



Trading Comps Valuation – Varun Beverages Limited

Executive Summary

Based on the Analysis, Varun Beverage Ltd is overvalued based on the Trading Comps Valuation with the price range of INR 850 to 1,026 as on 2nd January, 2024 compared to the current market price of INR 1242. However, it is important to conduct further research and analysis before making any investment decision.

Details of Comparable Companies

Varun Beverages	Varun Beverage is an Indian company that manufactures bottles and distributes beverages. It is the second largest bottling company of PepsiCo's beverages in the world outside the United States.
Hindustan Unilever Ltd	Hindustan Unilever Ltd is a British-owned Indian FMCG company headquartered in Mumbai. It is a subsidiary of the British company Unilever. Its products include foods, beverages, cleaning agents, personal care products, water purifiers and other fast-moving consumer goods (FMCGs).
ITC	ITC Limited is an Indian conglomerate company headquartered in Kolkata. ITC has a diversified presence across industries such as FMCG, hotels, software, packaging, paperboards, specialty papers and agribusiness. The company has 13 businesses in 5 segments. It exports its products in 90 countries.
Dabur India Ltd	Dabur India Ltd operates in key consumer product categories like Health Care, Hair Care, Oral Care, Skin Care, Home Care, Hygiene and Food & Beverages. The ayurvedic company has a wide distribution network, covering 7.7 million retail outlets with a high penetration in urban and rural markets.
Marico Ltd	Marico Ltd (Marico) is a manufacturer, marketer and seller of skin care, health care and food products. The company's product portfolio comprises coconut oil, hair serum, value added hair oil, edible oil, oats, body lotion, hair gain tonic, anti-ageing creams, deodorants, hair gel, hair wax and hair color.
Nestle India Ltd	Nestle India Ltd is the Indian subsidiary of Nestlé which is a Swiss multinational company. It is a manufacturer and marketer of food products and beverages. The company's product portfolio comprises baby food, bottled water, cereals, chocolates and confectionery, coffee, and culinary products.
Britannia Industries Ltd	Britannia Industries Ltd is an Indian multinational FMCG company specialized in the food industry, part of the Wadia Group headed by Nusli Wadia. Founded in 1892 and headquartered in Kolkata, it is one of India's oldest existing companies and best known for its biscuit products.

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Amt In INR (Rs)

Company Name	Ticker	CMP	Market Cap	Total Debt	EV	LTM Financials			FY24F Financials			FY25F Financials		
						Sales	EBITDA	Net Profit	Sales	EBITDA	Net Profit	Sales	EBITDA	Net Profit
Varun Beverages Ltd	VBL	1242	161,460	3,726	146,198	15,668	3,577	1,998	17,546	4,218	2,351	19,884	4,956	2,879
Nestle India Ltd	NESTLEIND	27,372	263,866	288	234,539	19,009	4,575	2,971	21,354	5,244	3,245	23,251	6,488	3,677
Britannia Industries	BRITANNIA	5,319	128,188	2778	121,374	16,897	3,427	2,321	17,354	3,856	2,491	17,984	4,214	2911
Marico Ltd	MARICO	542	69,918	493	68,792	9,855	2,112	1,410	10,255	2,311	1,568	10,780	2,546	1,791
Dabur India Ltd	DABUR	557	98,589	1489	96,713	11,975	2,607	1,707	12,354	2,715	1,794	12,879	2,844	1,815
Hindustan Uniliver Ltd	HINDUNILVR	2,654	623,690	1272	587,479	61,267	14,595	10,120	69,554	15,311	11,814	73,881	16,744	13,109
ITC	ITC	468	584,064	284	566,432	73,039	27,801	19,191	75,412	29,842	21,344	85,264	32,644	25,645

Company Name	Reported Currency	Exchange Rate	Market Cap	Shares O/S	EPS	LTM Multiples (x)			FY24 Multiple (x)			FY25 Multiple (x)		
						EV/Sales	EV/EBITDA	Price/Earning	EV/Sales	EV/EBITDA	Price/Earning	EV/Sales	EV/EBITDA	Price/Earnings
Varun Beverages Ltd	INR	1.00	161,460	130	18.10	9.33x	40.87x	68.63x	8.33x	34.66x	69.00x	7.35x	29.50x	56.45x
Nestle India Ltd	INR	1.00	263,866	9.64	308	12.34x	51.26x	88.87x	10.98x	44.73x	81.46x	10.09x	36.15x	71.76x
Britannia Industries	INR	1.00	128,188	24.1	105	7.18x	35.41x	50.66x	6.99x	31.48x	51.64x	6.75x	28.80x	44.02x
Marico Ltd	INR	1.00	69,918	129	10.9	6.98x	32.57x	49.72x	6.71x	29.77x	43.36x	6.38x	27.02x	39.07x
Dabur India Ltd	INR	1.00	98,589	177	9.91	8.08x	37.08x	56.21x	7.83x	35.62x	54.88x	7.51x	34.01x	54.24x
Hindustan Uniliver Ltd	INR	1.00	623,690	235	43	9.59x	40.25x	61.72x	8.45x	38.37x	52.78x	7.95x	35.09x	47.57x
ITC	INR	1.00	584,064	1248	16	7.76x	20.37x	29.25x	7.51x	18.98x	27.46x	6.64x	17.35x	23.04x

High	12.34x	51.26x	88.87x	10.98x	44.73x	81.46x	10.09x	36.15x	71.76x
75th Percentile	9.21x	39.46x	60.34x	8.29x	37.68x	54.35x	7.84x	34.82x	52.57x
Average	8.65x	36.16x	56.07x	8.08x	33.16x	51.93x	7.55x	29.74x	46.62x
Median	7.92x	36.25x	53.43x	7.67x	33.55x	52.21x	7.13x	31.40x	45.79x
25th Percentile	7.33x	33.28x	49.96x	7.12x	30.19x	45.43x	6.67x	27.47x	40.31x
Low	6.98x	20.37x	29.25x	6.71x	18.98x	27.46x	6.38x	17.35x	23.04x

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Valuation Metrics	Year	Total Debt	Implied EV	Implied Market Value	Equity Shares Outstanding	Implied Value Per Share
EV/Sales	LTM	3,726	124026.6	120,301	129.91	926.03
	FY24	3,726	134574.9	130,849	129.91	1007.23
	FY25	3,726	141756.5	138,031	129.91	1062.51
EV/EBITDA	LTM	3,726	129,672.9	133,399	129.91	1026.86
	FY24	3,726	141,510.5	137,785	129.91	1060.62
	FY25	3,726	155,639.5	151,914	129.91	1169.38
P/E	LTM	3,726	110,519.5	106,794	129.91	850.74
	FY24	3,726	126,476.7	122,751	129.91	944.89
	FY25	3,726	135,564.9	131,839	129.91	1014.85

Conclusion

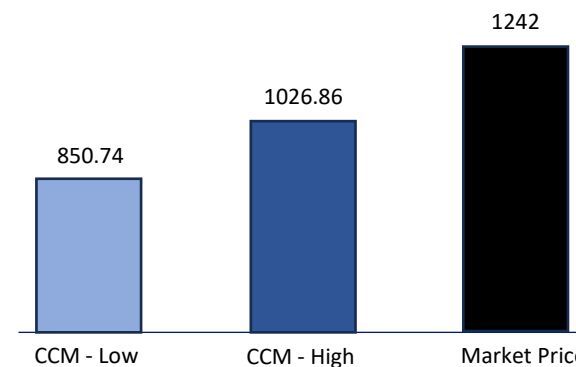
The Trading Comps Valuation suggest that VBL's stock is Overvalued in the market.

This shows that VBL's stock is trading well above the price range (Rs 850 to Rs 1026) of the Peer comparable companies in the industry.

Despite being above the price range of Peer Comparable Companies in the Industry, VBL's current market price of 1242 suggests that investors are optimistic about the company's future businesses and are willing to pay a premium for its shares which are publicly trading in the Market. **This can be attributed to VBL's Goodwill, Strong Distribution Network, and Consistent Revenue Growth.**

Furthermore, VBL's stock has demonstrated its strength and Upside surge, indicating Investor's Optimism and Interest in the company. The growing performance of VBL's stock in the market could reflect positive expectations for future earnings and continued growth.

Relative Pricing Analysis





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