

VARUN BEVERAGES LIMITED

Equity Analysis (25 May 2026)



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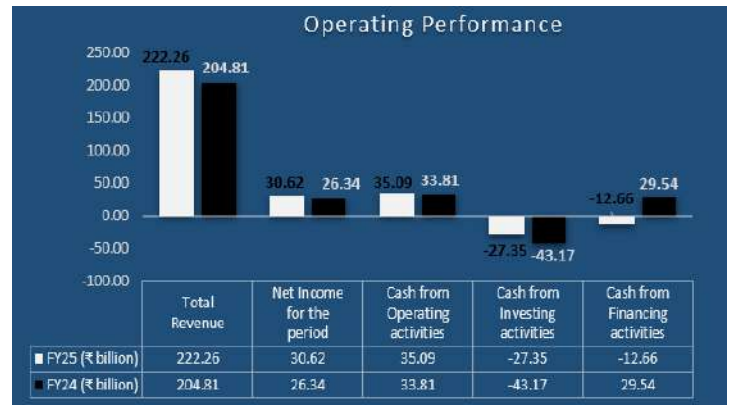
Introduction

Varun Beverages Limited manufactures, bottles, distributes, and sells PepsiCo beverages and snacks across India, Africa, and neighboring countries. Its portfolio includes carbonated drinks, juices, water, energy and sports drinks, iced tea, and snacks under globally recognized brands like Pepsi, Sting, Aquafina, Gatorade, and Kurkure. Varun Beverages Limited was incorporated in 1995 and is based in Gurugram, India.

Recommendation	Cautious Buy	
Risk Profile	Low	
Current Market Price (₹)	533.25	
52 Week Low-High (₹)	381.00 – 543.95	
Market Capitalization (₹)	1.81 trillion	
Outstanding Shares	3.38 billion	
PE (TTM)	57.16	
EPS (₹) (TTM)	9.40	
Dividend Yield	0.29% (Interim)	
Ex-Date/Pay-Date	30 Apr 2026/27 May 2026	
Enterprise Value (EV)/Sales (LTM)/(FY-1)	8.1x	6.7x
EV/EBITDA (LTM)/(FY-1)	34.6x	28.7x
Price/Book Value (LTM)/(FY-1)	9.3x	-



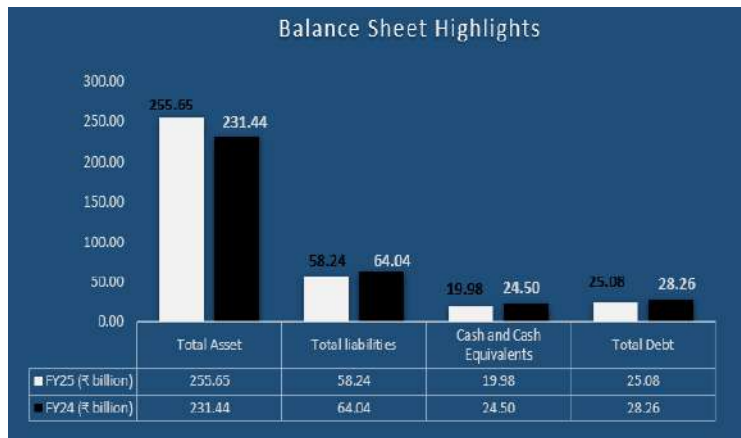
Operating Performance



Source: Company Reports, Chart Prepared by Kaproots Global

- In FY25, total revenue was ₹222.26 billion against ₹204.81 billion in FY24.
- In FY25, the company's net profit was ₹30.62 billion against a profit of ₹26.34 billion in FY24.
- Cash generated from operating activities was ₹35.09 billion in FY25 compared to ₹33.81 billion in FY24.
- Cash used in investing activities was ₹27.35 billion in FY25 compared to ₹43.17 billion in FY24.
- Cash used in financing activities was ₹12.66 billion in FY25 compared to ₹29.54 billion cash provided in FY24.

Balance Sheet Highlights



Source: Company Reports, Chart Prepared by Kaproots Global

Compared to FY24, in FY25:

- Total assets increased by ~10% to ₹255.65 billion.
- Total liabilities decreased by ~9% to ₹58.24 billion.
- Cash and Cash Equivalents decreased by ~18% to ₹19.98 billion.
- Total Debt decreased by ~11% to ₹25.08 billion.

Ratio Analysis

Fiscal Quarters	1Q FY2025	2Q FY2025	3Q FY2025	4Q FY2025	1Q FY2026
Return on Assets (ROA) %	-	-	-	-	-
Return On Equity %	17.48%	30.08%	16.11%	5.44%	17.80%
Return on Total Capital (ROTC) %	13.03%	22.01%	11.96%	0.66%	13.66%
EBITDA Margin %	22.19%	29.34%	24.58%	7.86%	22.66%
Gross Profit Margin %	54.57%	54.53%	56.72%	55.38%	55.19%
Net Income Margin %	13.05%	18.77%	15.14%	5.99%	13.27%
Asset Turnover	-	-	-	-	-
Days Outstanding Inventory (Avg)	-	-	-	-	-
Current Ratio	-	1.80	-	1.90	-
Days Sales Outstanding (Average Receivables)	-	-	-	-	-
Days Payable Outstanding (Avg)	-	-	-	-	-
Cash Conversion Cycle (Average Days)	-	-	-	-	-

Source: Koyfin, Chart Prepared by Kaproots Global

Key Business Highlights

- Consolidated sales volume increased by 16.3% YoY to 363.4 million cases during Q1 CY2026, supported by healthy growth across domestic and international markets.
- Revenue from operations advanced by 18.1% YoY to ₹65,741.9 million, reflecting strong demand momentum and broad-based portfolio expansion.
- EBITDA climbed 21.0% YoY to ₹15,289.3 million, while EBITDA margin improved to 23.3% during the quarter.
- India business delivered volume growth of 14.4%, aided by wider distribution reach and enhanced market execution initiatives.
- International territories reported 21.4% volume growth, highlighting strong traction across African operations.
- The company completed the acquisition of Twizza in South Africa, strengthening its manufacturing base and route-to-market capabilities in the region.
- VBL also entered into an agreement to acquire Crickley Dairy in South Africa to expand its value-added dairy and juice beverage presence.
- Gross margins improved by 62 basis points to 55.2%, supported by efficient raw material management and rising contribution from low-sugar products.
- Low sugar and no sugar beverages contributed nearly 63% of consolidated sales volumes during the quarter, reflecting evolving consumer preferences.
- The company continued investments in manufacturing capacity, chilling infrastructure, and distribution expansion to support long-term growth.
- The Board approved an interim dividend of ₹0.50 per share, reinforcing confidence in cash generation and financial stability.

Outlook

Varun Beverages remains focused on strengthening its position across both domestic and international beverage markets through capacity expansion, portfolio diversification, and deeper market penetration. The company expects demand trends to remain favorable, supported by rising urbanization, improving disposable income, and increasing consumption of packaged beverages. Newly commissioned manufacturing facilities are likely to improve operational efficiencies and support future volume growth. Expansion initiatives in Africa, including the Twizza acquisition and the proposed Crickley Dairy

transaction, are expected to enhance VBL’s regional presence and unlock operational synergies over the medium term. The company is also benefiting from increasing consumer inclination toward low-sugar and functional beverage categories, supported by ongoing product innovation. With a strong distribution network, healthy balance sheet position, and continued investments in infrastructure and sustainability initiatives, VBL appears well placed to maintain growth momentum and strengthen its competitive positioning in the global beverage industry.

Risks

The company has exposure to the following risks-

- Raw material inflation
- Currency fluctuation exposure
- Seasonal demand dependency
- Regulatory taxation changes

Technical Analysis



Source: TradingView, Analysis by Kaproots Global

Company Name	Ticker	Sector	CMP (₹)	Advisory Date	Rating	Target 1 (₹)	Target 2 (₹)	Stop Loss (₹)
Varun Beverages Limited	VBL	Consumer Staples	533.25	25 May 2026	Cautious Buy	582.00	620.00	482.00

At the time of writing, the stock of a beverages company, VBL, was trading at ₹533.25 on 25 May 2026, after a decline of nearly 1% from the previous day’s closing. It is currently trading between its 52-week price levels.

The stock is trading above the significant exponential moving averages (EMAs) of 20, 50, and 200 weeks on a weekly time frame, indicating bullishness for the midterm.

The stock is trading above the central pivot (₹524.35), holding a bullish momentum on a weekly time frame chart.

RSI (14 weeks) is nearly at 64, holding a bullish momentum in the index.

Based on these facts, investors can buy the stock at the current market price (CMP) level for the potential targets of ₹582.00 (previous swing resistance) and ₹620.00 (previous swing resistance) in the coming days. Investors can book either full or partial profits at target one and wait for the stock to achieve target two (depending on their risk appetite).

Investors are advised to keep a strict stop loss at or below ₹482.00 (previous swing support) to protect their investments in case of an unfavourable movement in the stock due to any uncertain event.

Please Note: It would be in the best interest of investors to trail their stop-loss upward if the stock is moving in our favourable direction.

Investment Summary

Varun Beverages continues to deliver steady operational performance, supported by healthy volume growth, strong distribution capabilities, and an expanding international presence. The company benefits from its long-standing partnership with PepsiCo, diversified beverage portfolio, and improving market penetration across India and Africa. Strategic acquisitions in South Africa and continued investments in manufacturing and infrastructure are expected to support future scalability and operational efficiency. Margin improvement and stable cash generation further strengthen the business outlook. However, exposure to raw material inflation, seasonal demand fluctuations, and integration risks in international markets may keep near-term volatility elevated. Considering its strong fundamentals and long-term growth opportunities, a cautious buy rating appears appropriate for the stock.

Considering all the above factors and the current trading level, we recommend a "Cautious Buy" rating on the stock at the current market price of ₹533.25 as of 25 May 2026 (at-market hours).

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The information contained in this website is general information only. Any advice is general advice only. No consideration has been given or will be given to the individual investment objectives, financial situation or needs of any particular person. The decision to invest or trade and the method selected is a personal decision and involves an inherent level of risk, and you must undertake your own investigations and obtain your own advice regarding the suitability of this product for your circumstances. Please be aware that all trading activity is subject to both profit & loss and may not be suitable for you. The past performance of this product is not and should not be taken as an indication of future performance.

Disclosure: The information mentioned above has been sourced from the company reports and a third-party database, i.e. Koyfin. Investors are advised to use strict stop-loss to protect their investments in case of any unfavorable/uncertain market events.