



Action:
BUY

CMP: ₹540

TGT1/TGT2:
₹576 –604

Stop Loss:
₹508

Time frame: 5-6
WEEKS

Varun Beverages Limited (“VBL” or the “Company”) is a key player in beverage industry and one of the largest franchisee of PepsiCo in the world (outside USA).

VBL has been associated with PepsiCo since the 1990s and have over two and half decades consolidated its business association with PepsiCo, increasing the number of licensed territories and sub-territories covered by the Company, producing and distributing a wider range of PepsiCo beverages, introducing various SKUs in the portfolio, and expanding the distribution network. The Company manufactures, distributes and sells a wide range of carbonated soft drinks (CSDs), as well as a large selection of non-carbonated beverages (NCBs), including packaged drinking water sold under trademarks owned by PepsiCo.

Key Data	
Nifty CMP	23,988.05
Sector	Other Beverages
52 Week H/L(Rs)	545 / 381
Market Cap (Rs Cr)	1,82,931.49
Face Value (Rs)	2.00
Daily Oscillator Direction	
20 DEMA	+ve
50 DEMA	+ve
100 DEMA	+ve
200 DEMA	+ve

Fundamentals- Company 5-year revenue increase from ₹6,450Cr (FY20) to ₹21,685Cr (FY25) at 27.44% CAGR. Company YOY revenue increase from ₹20,008 Cr (FY24) to 21,685 Cr (FY25) at 8.38%. The Company Financing Margin has been reduce at 23% between (FY24-FY25). Company Net Profit has increase from ₹2,634Cr (FY24) to ₹3,062Cr (FY25)at 16.25%. Company ROE is higher at 16.2 %.



TECHNICAL RATIONALE

- The chart is showing a long-term bullish trendline breakout.
- Price has moved above all major moving averages, indicating improving momentum and strengthening trend structure.
- The stock is currently sustaining above the key ₹544 breakout zone, and if this level holds on a closing basis, the next major resistance is likely around ₹576, which also coincides with previous swing highs and psychological resistance.
- RSI is near the bullish zone around 63, reflecting strong momentum, although slightly overheated in the short term. Volume expansion during the breakout phase adds credibility to the move. On sustaining above ₹576 can keep the momentum intact towards ₹604 and potentially higher levels, while immediate support now shifts to ₹517.
- We recommend to buy at current market price ₹540 with short-term targets of ₹576 –604, and keep a stop-loss at ₹508.

TECHNICAL GLOSSARY:

- **Symmetrical Triangle Breakout:** A chart pattern where the price consolidates within converging trendlines, forming lower highs and higher lows. A breakout above the upper trendline signals bullish momentum, while a breakdown below the lower trendline indicates bearish movement. Volume expansion during the breakout strengthens confirmation.
- **Channel/trendline Breakout:** A technical event where the price moves above the resistance or below the support line of a price channel/trendline, signaling a potential trend continuation or reversal.
- **Retest:** The price action where the stock revisits a previously broken resistance (now acting as support) to confirm the breakout's validity.
- **MACD (Moving Average Convergence Divergence):** A trend-following momentum indicator that shows the relationship between two moving averages of the stock price. Used to identify bullish or bearish signals.
- **Positive Crossover (MACD):** Occurs when the MACD line crosses above the signal line, often interpreted as a buy signal or bullish momentum.
- **RSI (Relative Strength Index):** A momentum oscillator that measures the magnitude of recent price changes to evaluate whether a stock is overbought (above 70) or oversold (below 30).
- **DEMA (Daily Exponential Moving Average):** A type of moving average that places a higher weight on recent prices, making it more responsive to recent price changes compared to a simple moving average (SMA). It is widely used in technical analysis to identify trends, support/resistance levels, and momentum.
- **A higher high occurs** when the price reaches a new peak above the previous high, indicating strong buying pressure and an ongoing uptrend in the market.
- **A higher low forms** when the price pulls back but remains above the previous low, signaling sustained buying interest and confirming the continuation of an uptrend.
- **The signal line in technical analysis** is a smoothed moving average of an indicator, such as the MACD, used to generate buy or sell signals by identifying crossovers, confirming trends, and enhancing decision-making for traders and investors.



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Research Desk

Canara Bank Securities Ltd

SEBI: RESEARCH ANALYST REGISTRATION: INH000001253

SEBI REGISTRATION NUMBER: INZ000279135

Maker Chambers III, 7th floor,

Nariman Point, Mumbai 400021

Contact No. : 022 - 43603861/62/63

Email id: researchdesk@canmoney.in

Website: www.canmoney.in



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