

Market Cap.

Rs. 7,197 Cr.

52 Week H/L

Rs. 772/449

CMP

Rs. 510

Target Price

Rs. 741

## FMCG

### STOCK DATA

BUY

Reuters Code	VIPI.BO	
Bloomberg Code	VIP IN	
BSE Code	507880	
NSE Symbol	VIPIND	
Face Value	Rs.10	
Shares Outstanding	14.1 Cr.	
Avg. Daily Volume (6m)	9,78,232 Shares	
Price Performance (%)		
1M	3M	6M
(6)	(5)	(16)
200 days EMA Rs.574		

### SHARE HOLDING (%)

Promoters	51.8
FII	8.1
FI / MF	12.6
Govt. Holding	-
Bodies Corporate	3.5
Public & Others	24.2

Overall penetration has increased in FY24, however, VIP continues to focus on increasing their presence in smaller towns due to the growth of aspirational consumers in Tier 2 and Tier 3 cities. Supplementing the spurt in e-commerce growth, general trade and modern trade too experienced a jump in numbers. The company enhanced their presence by almost 50% in FY24 in towns with "less than 50k" population strata, as evident from the table on the right.

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VIP Industries Ltd has recently announced its performance for the quarter ended March 31, 2024. Following are the key financial highlights:

Particulars	Q4FY24	Q4FY23	YoY	Q3FY24	QoQ
Net Sales	520.2	455.1	14.3%	549.1	(5.3%)
EBITDA	11.7	68.8	(488.0)%	54.9	(369.2)%
<b>EBITDA Margin</b>	<b>2.3%</b>	<b>15%</b>	<b>(1270 bps)</b>	<b>10%</b>	<b>(770 bps)</b>
Profit before Tax	(33.2)	(6)	N.A	13.2	N.A.
Profit (loss) after Tax	(23.9)	(4)	N.A	7.2	N.A.
<b>PAT Margin</b>	<b>(4.5%)</b>	<b>(0.9%)</b>	<b>N.A</b>	<b>1.3%</b>	<b>N.A.</b>
EPS	(1.68)	(0.30)	N.A	0.50	N.A.

### Highlights from the Quarter (Q4FY24):

VIP Industries Ltd (VIPIL) reported a stable quarterly net revenue of Rs.520.2 cr for Q4FY24, higher by 14.3% YoY and marginally lower 5.3% on a QoQ basis. The company reported a weak EBITDA of Rs.11.7 cr for the quarter vs Rs.68.8 cr for the same quarter in the previous year, and Rs.54.9 cr in the preceding quarter. Subsequently, the company posted a net loss of Rs.23.9 cr for the quarter.

The profitability in the quarter was hit due to reduced utilisation at the Bangladesh site, as well as one-time expenses for advertising, employee settlements, and e-commerce. Despite certain setbacks, the management believes margins and profitability will increase in the second half of this financial year. However, on a positive note, Q4 reported double digit growth for the first time since the past 3 quarters. Additionally, e-commerce continued its growth trajectory with a YoY increase of 143% in Q4.

On a full year basis, VIPIL reported a robust revenue of Rs.2257 cr for FY24, against Rs.2099 in FY23. The management has delivered on its revenue target, and is extremely confident of maintaining the growth in the coming years. The company anticipates increased sales growth and improved margins in the second half of the year, thereby, targeting an EBITDA margin of 15% for FY25, which is a 5% jump from FY24.

In terms of the company's value segment, Aristocrat touched a revenue of Rs.1000 cr in FY24, contributing over 40% of the revenues. VIPIL continues to focus on the growth and expansion of their women's brand, Caprese, as it crossed the 100 cr mark in FY24 for the first time. In order to gain further traction for the brand, the company signed Kiara Advani as the brand ambassador.

Pop Strata	VIP Presence (No. of towns)		
	As of FY20	As of FY23	As of FY24
30K – 50K	182	263 ↑	375 ↑
50K - 1 Lakh	278	479	499
1 - 5 Lakhs	321	395	395
5 -20 Lakhs	73	79	79
20 - 50 Lakhs	8	8	8
50 Lakhs+	5	5	5
<b>Total</b>	<b>867</b>	<b>1229</b>	<b>1361</b>

Source: Company Presentation

## OUTLOOK AND VALUATION

VIP Industries Ltd posted a weak quarter in terms of EBITDA and PAT numbers. However, these were primarily due to one-time expenses, and the management remains confident of improved growth and margins in the second half of the financial year. Therefore, we expect FY26E revenue at Rs.2953.1 cr, EBITDA of Rs.476.2 cr at an EBITDA margin of 16.1% and PAT of Rs.256.7 cr. We estimate FY26E EPS at Rs.18.1, and assign a PE multiple of 41x, maintaining the target price of Rs.741 (upside ~45.4%) from the current market price of Rs.510. We maintain our BUY Rating for VIP Industries Ltd over an investment horizon of 24-30 months.

Y/E Mar	Revenue (Rs. Cr)	EBITDA (Rs. Cr)	EBITDA Margin (%)	PAT (Rs. Cr)	NPM (%)	EPS (Rs.)	P/E (x)	P/S (x)	P/BV (x)
FY23	2,099.4	330.9	15.8%	184.5	8.8%	13.0	39.1	3.4	11.2
FY24	2,256.7	205.3	9.1%	28.5	1.3%	3.8	132.9	3.2	10.6
<b>FY25 E</b>	<b>2,591.7</b>	<b>392.5</b>	<b>15.1%</b>	<b>191.7</b>	<b>7.4%</b>	<b>13.5</b>	<b>37.8</b>	<b>2.8</b>	<b>9.1</b>
<b>FY26 E</b>	<b>2,953.1</b>	<b>476.2</b>	<b>16.1%</b>	<b>256.7</b>	<b>8.7%</b>	<b>18.1</b>	<b>28.2</b>	<b>2.5</b>	<b>7.4</b>



## Earlier Recommendation

Date	Report Type	Reco	Price (Rs.)	Target (Rs.)
27 Feb. 2024	Initiating Coverage	Buy	560	741

**PROFIT & LOSS STATEMENT**

(Rs.Cr.)

Y/E Mar.	FY23	FY24	FY25E	FY26E
<b>Revenue</b>	<b>2,099</b>	<b>2,257</b>	<b>2,592</b>	<b>2,953</b>
Raw Material Cost	1019	1064	1221	1376
Employee Cost	236	270	307	350
Other Expenses	514	718	671	751
<b>EBITDA</b>	<b>331</b>	<b>205</b>	<b>393</b>	<b>476</b>
<i>EBITDA Margin (%)</i>	<i>15.8%</i>	<i>9.1%</i>	<i>15.1%</i>	<i>16.1%</i>
Depreciation	74	99	90	98
<b>EBIT</b>	<b>257</b>	<b>106</b>	<b>303</b>	<b>378</b>
<i>EBIT Margin (%)</i>	<i>12.3%</i>	<i>4.7%</i>	<i>11.7%</i>	<i>12.8%</i>
Finance Costs	28	55	47	36
Other Income	-32	26	0	0
<b>Profit before Tax</b>	<b>197</b>	<b>77</b>	<b>256</b>	<b>342</b>
Tax Expense	44	22	64	86
<b>Net Profit</b>	<b>185</b>	<b>29</b>	<b>192</b>	<b>257</b>
<i>Net Margin (%)</i>	<i>8.8%</i>	<i>1.3%</i>	<i>7.4%</i>	<i>8.7%</i>
<b>A-EPS</b>	<b>13.0</b>	<b>3.8</b>	<b>13.5</b>	<b>18.1</b>

**BALANCE SHEET**

(Rs.Cr.)

Y/E Mar.	FY23	FY24	FY25E	FY26E
PP&E (incl. CWIP+intangibles)	164	222	235	247
Right of Use Assets / Investment Property	159	323	323	323
Other Non-Current	64	65	73	81
Inventories	587	916	769	792
Trade Receivables	255	328	369	421
Cash and Bank Balances	33	43	58	95
Other Current Assets	148	167	185	204
<b>Total Assets</b>	<b>1,415</b>	<b>2,067</b>	<b>2,018</b>	<b>2,167</b>
Equity Share Capital	28	28	28	28
Reserves & Surplus	613	650	768	951
Borrowings (LT)	-	-	-	-
Other Non-Current Liabilities	152	301	306	306
Trade Payables	309	407	401	422
Other Financial Liabilities	5	5	6	7
Current Borrowings	181	533	358	294
Other Current Tax Liab & Provisions	126	144	151	159
<b>Total Liabilities</b>	<b>1,415</b>	<b>2,066</b>	<b>2,018</b>	<b>2,167</b>

Source: Company, Sushil Finance Research

**CASH FLOW STATEMENT**

**(Rs.Cr.)**

Y/E Mar.	FY23	FY24	FY25E	FY26E
PBT	197	77	256	342
Depreciation	74	99	90	98
Interest	28	55	47	36
<b>CFO before Working Cap chg</b>	<b>299</b>	<b>231</b>	<b>393</b>	<b>476</b>
Chg in Inventories	(69)	(329)	146	(23)
Chg in Trade Receivables	(37)	(72)	(42)	(51)
Chg in Trade Payables	26	98	(6)	21
Chg in Current Assets & Liabilities	-	42	74	100
Income Taxes Paid	(44)	(22)	(64)	(86)
<b>Cash Flow from Operations</b>	<b>175</b>	<b>(52)</b>	<b>501</b>	<b>437</b>
Interest Paid	(28)	(55)	(47)	(36)
Dividend Paid	(73)	(73)	(73)	(73)
Other Adjustments	27	289	(250)	(175)
<b>Cash Flow from Financing</b>	<b>(75)</b>	<b>161</b>	<b>(370)</b>	<b>(285)</b>
Capital Expenditure	(131)	(157)	(104)	(109)
Current Investments	18	21	(2)	-
Other Financial assets	0	0	(2)	-
Other Adjustments	29	(19)	(9)	(7)
<b>Cash Flow from Investing</b>	<b>(84)</b>	<b>(154)</b>	<b>(117)</b>	<b>(116)</b>
<b>Opening Cash</b>	<b>17</b>	<b>88</b>	<b>43</b>	<b>58</b>
<b>Total Cash Flow</b>	<b>16</b>	<b>(45)</b>	<b>15</b>	<b>37</b>
<b>Closing Cash</b>	<b>88</b>	<b>43</b>	<b>58</b>	<b>95</b>

Source: Company, Sushil Finance Research

### FINANCIAL RATIO STATEMENT

Y/E Mar.	FY23	FY24	FY25E	FY26E
<b><u>Growth (%)</u></b>				
Revenue	58.3%	7.5%	14.8%	13.9%
EBITDA	83.0%	-38.0%	91.2%	21.3%
Net Profit	175.7%	-84.6%	572.5%	33.9%
<b><u>Profitability (%)</u></b>				
EBITDA Margin	15.8%	9.1%	15.1%	16.1%
Net Profit Margin	8.8%	1.3%	7.4%	8.7%
ROCE	32.4%	8.9%	26.9%	30.4%
ROE	28.8%	4.2%	24.1%	26.2%
<b><u>Per Share Data (Rs.)</u></b>				
EPS	13.0	3.8	13.5	18.1
BVPS	45.4	47.9	56.1	69.0
CEPS	16.0	10.9	19.8	25.0
<b><u>Valuation (x)</u></b>				
P/E	39.1	132.9	37.8	28.2
P/BV	11.3	10.6	9.1	7.4
EV/EBITDA	22.3	36.0	18.8	15.5
P/Sales	3.4	3.2	2.8	2.5
<b><u>Turnover</u></b>				
Inventory days	210	314	230	210
Debtor days	44	51	52	52
Creditor days	111	125	120	112
<b><u>Gearing (x)</u></b>				
D/E	0.3	0.8	0.5	0.3

Source: Company, Sushil Finance Research

### Rating Scale :

This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

<b>Total Expected Return Matrix (Rating and Return)</b>	<b>BUY : Over 12%</b>	<b>HOLD : -12% to 12%</b>	<b>SELL : Below -12%</b>
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