



VIEWPOINT

Annual Report Review

SECTOR

Consumer Goods

COMPANY DETAILS

Market cap:	Rs. 1,40,403 cr
52-week high/low:	Rs. 569 / 401
NSE volume: (No of shares)	57.9 lakh
BSE code:	540180
NSE code:	VBL
Free float: (No of shares)	137.2 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)

Promoters	59.4
FII	20.6
DII	13.6
Others	6.4

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	-8.9	-13.0	-10.3	-22.0
Relative to Sensex	-1.0	-3.6	-3.4	-23.9

Source: Mirae Asset Sharekhan Research, Bloomberg

Reco/View: **POSITIVE**

CMP: **Rs. 415**

Upside Potential: **40%**

Quick Snapshot

- CY25 revenue and PAT grew 8% and 16% y-o-y, respectively, led by focus on strengthening market execution, optimizing supply-chain efficiencies, and enhancing product availability, supported by its extensive distribution network, expanded manufacturing footprint, and strong brand portfolio.
- VBL India is net debt-free, with free cash of ~Rs. 1,225 crore, with consolidated net debt at ~Rs. 26 crore. With strong cash balance and no major capex coming up, VBL plans to use cash towards Twizza, setting up a brewery in Africa and territory-specific expansions, with possibility of higher dividends.
- Revenue/PAT to clock CAGR of 14%/18%, respectively over CY25-27E driven by a diversified portfolio, strong distribution network and adequate capacities, supported by favourable demographics and rising incomes.
- We stay Positive on VBL and expect an upside of 40%. Stock has corrected by ~19% from recent highs and trades at 40x/33x its CY26E/CY27E EPS, respectively.

Key highlights

- **Multiple key developments to support future growth:** VBL saw various key developments during CY25 that would drive growth and profitability (See page 2 for details).
- **Strong balance sheet; varied cash deployment priorities:** VBL India remains net debt-free, with free cash of ~Rs. 1,225 crore, while consolidated net debt stood at ~Rs. 26 crore. Its balance sheet remained strong, supported by healthy cash flows and disciplined capital allocation, providing flexibility to support organic expansion, invest in cold-chain and distribution infrastructure, and pursue value-accretive strategic opportunities. Cash & cash equivalents (including bank balance) stood at Rs. 1,999 crore versus Rs. 2,450 crore in CY24. With strong cash balance and no major capex coming up, VBL plans to use cash towards Twizza, setting up of a brewery in Africa and territory-specific expansions, with possibility of dividend increase.
- **Stable growth outlook:** VBL is strategically positioned for long-term growth, anchored by a robust manufacturing footprint and strategic presence in both India and high-growth African markets. With new greenfield plants and backward integration facilities stabilizing, the company is set to unlock significant operating leverage. Growth is also underpinned by aggressive investments in capacity, cold chain infrastructure, and distribution - particularly in India's under-penetrated regions. Bolstered by a strong balance sheet and disciplined capital allocation, VBL remains well-positioned to capitalize on favorable demographic shifts and deliver sustainable stakeholder value.

Our Call

Multiple growth drivers will help VBL post an 14%/18% revenue/PAT CAGR over CY25-27E. The stock trades at 40x/33x its CY26E/CY27E EPS, respectively. We stay Positive and expect an upside of 40% over the next 12 months.

Key Risks

Incremental tax on carbonated beverages, heightened competition from new entrants or raw material inflation will act as a key risk to our earnings estimates.

Valuation (Consolidated)

	Rs cr				
Particulars	CY23	CY24	CY25	CY26E	CY27E
Revenues	16,043	20,008	21,685	24,686	28,339
OPM (%)	22.5	23.5	23.3	23.5	23.8
Adjusted PAT	2,056	2,595	3,036	3,499	4,241
Adj. diluted EPS (Rs.)	6.3	7.7	9.0	10.3	12.5
P/E (x)	65.6	54.1	46.3	40.1	33.1
P/B (x)	19.4	8.5	7.2	6.2	5.3
EV/EBIDTA (x)	38.1	29.3	26.2	22.4	18.9
RoNW (%)	34.9	22.4	17.0	16.9	17.5
RoCE (%)	25.5	22.6	18.9	19.7	21.5

Source: Company; Mirae Asset Sharekhan estimates

Key business developments in CY25

Acquisition Twizza (Pty) Limited, South Africa

On 21 December 2025, VBL, through its subsidiary, The Beverages Company Proprietary Limited entered into a share purchase agreement with Twizza (Pty) Limited for the purchase of 100% share capital at an Enterprise value of ~ ZAR 2,095 mn. The acquisition is expected to be completed on or before 30 June 2026.

Incorporation of wholly-owned subsidiary in Kenya

VBL incorporated a wholly-owned subsidiary in Kenya to carry on the business of manufacturing, distribution and selling of beverages.

Addition of alcoholic beverage business in the Main Objects of the MoA

In response to the growing popularity of RTD and variety of Alcoholic Beverages, VBL sees an opportunity for expansion into the business of RTD and alcoholic beverages of any type or description, including beer, wine, liquor, brandy, whisky, gin, rum, vodka in India and abroad.

Exclusive distribution agreement with Carlsberg Breweries A/S for African markets

VBL has entered into an exclusive distribution agreement with Carlsberg Breweries A/S for their brand – Carlsberg to test market beer in the territories of certain African subsidiaries of VBL.

Agreement to distribute and sell PepsiCo's snack products in Zimbabwe and Zambia

Varun Zimbabwe and Varun Zambia (subsidiaries of the Company) started distribution and selling of PepsiCo's snack products in Zimbabwe and Zambia from 1 February 2025.

Commencement of commercial production at four greenfield facilities

For CY25 season, VBL has commissioned four new greenfield production facilities in India at Prayagraj (Uttar Pradesh), Damtal (Himachal Pradesh), Buxar (Bihar), and Mendipathar (Meghalaya). Further, it has set-up backward integration facilities at its Prayagraj plant in India and its DRC plant in the international territory.

Commencement of commercial production of PepsiCo snacks at Morocco and Zimbabwe

Varun Beverages Morocco SA and Varun Beverages Zimbabwe (subsidiaries of the company) have started commercial production of PepsiCo's snacks products - Cheetos.

Acquisition of 50% stake in Everest Industrial Lanka (Private) Limited

VBL has acquired 50% equity share capital of Everest Industrial Lanka (Private) Limited (EIL), a company in Sri Lanka which is engaged in the business of production, manufacturing, distribution and selling of commercial visi-coolers and related accessories. Further, VBL has formed a joint venture, White Peak Refrigeration Private Limited in partnership with EIL, to carry on the business of manufacturing of visi-coolers and other refrigeration equipments in India.

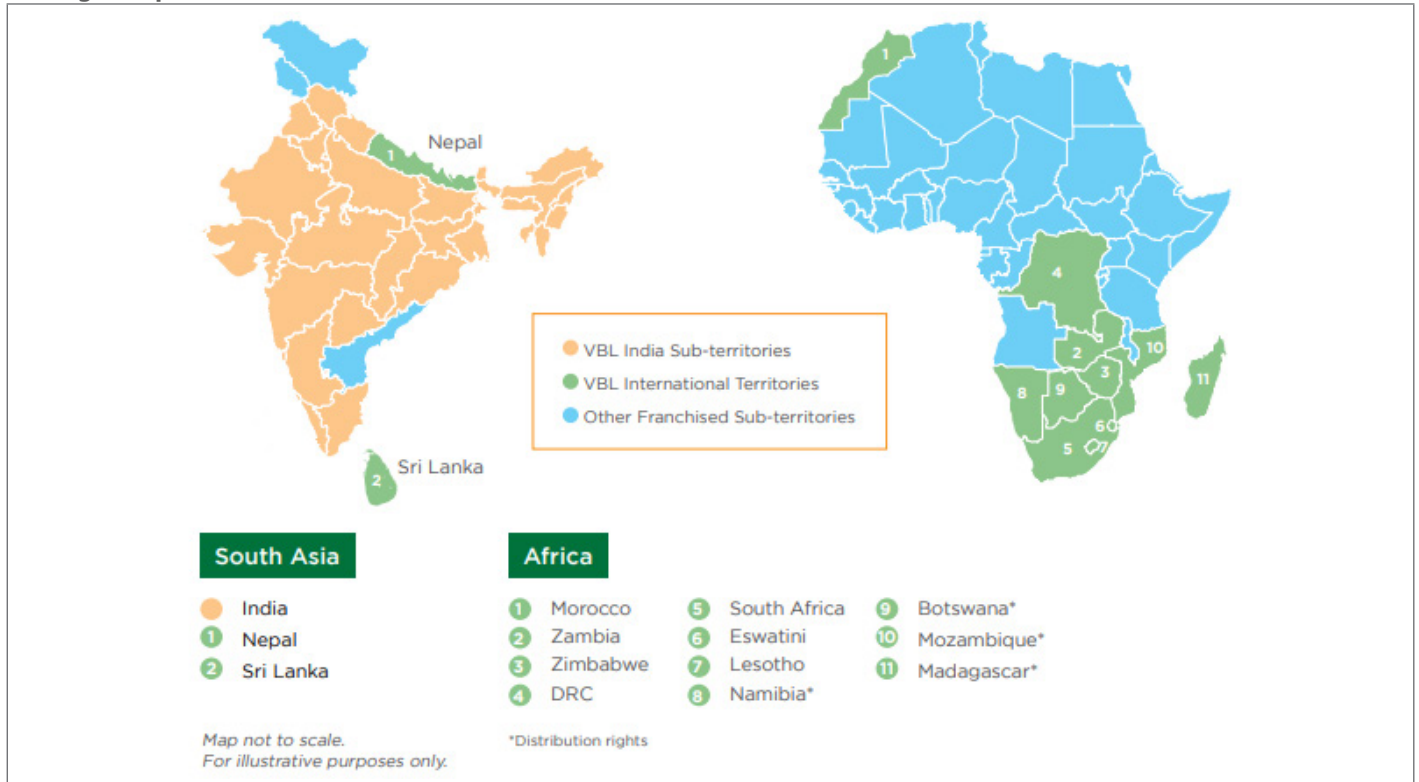
Source: Company annual report; Mirae Asset Sharekhan Research

Diversified product portfolio



Source: Company annual report

VBL's global presence

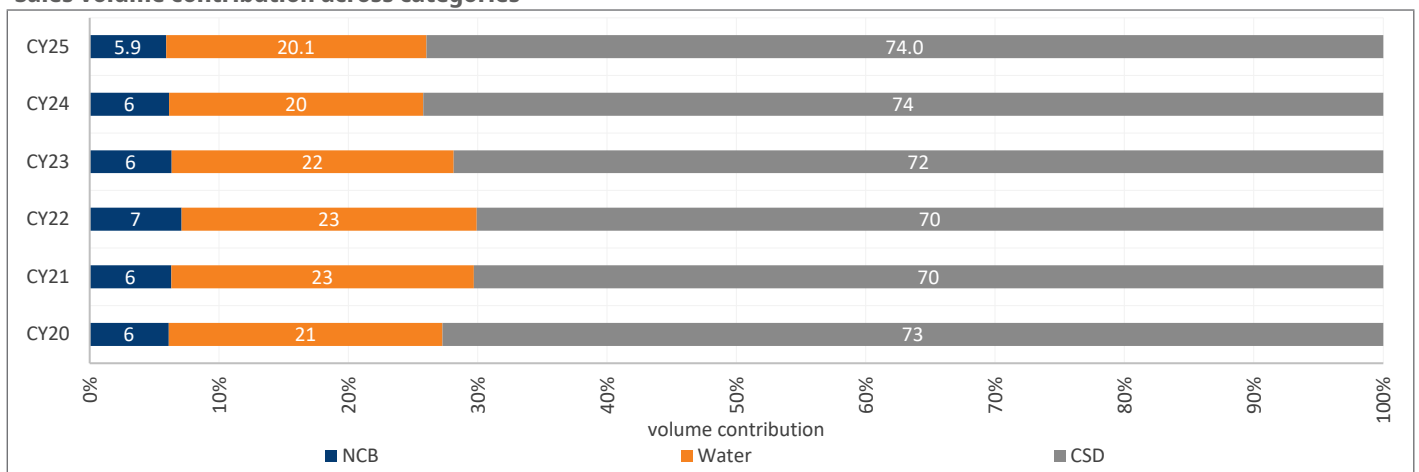


Source: Company annual report

Volume growth across categories and geographies

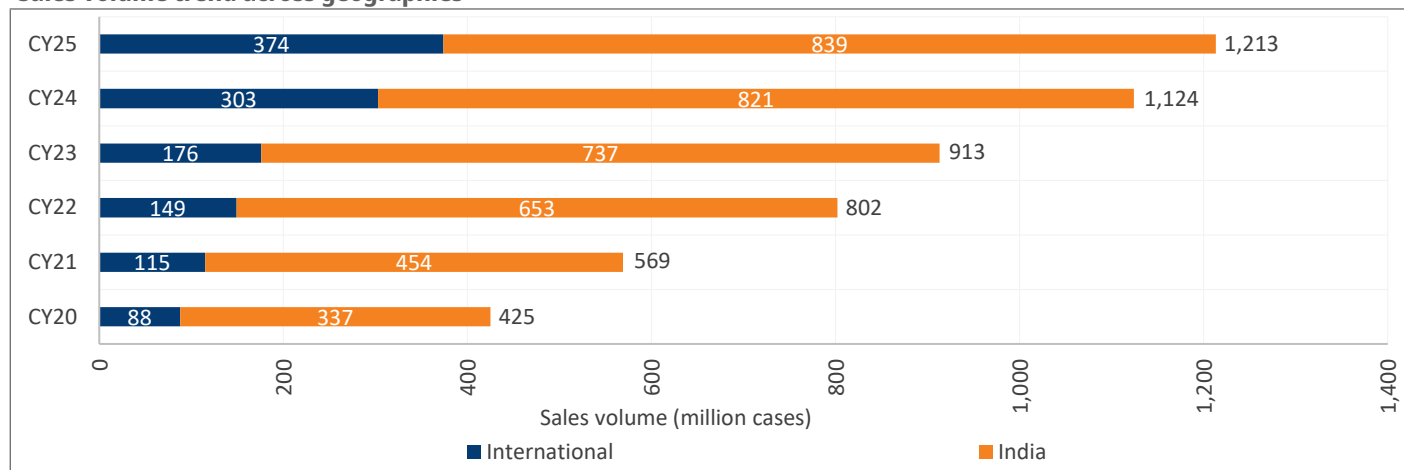
Total sales volumes for CY25 amounted to 1,213 million cases, rising 7.9% y-o-y growth. Volume growth for international territories stood at 23.4% while domestic volumes rose 2.2%, hit by weather related disruptions. The domestic business demonstrated strong resilience, recording double-digit volume growth in Q1 and despite unusually heavy and prolonged rainfall across several regions during the intervening period, successfully closed Q4 with double-digit volume growth as well. In terms of categories, Carbonated soft drinks (CSD) reported ~8% y-o-y volume growth to 897 million cases, non-carbonated beverages (NCB) reported ~4% y-o-y volume growth to 72 million cases, while volume of packaged drinking water grew~10% y-o-y to 244 million cases. In volume terms, CSDs constituted 74.0%, NCB constituted 5.9%, and the Water business had 20.1% share.

Sales volume contribution across categories



Source: Company, Mirae Asset Sharekhan Research

Sales volume trend across geographies



Source: Company, Mirae Asset Sharekhan Research

Financials

- Consolidated revenue grew by 8.4% y-o-y to Rs. 21,685 crore, backed by 7.9% y-o-y volume growth to 1,213 million cases and 0.5% y-o-y realisation growth to Rs. 178.8 per case. Five-year revenue/volume CAGR came in at 27%/23%, respectively.
- India business grew by 0.9% y-o-y to Rs. 14,529 crore, while international business grew by 27.7% y-o-y to Rs. 7,156 crore.
- Contribution of low-sugar and no-sugar products increased to ~59% of consolidated sales volumes, versus ~53% in CY24, reflecting continued progress in portfolio evolution.
- Gross margins remained stable y-o-y at 55.2% versus 55.5% in CY24.
- Operating profit rose 7.2% y-o-y to Rs. 5,049 crore, while OPM declined by 26 bps y-o-y to 23.3% mainly due to a one-time incremental cost related to new labour laws, as well as operating deleverage from fixed costs associated with newly-commissioned capacities.
- Other income rose 2.9x y-o-y to Rs. 352 crore led by higher interest on deposits in India and favourable currency movement in international operations.
- Depreciation rose 28.4% y-o-y to Rs. 1,217 crore primarily reflecting the commissioning of new greenfield production facilities in India and brownfield expansions across international markets.
- Finance costs plunged 62.3% y-o-y to Rs. 170 crore driven by the repayment of debt using QIP proceeds, resulting in negligible finance costs in India. At the consolidated level, finance costs largely related to international operations, particularly South Africa, and included fair value adjustments of leases in accordance with Ind AS-116.
- Adjusted PAT increased by 16% y-o-y to Rs. 3,062 crore supported by volume growth, lower finance costs, and higher other income.
- Company declared a dividend of Rs. 1.5 per share for CY25.

Balance sheet analysis

- In CY25, net capitalised capex amounted to ~Rs. 4,500 crore (out of which ~Rs. 1,650 crore was spent in CY24) which includes -
 - ~Rs. 1,700 crore for setting up of four greenfield production facilities at Prayagraj (UP), Buxar (Bihar), Damtal (Himachal) & Mendipathar (Meghalaya).
 - ~Rs. 300 crore for brownfield expansion in Sricity & Gorakhpur (India).
 - ~Rs. 1,300 crore in International territories (DRC – a CSD PET line and backward integration, Morocco &

Zimbabwe – Snacks manufacturing plant and South Africa – a CAN line).

- Balance capex (~Rs. 1,200 crore) comprises of visi-coolers, glass bottles, pallets, vehicles, write-offs, and foreign exchange fluctuations.
- At CY25-end, capital work-in-progress and capital advances stood at ~Rs. 540 crore.
- VBL India remained net debt-free, with free cash of ~Rs. 1,225 crore, while consolidated net debt stood at ~Rs. 26 crore. Balance sheet remained strong, supported by healthy cash flows and disciplined capital allocation.
- Cash & cash equivalents (including bank balance) stood at Rs. 1,999 crore versus Rs. 2,450 crore in CY24.
- RoE and RoCE declined to 17.0% and 18.9% versus 22.4% and 22.6% in CY24, respectively.

Growth Outlook



Source: Company annual report

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Norges Bank	1.91
2	Life Insurance Corp. of India	1.86
3	Vanguard Group Inc.	1.76
4	Nippon Life India AMC Ltd.	1.74
5	Republic of Singapore	1.66
6	SBI Funds Management Ltd.	1.11
7	NPS Trust A/c UTI Retirement Solutions Ltd.	1.04
8	Schroders PLC	0.92
9	Tata Asset Management Pvt Ltd.	0.74
10	Canara Robeco AMC Ltd.	0.72

Source: Bloomberg

Key management personnel

Name	Designation
Ravi Kant Jaipuria	Promoter & Chairman
Varun Jaipuria	Promoter, Executive Vice-Chairman and Whole-time Director
Pankaj Madan	Chief Financial Officer
Ravi Batra	Company Secretary and Compliance Officer

Source: Company Website

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