares outstanding (mn)	3,248	3,248	3,248	3,382	3,382

Source: Company, Emkay Research

Cash flows					
Y/E Dec (Rs mn)	CY22	CY23	CY24	CY25E	CY26E
PBT (ex-other income)	19,848	26,605	33,133	40,659	49,071
Others (non-cash items)	0	0	0	0	0
Taxes paid	(4,478)	(6,314)	(6,539)	(9,359)	(11,465)
Change in NWC	(8,525)	(4,278)	(6,931)	(1,567)	(3,350)
<b>Operating cash flow</b>	<b>14,879</b>	<b>25,503</b>	<b>33,641</b>	<b>43,134</b>	<b>48,851</b>
Capital expenditure	(13,487)	(34,734)	(51,844)	(18,000)	(20,000)
Acquisition of business	-	(211)	(384)	0	0
Interest & dividend income	-	-	-	-	-
<b>Investing cash flow</b>	<b>(13,098)</b>	<b>(34,152)</b>	<b>(51,016)</b>	<b>(15,718)</b>	<b>(16,700)</b>
Equity raised/(repaid)	0	1	74,637	0	0
Debt raised/(repaid)	5,138	14,996	(28,301)	(23,643)	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(1,861)	(2,681)	(4,504)	(1,650)	(1,815)
Dividend paid (incl tax)	(1,624)	(2,273)	(3,249)	(3,916)	(4,796)
Others	(2,081)	414	(2,624)	734	932
<b>Financing cash flow</b>	<b>(428)</b>	<b>10,456</b>	<b>35,959</b>	<b>(28,475)</b>	<b>(5,679)</b>
Net chg in Cash	1,353	1,808	18,584	(1,059)	26,472
OCF	14,879	25,503	33,641	43,134	48,851
Adj. OCF (w/o NWC chg.)	23,403	29,781	40,572	44,701	52,201
FCFF	1,392	(9,231)	(18,204)	25,134	28,851
FCFE	(469)	(11,912)	(22,707)	23,484	27,036
OCF/EBITDA (%)	53.4	70.7	71.4	79.8	76.7
FCFE/PAT (%)	(3.1)	(57.9)	(87.5)	72.0	67.7
<b>FCFF/NOPLAT (%)</b>	<b>8.4</b>	<b>(41.1)</b>	<b>(63.0)</b>	<b>77.7</b>	<b>74.1</b>

Source: Company, Emkay Research

Balance Sheet					
Y/E Dec (Rs mn)	CY22	CY23	CY24	CY25E	CY26E
Share capital	6,496	6,496	6,763	6,763	6,763
Reserves & Surplus	44,528	62,869	159,335	188,052	223,219
<b>Net worth</b>	<b>51,024</b>	<b>69,365</b>	<b>166,098</b>	<b>194,815</b>	<b>229,983</b>
Minority interests	1,131	1,482	1,298	1,298	1,298
Non current liab. & prov.	3,368	3,430	4,879	5,611	6,453
<b>Total debt</b>	<b>40,649</b>	<b>56,118</b>	<b>29,155</b>	<b>6,464</b>	<b>7,496</b>
<b>Total liabilities &amp; equity</b>	<b>96,173</b>	<b>130,394</b>	<b>201,431</b>	<b>208,188</b>	<b>245,229</b>
Net tangible fixed assets	63,571	78,378	131,008	136,787	143,567
Net intangible assets	5,509	5,471	0	470	910
Net ROU assets	-	-	-	-	-
Capital WIP	6,066	19,222	11,667	11,667	11,667
Goodwill	242	242	3,009	3,009	3,009
Investments [JV/Associates]	-	211	595	595	595
<b>Cash &amp; equivalents</b>	<b>2,853</b>	<b>4,599</b>	<b>24,501</b>	<b>22,710</b>	<b>48,340</b>
Current assets (ex-cash)	37,941	43,748	60,659	70,535	77,983
Current Liab. & Prov.	20,010	21,478	30,008	37,585	40,843
<b>NWC (ex-cash)</b>	<b>17,932</b>	<b>22,271</b>	<b>30,651</b>	<b>32,950</b>	<b>37,141</b>
<b>Total assets</b>	<b>96,173</b>	<b>130,394</b>	<b>201,431</b>	<b>208,188</b>	<b>245,229</b>
Net debt	37,797	51,519	4,655	(16,246)	(40,845)
Capital employed	96,173	130,394	201,431	208,188	245,229
<b>Invested capital</b>	<b>87,254</b>	<b>106,363</b>	<b>164,668</b>	<b>173,216</b>	<b>184,627</b>
BVPS (Rs)	15.7	21.4	51.1	57.6	68.0
Net Debt/Equity (x)	0.7	0.7	-	(0.1)	(0.2)
Net Debt/EBITDA (x)	1.4	1.4	0.1	(0.3)	(0.6)
Interest coverage (x)	11.9	11.2	8.6	27.0	29.9
<b>RoCE (%)</b>	<b>26.0</b>	<b>27.4</b>	<b>24.0</b>	<b>22.3</b>	<b>24.6</b>

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Dec	CY22	CY23	CY24	CY25E	CY26E
P/E (x)	113.3	82.5	65.4	54.1	44.2
P/CE(x)	80.2	62.0	47.9	39.8	33.5
P/B (x)	33.2	24.5	10.2	9.1	7.7
EV/Sales (x)	13.2	10.9	8.5	7.2	6.2
EV/EBITDA (x)	62.2	48.4	36.1	31.5	26.7
EV/EBIT(x)	79.9	59.7	45.2	40.2	33.4
EV/IC (x)	19.9	16.4	10.3	9.8	9.2
FCFF yield (%)	0.1	(0.5)	(1.1)	1.5	1.7
FCFE yield (%)	-	(0.7)	(1.3)	1.3	1.5
Dividend yield (%)	0.1	0.1	0.2	0.2	0.3
<b>DuPont-RoE split</b>					
Net profit margin (%)	11.4	12.8	13.0	13.8	14.6
Total asset turnover (x)	1.5	1.4	1.2	1.2	1.2
Assets/Equity (x)	1.9	1.9	1.4	1.1	1.1
<b>RoE (%)</b>	<b>32.6</b>	<b>34.2</b>	<b>22.0</b>	<b>18.1</b>	<b>18.8</b>
<b>DuPont-RoIC</b>					
NOPLAT margin (%)	12.6	14.0	14.4	13.7	14.2
IC turnover (x)	1.7	1.7	1.5	1.4	1.5
<b>RoIC (%)</b>	<b>20.9</b>	<b>23.2</b>	<b>21.3</b>	<b>19.2</b>	<b>21.8</b>
<b>Operating metrics</b>					
Core NWC days	49.7	50.7	55.9	51.0	49.5
<b>Total NWC days</b>	<b>49.7</b>	<b>50.7</b>	<b>55.9</b>	<b>51.0</b>	<b>49.5</b>
Fixed asset turnover	1.3	1.4	1.3	1.2	1.3
Opex-to-revenue (%)	31.3	31.3	31.9	31.2	31.4

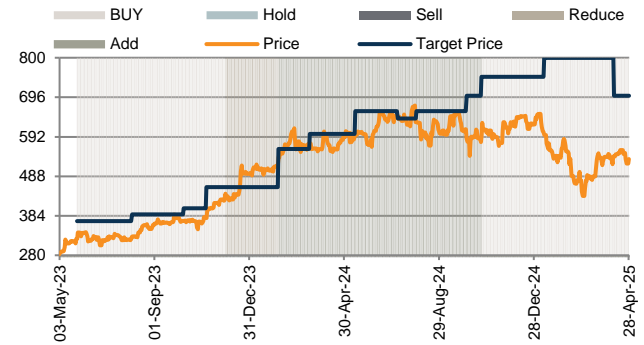
Source: Company, Emkay Research

## RECOMMENDATION HISTORY – DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
09-Apr-25	540	700	Buy	Devanshu Bansal
13-Mar-25	488	800	Buy	Devanshu Bansal
11-Feb-25	520	800	Buy	Devanshu Bansal
10-Jan-25	597	800	Buy	Devanshu Bansal
13-Nov-24	568	750	Buy	Devanshu Bansal
22-Oct-24	595	750	Buy	Devanshu Bansal
03-Oct-24	588	700	Add	Devanshu Bansal
31-Jul-24	631	660	Add	Devanshu Bansal
23-Jul-24	620	640	Add	Devanshu Bansal
07-Jul-24	646	640	Add	Devanshu Bansal
14-May-24	596	660	Add	Devanshu Bansal
07-Apr-24	598	600	Add	Devanshu Bansal
17-Mar-24	574	600	Add	Devanshu Bansal
06-Feb-24	539	560	Add	Devanshu Bansal
10-Jan-24	507	460	Reduce	Devanshu Bansal
20-Dec-23	501	460	Reduce	Devanshu Bansal
30-Nov-23	442	460	Reduce	Devanshu Bansal
06-Nov-23	378	460	Buy	Devanshu Bansal
08-Oct-23	371	404	Buy	Devanshu Bansal
03-Aug-23	329	388	Buy	Devanshu Bansal
10-Jul-23	325	370	Buy	Devanshu Bansal
25-May-23	324	370	Buy	Devanshu Bansal
02-May-23	283	340	Buy	Devanshu Bansal

Source: Company, Emkay Research

## RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research



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