BUY

Varun Beverages

Climatic disruptions impact 2Q; cut TP, but maintain BUY

Emkay

Your success is our success

Retail ▸ Result Update ▸ **July 29, 2026**

CMP (Rs): 430 | TP (Rs): 525

We maintain BUY on VBL, while cutting our TP by ~15% to Rs525 (40x Jun-28E EPS vs 5Y mean of 47x). We cut TP due to a 3-4% earnings cut and ~11% cut in our target multiple on multiple climate-related disruptions in the peak season over CY23-26. However, we retain BUY led by a strong execution track record (~17% India growth over CY19-25), continued outperformance vs FMCG peers, and growth-oriented management. India topline growth of ~13% in 1Q (2Y CAGR of ~2%) was impacted by climatic disruptions in Apr-26 (flat volume growth), though Mar/May/Jun-26 saw healthy volume growth of >20%. The organic international volume growth was robust at ~25% (~39%, including Twizza), backed by broad-based performance across geographies. VBL is relatively better placed than peers in terms of margin, with strategic stocking of raw material (RM) and growing share of low-/no-sugar products (73% mix in 1HCY26) – this was reflected in the 2Q EBITDA margin gain of ~40bps in India business, despite peak geo-political tensions. Regarding investments in 1HCY26, VBL incurred organic capex of Rs11.4bn in 1H, acquired Twizza for Rs11.3bn, and made an investment of Rs0.8bn in JVs.

Topline performance in-line; flattish April impacts volume growth in India

VBL's revenue grew 20.4% to Rs84bn (in line with our estimate), led by ~43% growth in International revenue and ~13% growth in India operations. India volume growth stood at 14.4% yoy, impacted by flattish volumes in April due to adverse weather. Excluding April, volume growth has been tracking the twenties since the onset of the season (March). Encouragingly, growth momentum has sustained in July. International volume was up ~39% yoy (ex-Twizza, ~25% yoy growth), leading to consolidated volume growth of ~20%. Consolidated realization (for beverages) at Rs175.3/case was up 1.2%, supported by better realization in the international business while realization in the domestic business was down 0.6%. Consolidated gross margin (GM) at 55% was up by ~50bps yoy, led by a higher share of low sugar/no sugar at 81% (vs 52% in 2QCY25). India EBITDA margin was up by ~40bps, led by lower employee cost partially offset by higher transportation/distribution cost. However, consolidated EBITDA margin at 27.7% was down by ~80bps yoy due to consolidation of the Twizza business.

Strong growth in VAD/Nimbooz; selective market expansion of Rs10 price-point

Value-added dairy (VAD) and Nimbooz maintained strong momentum, delivering growth of >40% and 30% yoy, respectively, significantly outpacing VBL's overall growth. Management reiterated its focus on these categories and continues to expand the product portfolio across multiple price points. It remains selective in expanding the Rs10 price-point, deploying it primarily in markets seeing sub-20% growth due to its low profitability. Overall, the mix of Rs10 remains low at the portfolio level.

Target Price – 12M	Jun-27
Change in TP (%)	**(15.3)**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	22.1

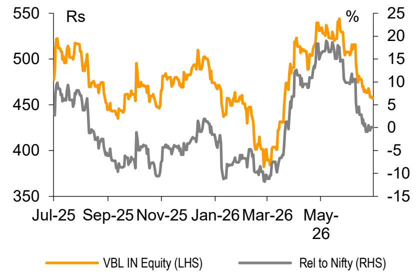
Stock Data	**VBL IN**
52-week High (Rs)	556
52-week Low (Rs)	381
Shares outstanding (mn)	3,382.5
Market-cap (Rs bn)	1,454
Market-cap (USD mn)	15,173
Net-debt, CY26E (Rs mn)	10,160.6
ADTV-3M (mn shares)	6.9
ADTV-3M (Rs mn)	3,456.1
ADTV-3M (USD mn)	36.1
Free float (%)	36.0
Nifty-50	23,985.3
INR/USD	95.9

Shareholding,Jun-26	
Promoters (%)	59.4
FPIs/MFs (%)	19.0/15.2

Price Performance

(%)	**1M**	**3M**	**12M**
Absolute	(15.3)	(17.1)	(11.7)
Rel. to Nifty	(15.0)	(17.0)	(9.1)

1-Year share price trend (Rs)



Varun Beverages: Financial Snapshot (Consolidated)

Y/E Dec (Rs mn)	CY24	CY25	CY26E	CY27E	CY28E
Revenue	200,077	216,854	259,968	291,991	330,244
EBITDA	47,111	50,494	58,392	65,912	75,111
Adj. PAT	25,946	30,365	32,792	38,503	46,723
Adj. EPS (Rs)	8.0	9.0	9.7	11.4	13.8
EBITDA margin (%)	23.5	23.3	22.5	22.6	22.7
EBITDA growth (%)	30.5	7.2	15.6	12.9	14.0
Adj. EPS growth (%)	26.2	12.4	8.0	17.4	21.4
RoE (%)	22.0	16.8	15.7	16.2	17.2
RoIC (%)	22.3	16.3	15.0	16.0	18.2
P/E (x)	53.8	47.9	44.3	37.8	31.1
EV/EBITDA (x)	29.7	28.9	25.0	22.2	19.4
P/B (x)	8.4	7.4	6.5	5.8	5.0
FCFF yield (%)	(1.3)	(0.1)	0.2	2.1	2.5

Source: Company, Emkay Research

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Earnings call KTAs

Product portfolio

- Management continues to strengthen its differentiated non-carbonated portfolio by expanding the product range across multiple price points. Value-added dairy (VAD) and Nimbooz maintained strong momentum with growth of over 40% and 30% YoY, respectively, significantly outpacing overall company growth.
- GST reduction helped sustain prices across dairy, Nimbooz, water, and soda, despite raw material inflation, thus supporting category growth.
- Sting volumes witnessed a temporary impact during the quarter due to regulatory changes around energy drink labeling. Management indicated that the issue has now been resolved with revised labels, and volumes are gradually returning to normal.

Raw materials and margins

- Early procurement of key raw materials and average-cost inventory helped mitigate inflation arising from geopolitical disruptions. The company has secured sufficient inventory for 3Q, with part of the higher input costs already reflected in 2Q and the remaining impact expected in 3Q.
- Management remains confident of maintaining margins despite geopolitical headwinds, with margin improvement expected once input cost pressures ease.

International business

- International markets continued to perform well, with all major geographies except Zambia delivering healthy growth. Zimbabwe has started delivering growth after seeing an impact last year due to sugar tax.
- Foods business is seeing healthy growth and delivered ~50% growth in 2QCY26.
- The acquisition of Devyani Food Industries (Kenya) is expected to provide an established go-to-market network to support expansion of carbonated soft drinks and energy drinks in Kenya.

Strategic initiatives

- VBL has extended its exclusive bottling and trademark agreement with PepsiCo India until Apr-49. Removal of the SPV restriction provides greater operational flexibility and opportunities to pursue businesses beyond the traditional Pepsi bottling operations.
- The company has entered a strategic alliance with Asahi to introduce the CALPIS brand in India with original and Mango variants, marking its entry into the fermented value-added dairy beverage category.

Others

- During 1HCY26, VBL capitalized ~Rs9.5bn of capex, comprising ~Rs2bn toward brownfield expansion in India (including a value-added dairy beverage line at Supa), ~Rs1bn for a snacks manufacturing plant in Zimbabwe, and ~Rs4bn toward market infrastructure (visi-coolers, glass bottles, pallets, and vehicles). CWIP of ~Rs4.9bn is primarily toward expansion in South Africa, and a CSD line in Kenya. Further, there was an inorganic capex of Rs11.3bn related to the Twizza acquisition.
- VBL has positive net-cash of Rs14.9bn in its standalone business; however, at the consolidated level, there is net debt of Rs3.73bn on account of the Twizza acquisition in South Africa.
- The company's Board approved interim dividend of Rs0.5/share. Total cash outflow would be ~Rs1.7bn.

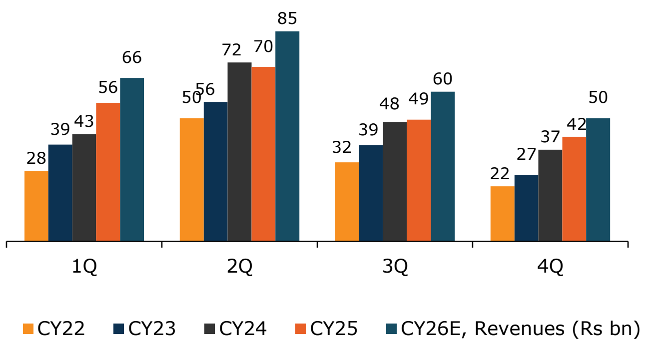
Story in charts

Exhibit 1: VBL – SOTP-based valuation

Parameter	
Jun-28E EPS - Existing business (Rs)	13
TP multiple - Existing business (x)	40
[A] Target Price - Existing business (Rs)	**505**
Delta Corporation - Beer revenue ($ mn)	581
Delta Corp Operating margin - Beer business (%)	20
VBL potential beer business revenue (assuming 25% of Delta revenue; $ mn)	145
VBL potential operating margin (%)	20
VBL potential EBITDA ($ mn)	29
USD-INR conversion rate (Rs)	93
VBL potential EBITDA (Rs mn)	2,702
TP Multiple - Africa Beer business (x)	25
Potential value creation (Rs mn)	67,541
Number of shares	3,382
[B] Target Price- Beer business (Rs)	**20**
[C] Cumulative Target Price (A+B; Rs)	**525**

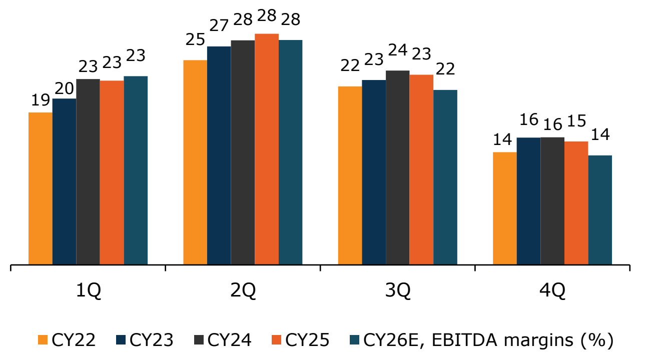
Source: Emkay Research

Exhibit 2: Revenue was up ~20%, led by ~20% volume growth, while realization was flat



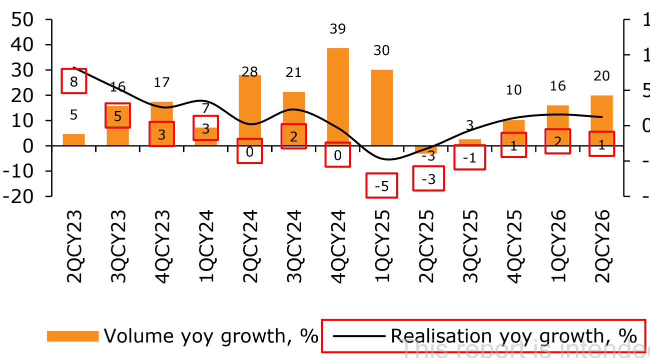
Source: Company, Emkay Research

Exhibit 3: EBITDA margin was down by ~80bps, largely on account of consolidation of the Twizza business



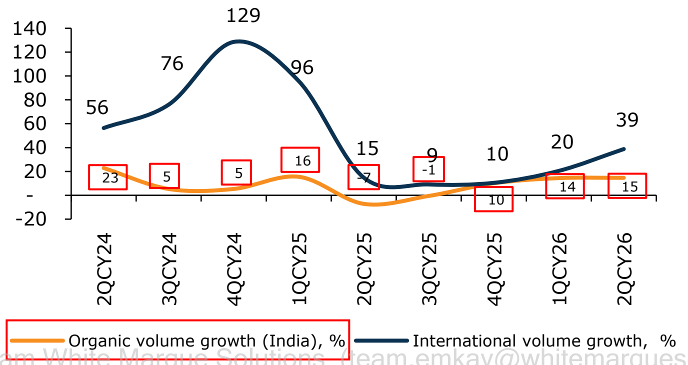
Source: Company, Emkay Research

Exhibit 4: Consol realization grew ~1%, led by higher Intl business realization, partially offset by lower India realization



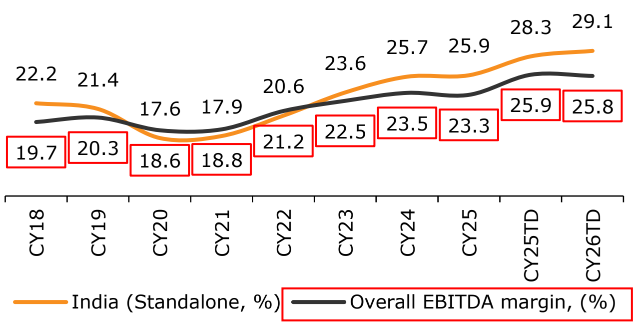
Source: Company, Emkay Research

Exhibit 5: India/International volumes were up ~15%/39%, leading to overall volume growth at ~20%



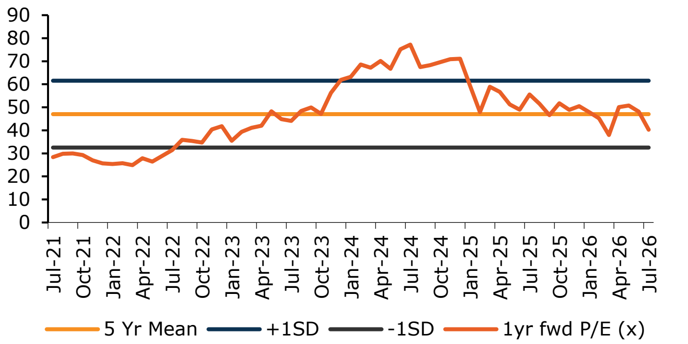
Source: Company, Emkay Research

Exhibit 6: Consolidated margin was flat CY26TD



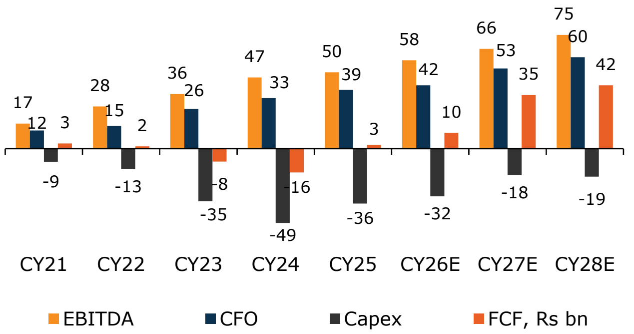
Source: Company, Emkay Research

Exhibit 7: VBL's 1-YF PER trend



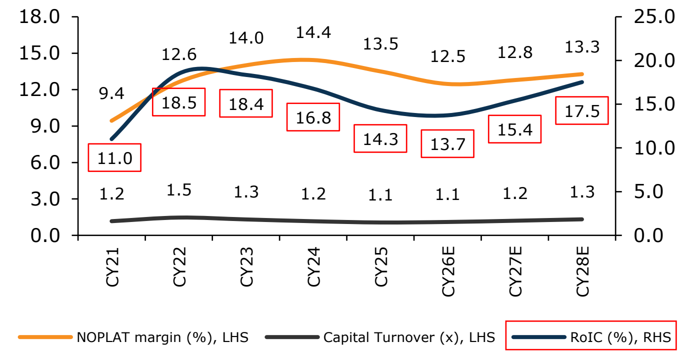
Source: Company, Emkay Research

Exhibit 8: FCF is likely to considerably improve and, thus, support near-term growth



Source: Company, Emkay Research

Exhibit 9: Asset turnover and margin improvement are likely to lead to sustained improvement in ROIC



Source: Company, Emkay Research

Exhibit 10: Change in estimates

(Rs mn)	CY26E			CY27E			CY28E		
	Old	**New**	**% change**	**Old**	**New**	**% change**	**Old**	**New**	**% change**
Revenue	259,968	259,968	-	291,991	291,991	-	330,244	330,244	-
EBITDA	58,839	58,392	(0.8)	66,351	65,912	(0.7)	75,325	75,111	(0.3)
EBITDA margin (%)	22.6	22.5	-20 bps	22.7	22.6	-20 bps	22.8	22.7	-10 bps
Net profit	33,901	32,792	(3.3)	40,225	38,503	(4.3)	48,289	46,723	(3.2)
EPS (Rs)	10.0	9.7	(3.3)	11.9	11.4	(4.3)	14.3	13.8	(3.2)

Source: Company, Emkay Research

Exhibit 11: Actual vs Estimate (2QCY26)

(Rs mn)	Actual	Estimates		Variation		Comments
		Emkay	**Consensus**	**Emkay**	**Consensus**	
Net Sales	84,512	83,786	82,318	1%	3%	Revenue was largely in line with our estimate
EBITDA	23,430	22,776	24,303	3%	-4%	EBITDA beat was on account of higher gross profit
EBITDA margin	27.7%	27.2%	29.5%	54 bps	-180 bps	
PAT	15,208	14,854	14,403	2%	6%	PAT beat was on account of flow-through of EBITDA, though partially offset by higher depreciation and interest cost

Source: Company, Emkay Research

Exhibit 12: Key assumptions

	CY20	CY21	CY22	CY23	CY24	CY25	CY26E	CY27E	CY28E
CSD* (mn cases)	309	400	563	657	834	897	1,090	1,222	1,344
JNSD** (mn cases)	26	36	58	58	68	72	95	114	125
Water (mn cases)	90	132	181	199	222	244	278	293	322
Total Volume (mn cases)	**425**	**568**	**802**	**914**	**1,124**	**1,213**	**1,462**	**1,629**	**1,792**
Revenue/case (Rs)	152	155	164	176	178	176	174	175	179
EBITDA/case (Rs)	28	29	35	39	42	42	40	40	42

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

Exhibit 13: Summary of quarterly results

Y/E, Dec (Rs mn)	2QCY25	3QCY25	4QCY25	1QCY26	2QCY26	yoy%	qoq%	CY26TD	CY25TD	yoy%
Sales	**70,174**	**48,967**	**42,044**	**65,742**	**84,512**	**20.4**	**28.6**	**150,254**	**125,843**	**19.4**
Cost of Revenue	31,911	21,192	18,761	29,457	38,064	19.3	29.2	67,520	57,202	18.0
As a % of sales	*45.5*	*43.3*	*44.6*	*44.8*	*45.0*			*44.9*	*45.5*	
Employee Cost	5,497	5,533	5,863	6,193	6,832	24.3	10.3	13,025	10,612	22.7
As a % of sales	*7.8*	*11.3*	*13.9*	*9.4*	*8.1*			*8.7*	*8.4*	
Other Expenses	12,778	10,767	11,028	14,803	16,186	26.7	9.3	30,989	25,402	22.0
As a % of sales	*18.2*	*22.0*	*26.2*	*22.5*	*19.2*			*20.6*	*20.2*	
Total Expenditure	**50,186**	**37,493**	**35,652**	**50,453**	**61,082**	**21.7**	**21.1**	**111,535**	**93,216**	**19.7**
EBITDA	**19,988**	**11,474**	**6,393**	**15,289**	**23,430**	**17.2**	**53.2**	**38,720**	**32,627**	**18.7**
Depreciation	3,062	3,076	3,302	3,568	4,090	33.6	14.6	7,658	5,787	32.3
EBIT	**16,926**	**8,398**	**3,091**	**11,721**	**19,340**	**14.3**	**65.0**	**31,061**	**26,841**	**15.7**
Other Income	772	1,480	991	435	1,044	35.3	139.8	1,479	1,052	40.6
Interest cost	365	452	467	485	569	55.8	17.3	1,054	777	35.8
PBT	**17,332**	**9,426**	**3,615**	**11,671**	**19,815**	**14.3**	**69.8**	**31,486**	**27,116**	**16.1**
Tax	4,066	1,957	989	2,845	4,518	11.1	58.8	7,363	6,530	12.8
PAT before Minority	**13,267**	**7,469**	**2,626**	**8,827**	**15,296**	**15.3**	**73.3**	**24,123**	**20,586**	**17.2**
Minority Interest	-97	-57	-108	-103	-88	-8.4	-14.2	-191	-151	26.8
Exceptional Items	0	0	0	0	0			0	0	
Reported PAT	**13,170**	**7,412**	**2,518**	**8,724**	**15,208**	**15.5**	**74.3**	**23,931**	**20,435**	**17.1**
Reported EPS (Rs)	**3.9**	**2.2**	**0.7**	**2.6**	**4.5**	**15.5**	**74.3**	**7.1**	**6.0**	**17.1**

(%)	2QCY25	3QCY25	4QCY25	1QCY26	2QCY26	yoy bps	qoq bps	CY26TD	CY25TD	yoy bps
EBITDA margin	28.5	23.4	15.2	23.3	27.7	-80.0	450.0	25.8	25.9	-20.0
EBIT margin	24.1	17.1	7.4	17.8	22.9	-120.0	510.0	20.7	21.3	-70.0
EBT margin	24.7	19.2	8.6	17.8	23.4	-130.0	570.0	21.0	21.5	-60.0
PAT margin	18.9	15.3	6.2	13.4	18.1	-80.0	470.0	16.1	16.4	-30.0
Effective Tax rate	23.5	20.8	27.4	24.4	22.8	-70.0	-160.0	23.4	24.1	-70.0

Source: Company, Emkay Research

Exhibit 14: Valuation comparison across our coverage companies

Company	Price (Rs)	Mcap (Rs bn)	Reco	Target Price (Rs)	EPS (Rs)			PER (x)			EV / EBITDA (x)*		
					FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Titan Company	4,849	4,304	ADD	5,100	68.3	87.9	113.6	71.0	55.2	42.7	44.2	35.8	28.6
Varun Beverages	**430**	**1,454**	**BUY**	**525**	**9.7**	**11.4**	**13.8**	**44.3**	**37.8**	**31.1**	**25.0**	**22.2**	**19.4**
Ethos	2,541	68	BUY	2,800	46.9	61.0	75.9	54.2	41.7	33.5	22.6	17.0	13.4
Page Industries	40,362	450	ADD	46,800	776.7	894.3	1,025.2	52.0	45.1	39.4	35.1	30.7	26.9
ABFRL	57	69	ADD	80	-5.1	-3.6	-3.3	NA	NA	NA	6.9	4.9	4.3
Jubilant FoodWorks	432	285	BUY	550	6.0	7.9	10.2	71.9	54.5	42.2	14.6	12.5	10.8
Devyani International	114	140	BUY	160	0.1	0.9	1.1	1,005.2	128.6	104.0	14.6	11.5	10.3
Westlife Foodworld	468	73	ADD	550	0.8	5.3	8.7	595.3	88.8	53.8	18.9	13.9	11.4
Sapphire Foods	184	59	BUY	300	1.6	2.3	2.9	115.4	79.0	63.5	10.2	8.2	7.2
Senco Gold	418	68	BUY	575	21.2	26.2	30.4	19.7	15.9	13.8	12.4	10.3	8.8
Metro Brands	1,027	280	BUY	1,250	18.1	21.9	24.7	56.6	47.0	41.6	26.9	23.1	19.8
ABLBL	94	115	BUY	140	2.2	3.1	4.0	43.5	30.1	23.3	8.2	7.0	6.1
Vishal Mega Mart	109	512	BUY	170	2.3	2.9	3.6	48.2	37.3	30.3	21.7	17.9	15.2
Lenskart	554	963	BUY	675	4.1	6.1	7.2	134.6	90.5	76.4	39.4	30.2	24.4
DMART	3,847	2,509	SELL	3,700	56.3	63.0	70.4	68.3	61.0	54.7	41.0	35.6	31.2

*Source: Company, Emkay Research; Note: *Post-IndAS-116 EBITDA; **FY27E is CY26 and likewise for Varun Beverages*

Varun Beverages: Consolidated Financials and Valuations

Profit & Loss

Y/E Dec (Rs mn)	CY24	CY25	CY26E	CY27E	CY28E
Revenue	**200,077**	**216,854**	**259,968**	**291,991**	**330,244**
Revenue growth (%)	24.7	8.4	19.9	12.3	13.1
EBITDA	**47,111**	**50,494**	**58,392**	**65,912**	**75,111**
EBITDA growth (%)	30.5	7.2	15.6	12.9	14.0
Depreciation & Amortization	9,474	12,165	15,972	17,044	17,733
EBIT	**37,637**	**38,329**	**42,420**	**48,868**	**57,378**
EBIT growth (%)	28.5	1.8	10.7	15.2	17.4
Other operating income	-	-	-	-	-
Other income	1,213	3,523	3,000	4,150	5,800
Financial expense	4,504	1,696	2,045	2,126	1,500
PBT	**34,346**	**40,157**	**43,375**	**50,892**	**61,678**
Extraordinary items	0	0	0	0	0
Taxes	7,988	9,476	10,235	12,009	14,555
Minority interest	(411)	(316)	(347)	(380)	(400)
Income from JV/Associates	0	0	0	0	0
Reported PAT	**25,946**	**30,365**	**32,792**	**38,503**	**46,723**
PAT growth (%)	26.2	17.0	8.0	17.4	21.4
Adjusted PAT	**25,946**	**30,365**	**32,792**	**38,503**	**46,723**
Diluted EPS (Rs)	**8.0**	**9.0**	**9.7**	**11.4**	**13.8**
Diluted EPS growth (%)	26.2	12.4	8.0	17.4	21.4
DPS (Rs)	**1.0**	**1.5**	**1.9**	**2.3**	**2.8**
Dividend payout (%)	**12.5**	**16.7**	**20.0**	**20.0**	**20.0**
EBITDA margin (%)	23.5	23.3	22.5	22.6	22.7
EBIT margin (%)	18.8	17.7	16.3	16.7	17.4
Effective tax rate (%)	23.3	23.6	23.6	23.6	23.6
NOPLAT (pre-IndAS)	**28,883**	**29,284**	**32,410**	**37,336**	**43,838**
Shares outstanding (mn)	3,248	3,382	3,382	3,382	3,382

Source: Company, Emkay Research

Balance Sheet

Y/E Dec (Rs mn)	CY24	CY25	CY26E	CY27E	CY28E
Share capital	6,763	6,764	6,764	6,764	6,764
Reserves & Surplus	159,335	189,023	215,257	246,059	283,437
Net worth	**166,098**	**195,787**	**222,021**	**252,823**	**290,201**
Minority interests	1,298	1,623	1,623	1,623	1,623
Non current liab. & prov.	4,879	6,192	8,049	9,257	10,645
Total debt	**29,155**	**26,147**	**36,651**	**29,041**	**22,238**
Total liabilities & equity	**201,431**	**229,749**	**268,344**	**292,743**	**324,708**
Net tangible fixed assets	131,008	163,576	178,668	178,718	179,107
Net intangible assets	0	471	907	1,313	1,691
Net ROU assets	-	-	-	-	-
Capital WIP	11,667	2,708	2,708	2,708	2,708
Goodwill	3,009	3,542	8,231	8,231	8,231
Investments [JV/Associates]	595	1,743	2,500	2,500	2,500
Cash & equivalents	**24,501**	**19,985**	**26,491**	**44,136**	**67,989**
Current assets (ex-cash)	54,139	58,976	80,138	87,729	96,488
Current Liab. & Prov.	30,008	25,903	36,880	39,010	41,387
NWC (ex-cash)	**24,131**	**33,073**	**43,258**	**48,719**	**55,101**
Total assets	**201,431**	**229,749**	**268,344**	**292,743**	**324,708**
Net debt	4,655	6,162	10,161	(15,095)	(45,751)
Capital employed	201,431	229,749	268,344	292,743	324,708
Invested capital	**158,148**	**200,662**	**231,064**	**236,981**	**244,129**
BVPS (Rs)	51.1	57.9	65.7	74.8	85.8
Net Debt/Equity (x)	-	-	-	(0.1)	(0.2)
Net Debt/EBITDA (x)	0.1	0.1	0.2	(0.2)	(0.6)
Interest coverage (x)	8.6	24.7	22.2	24.9	42.1
RoCE (%)	**24.0**	**19.9**	**18.8**	**19.5**	**21.1**

Source: Company, Emkay Research

Cash flows

Y/E Dec (Rs mn)	CY24	CY25	CY26E	CY27E	CY28E
PBT (ex-other income)	32,722	36,317	40,028	46,362	55,478
Others (non-cash items)	0	0	0	0	0
Taxes paid	(6,539)	(8,163)	(8,378)	(10,802)	(13,166)
Change in NWC	(6,512)	(8,548)	(9,681)	(5,072)	(5,943)
Operating cash flow	**33,649**	**33,466**	**39,986**	**49,659**	**55,602**
Capital expenditure	(52,374)	(34,909)	(37,119)	(18,337)	(19,463)
Acquisition of business	(384)	(1,148)	(757)	0	0
Interest & dividend income	-	-	-	-	-
Investing cash flow	**(51,545)**	**(32,533)**	**(34,877)**	**(14,187)**	**(13,663)**
Equity raised/(repaid)	74,637	125	0	0	0
Debt raised/(repaid)	(28,301)	(3,401)	10,000	(8,000)	(7,241)
Payment of lease liabilities	0	0	0	0	0
Interest paid	(4,504)	(1,696)	(2,045)	(2,126)	(1,500)
Dividend paid (incl tax)	(3,249)	(5,073)	(6,558)	(7,701)	(9,345)
Others	(785)	4,596	0	0	-
Financing cash flow	**37,798**	**(5,449)**	**1,397**	**(17,827)**	**(18,086)**
Net chg in Cash	19,902	(4,516)	6,506	17,645	23,854
OCF	33,649	33,466	39,986	49,659	55,602
Adj. OCF (w/o NWC chg.)	40,160	42,015	49,667	54,730	61,545
FCFF	(18,725)	(1,442)	2,867	31,322	36,139
FCFE	(23,229)	(3,138)	822	29,196	34,639
OCF/EBITDA (%)	71.4	66.3	68.5	75.3	74.0
FCFE/PAT (%)	(89.5)	(10.3)	2.5	75.8	74.1
FCFF/NOPLAT (%)	**(64.8)**	**(4.9)**	**8.8**	**83.9**	**82.4**

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Dec	CY24	CY25	CY26E	CY27E	CY28E
P/E (x)	53.8	47.9	44.3	37.8	31.1
P/CE(x)	39.4	34.2	29.8	26.2	22.6
P/B (x)	8.4	7.4	6.5	5.8	5.0
EV/Sales (x)	7.0	6.7	5.6	5.0	4.4
EV/EBITDA (x)	29.7	28.9	25.0	22.2	19.4
EV/EBIT(x)	37.2	38.1	34.4	29.9	25.4
EV/IC (x)	8.9	7.3	6.3	6.2	6.0
FCFF yield (%)	(1.3)	(0.1)	0.2	2.1	2.5
FCFE yield (%)	(1.6)	(0.2)	0.1	2.0	2.4
Dividend yield (%)	0.2	0.3	0.5	0.5	0.6
DuPont-RoE split					
Net profit margin (%)	13.0	14.0	12.6	13.2	14.1
Total asset turnover (x)	1.2	1.0	1.0	1.0	1.1
Assets/Equity (x)	1.4	1.2	1.2	1.2	1.1
RoE (%)	**22.0**	**16.8**	**15.7**	**16.2**	**17.2**
DuPont-RoIC					
NOPLAT margin (%)	14.4	13.5	12.5	12.8	13.3
IC turnover (x)	1.5	1.2	1.2	1.2	1.4
RoIC (%)	**22.3**	**16.3**	**15.0**	**16.0**	**18.2**
Operating metrics					
Core NWC days	44.0	55.7	60.7	60.9	60.9
Total NWC days	**44.0**	**55.7**	**60.7**	**60.9**	**60.9**
Fixed asset turnover	1.3	1.0	1.0	1.0	1.1
Opex-to-revenue (%)	31.9	31.9	32.7	32.5	32.2

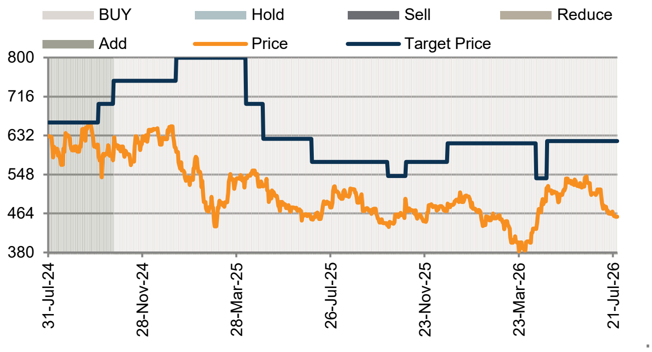
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (Rs)	TP (Rs)	Rating	Analyst
07-Jul-26	484	620	Buy	Devanshu Bansal
28-Apr-26	519	620	Buy	Devanshu Bansal
14-Apr-26	431	540	Buy	Devanshu Bansal
16-Mar-26	407	615	Buy	Devanshu Bansal
04-Feb-26	445	615	Buy	Devanshu Bansal
10-Jan-26	489	615	Buy	Devanshu Bansal
22-Dec-25	486	615	Buy	Devanshu Bansal
30-Oct-25	485	575	Buy	Devanshu Bansal
07-Oct-25	440	545	Buy	Devanshu Bansal
30-Jul-25	522	575	Buy	Devanshu Bansal
02-Jul-25	453	575	Buy	Devanshu Bansal
01-May-25	522	625	Buy	Devanshu Bansal
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

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	>15% downside

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