CENTRUM

VIP Industries

Weak Q2; inventory liquidation cut margins

Result Update

India I Mid Cap

24 October, 2024

Institutional Research

ADD

Price: Rs472

Target Price: Rs508

Forecast return: 8%

VIP Industries Q2FY25 print was below our estimates; Consolidated Revenue/EBITDA/PAT declined 0.3%/104.1%/375.6% YoY. Despite Q2 being dull with lower wedding/festive days VIP clocked 18% volume growth with flat revenue led by, (1) soft luggage inventory liquidation and weak retail channel, (2) deep discounting on E-com channel during EOSS contributing 45% of sales, (3) lower realization due to brand mix, (4) capacity utilization in Bangladesh, and (5) competitive pressure from D2C players. Hard luggage contributed 78% vs 68% in Q2FY24. VIP cut the old inventory by Rs1.7bn in Q2. Gross margins cut to 45.1% (-1043bp) due to higher discounting in E-com channel and liquidation of soft luggage inventory. With rising ad-spends, others expenses (+3.1%), and lower employee cost (-12.8%) resulted cut in EBITDA margin to -0.4% (-1008bp). VIP said its market share now improved to 40% in Q2. Management remained buoyant on demand recovery in Q3 led by higher wedding days/festivals to deliver strong growth driven by premium products yet target to deliver +12.5% operating margins. With weak Q2 performance we cut our earnings and downgrade to ADD with a revised TP of Rs508 (implying 35x Avg.FY26E/FY27E EPS).

Deliver 18% volume growth on the back of strong growth in E-com channel

VIP's Q2FY25 consol. revenue remained flat at Rs5.5bn. Despite Q2 being dull with lower wedding/festive days VIP clocked 18% volume growth with flat revenue led by, (1) soft luggage inventory liquidation and weak retail channel, (2) deep discounting on E-com channel during EOSS contributing 45% of sales, (3) lower realization due to brand mix, (4) capacity utilization in Bangladesh, and (5) competitive pressure from D2C players. Hard luggage contributed 78% vs 68% in Q2FY24. VIP cut the old inventory by Rs1.7bn in Q2. That said, management claimed that its market share now reached ~40%. In fast growing value segment Aristocrat leads, yet Carlton drives premiumization expected to gain market share. Kiara collection by Caprese saw strong traction across platform. Growth in international business remained muted. The company said it has further liquidated old inventory by Rs1.7bn during Q2. With strong growth strategy in place coupled with execution and brand building driving distribution network to support future growth in our view.

Gross margins declined to 45.1% (-1043bp) due soft luggage liquidation and discounting

Gross margins declined to 45.1% (-1043p) due to higher discounting in MT/E-com channel, liquidation of soft luggage inventory and under absorption of overhead costs. With rising ad-spends, others expenses (+3.1%), and lower employee cost (-12.8%) resulted cut in EBITDA margin to -0.4% (-1008bp). Management alluded with focus on reducing soft luggage inventory and higher contribution from hard luggage and tech enabled luxury offering to drive EBITDA margins to ~12.5% exit FY25. Further scale up in institutional business including gifting segment is expected to strengthen premium portfolio and influence margins in our view.

Valuation and key risks

We reckon VIP's growth to be driven by, (1) focusing on development, designing and innovation to cater every segment of the market, (2) increasing ASP by driving contribution from premium NPD, (3) strengthening supply chain, and (4) significant growth in MT/e-com channel. Further with new management team in place we expect improved execution and speed in decision making to lift overall revenue momentum. Despite near team weakness in performance we are optimistic on VIP's growth story. Though with weak Q2 performance we cut earnings for FY25E/FY26E by 78.9%/22.6% and downgrade to ADD with a revised TP of Rs508 (implying 35x Avg.FY26E/FY27E EPS). Risks: local competition, significant rise in input cost, prolonged disruption in Bangladesh facility.

Financial and valuation summary

YE Mar (Rs mn)	2QFY25A	2QFY24A	YoY (%)	1QFY25A	QoQ (%)	FY25E	FY26E	FY27E
Revenues	5,443	5,461	(0.3)	6,389	(14.8)	24,695	28,522	32,801
EBITDA	(22)	529	(104.1)	493	(104.4)	1,954	3,695	4,769
EBITDA margin (%)	(0.4)	9.7	(1008bp)	7.7	(105.2)	7.9	13.0	14.5
Adj. Net profit	(366)	133	(375.8)	40	(1006.7)	311	1,644	2,474
Adj. EPS (Rs)	(2.6)	0.9	(375.6)	0.3	(1006.4)	2.2	11.6	17.4
EPS growth (%)						8.9	429.5	50.4
PE (x)						215.7	40.7	27.1
EV/EBITDA (x)						36.6	19.2	14.6
PBV (x)						10.2	8.9	7.4
RoE (%)						4.6	23.2	29.7
RoCE (%)						6.7	17.4	22.0

Source: Company, Centrum Broking

Market Data

Bloomberg:	VIP IN
52 week H/L:	668/428
Market cap:	Rs67.0bn
Shares Outstanding:	142.0mn
Free float:	49.9%
Avg. daily vol. 3mth:	11,72,179

Source: Bloomberg

Changes in the report

Rating:	ADD from BUY
Target price:	Rs508 from Rs592
EPS:	FY25E: 2.2 FY26E: 11.6

Source: Centrum Broking

Shareholding pattern

	Sep-24	Jun-24	Mar-24	Dec-23
Promoter	51.7	51.8	51.8	51.8
FIIs	7.8	7.3	8.1	7.5
DIIs	12.3	13.8	12.7	12.8
Public/other	28.2	27.2	27.5	27.9

Source: BSE

Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q2FY25	Actual Q2FY25	Variance (%)
Revenue	5,963	5,443	(8.7)
EBITDA	527	(22)	(104.1)
EBITDA margin %	8.8	-0.4	-923bps
Other Income	30	27	(10.3)
Interest	179	201	12.2
Depreciation	291	296	1.7
PBT	87	(492)	(668.5)
Tax	23	(126)	(649.9)
Rep. PAT	64	(366)	(675.2)
Adj. PAT	64	(366)	(675.2)

Source: Bloomberg, Centrum Broking

Mid Cap

Shirish Pardeshi
Research Analyst, Midcap
+91-22-4215 9634
shirish.pardeshi@centrum.co.in

Soham Samanta
Research Analyst, Mid Cap
+91-22-4215 9855
soham.samanta@centrum.co.in

Nikhil Kamble
Research Associate, Mid Cap
+91-22-4215 9771
nikhil.kamble@centrum.co.in

Thesis Snapshot

Estimate revision

YE Mar (Rs mn)	FY25E New	FY25E Old	% chg	FY26E New	FY26E Old	% chg
Revenue	24,695	25,593	(3.5)	28,522	29,559	(3.5)
EBITDA	1,954	3,332	(41.4)	3,695	4,272	(13.5)
EBITDA margin	7.9	13.0	(501bp)	13.0	14.5	(149bp)
Adj. PAT	311	1,469	(78.9)	1,644	2,126	(22.6)
Diluted EPS (Rs)	2.2	10.3	(78.9)	11.6	15.0	(22.6)

Source: Centrum Broking

VIP Industries versus NIFTY Midcap 100

	1m	6m	1 year
VIP IN	1.1	(15.3)	(28.6)
NIFTY Midcap 100	2.4	20.6	50.3

Source: Bloomberg, NSE

Key assumptions

Y/E Mar	FY25E	FY26E
Revenue growth (%)	10.0	15.5
Gross Margin (%)	46.0	50.5
EBITDA Margin (%)	7.9	13.0

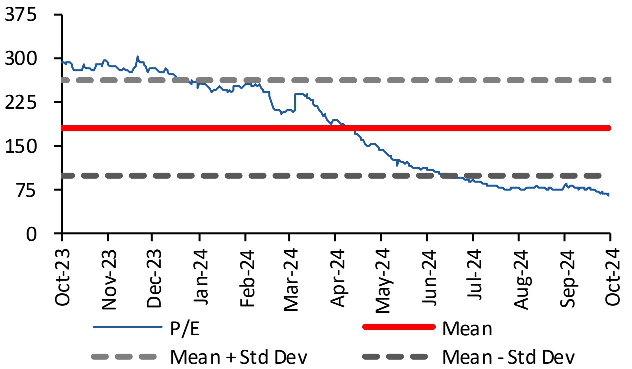
Source: Centrum Broking

Valuations

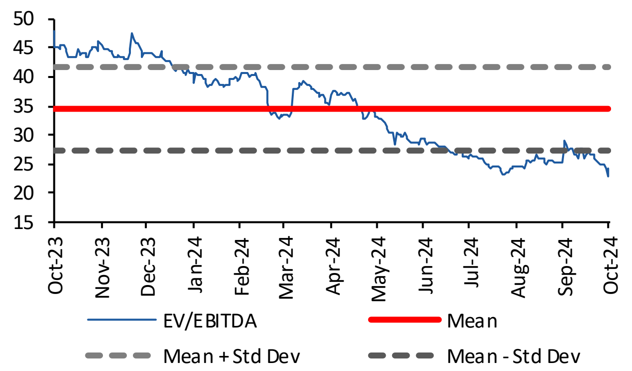
We reckon VIP's growth to be driven by, (1) focusing on development, designing and innovation to cater every segment of the market, (2) increasing ASP by driving contribution from premium NPD, (3) strengthening supply chain, and (4) significant growth in MT/e-com channel. Further with new management team in place we expect improved execution and speed in decision making to lift overall revenue momentum. Despite near team weakness in performance we are optimistic on VIP's growth story. Though with weak Q2 performance we cut earnings for FY25E/FY26E by 78.9%/22.6% and downgrade to ADD with a revised TP of Rs508 (implying 35x Avg.FY26E/FY27E EPS). Risks: local competition, significant rise in input cost, prolonged disruption in Bangladesh facility.

Valuations	Rs/share
Avg.FY26E /FY27EEPS	14.5
Target Multiple (X)	35
Target Price	508

P/E mean and standard deviation



EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking; Note: EBITDA and EPS negative in FY21

Peer comparison

Company	Mkt Cap	CAGR (FY24-27E)			P/E (x)			EV/EBITDA (x)			ROE(%)		
	(Rs bn)	Sales	EBITDA	EPS	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Safari	110.1	20.0	23.1	22.2	60.4	49.0	40.5	37.6	29.6	23.7	28.1	24.6	23.9
VIP Industries	**66.9**	**13.5**	**35.1**	**105.5**	**215.7**	**40.7**	**27.1**	**36.6**	**19.2**	**14.6**	**4.6**	**23.2**	**29.7**

Source: Company, Centrum Broking,

Exhibit 1: Key concall takeaways and metrics

Centrum Quarterly Monitor	Q1FY25	Q2FY25	Our Comments
Demand Environment	Demand remained subdued given lower wedding/festival occasion, and severe heatwave saw lower tourism, and product unviability	Encouraging demand trend over E-com channel during EOSS able VIP to deliver 18% volume growth	Demand expected to bounce back in Q3 during festive season and uptick in travel season, VIP targeting to hold +40% market share by end of FY25
Outlook and Guidance	Management maintain its guidance and expect to take price hike going ahead	Management maintain its guidance and expect to take price hike going ahead	Management remained confident on its focus on improving designing capability to help scaling up NPD in premium segment along with VIP brand expect to deliver strong revenue growth
On Margins and Exceptional Items	Gross margins declined to 44.3% (-515bp) due soft luggage liquidation and under-absorption of overload. With rising ad spend on E-com, and others exp. (4.3%) cut EBITDA margin to 7.7% (-495bp)	Gross margin declined by 1043bp to 45.1% due to product mix and elevated discounting across channels With rising ad spend on E-com, and others exp. (3.1%) cut EBITDA margin to -0.4% (-1008bp)	With Focus on reducing soft luggage inventory and higher contribution from hard luggage and tech enabled luxury offering to drive EBITDA margins to ~12.5% in 4QFY25

Source: Centrum Broking

Conference call highlights

Overview

- The market share has risen by 2%, reaching 40% for Q1 FY25. Management is optimistic that the company has continued to gain market share in Q2 FY25 as well
- Volume growth reached 18% for Q2 and 14% for H1 FY25. However, revenue growth remained flat due to price support for online channels offsetting results this year
- Gross margins were primarily impacted by lower realizations stemming from brand and channel mix. Furthermore, increased discounts on the e-commerce channel during Big Billion Days significantly affected margins
- Demand indicators appear positive due to upcoming festivals and wedding dates, anticipated to be robust in Q3 and part of Q4. The company is focused on maximizing value from each customer, aiming to generate an additional Rs3,000 per customer
- SL faced reduced margins, while Bangladesh's results suffered from decreased capacity utilization
- EBITDA impacted by higher Advertisement and marketplace spends towards online channels and Fixed overheads on account of additional warehousing owing to high inventory
- The company has decreased its net borrowing by Rs350mn, aligning with the overall reduction strategy
- E-commerce accounted for 45% of overall sales in Q2, marking a 1400bp increase. However, aggressive pricing by online channels has negatively affected traditional channel sales, leading to 600bp decline in general trade and 300bp decline in retail trade
- Hard luggage contributed 78% to the upright category in Q2, up from 68% compared to the same period last year
- As Q2 is the higher e-commerce sales which lead to lower margin while H2 would have seen better performance
- VIP made the decision to sell at lower prices due to excess stock, but this is not a strategy to pursue for long-term and management is confident that their trust in the VIP brand will increase soon, which will help improve margins. The gross margin difference between Aristocrat and VIP is over 800 basis points, so gradually shifting focus towards VIP, particularly in the offline channel

- The company is implementing measures to reduce personnel costs, which are currently higher than those in similar industries. The action was initiated in September, their effects will only become apparent in December and January due to notice period
- The company faces pricing pressure from D2C players with sufficient funds to burn, leading to a competitive pricing environment. The company believes that intense competition leads to price becoming a key factor in consumer minds, impacting incumbent players
- The new backpack launches for the upcoming season are on schedule and are expected to boost revenue. Additionally, initiatives are underway to introduce products under the VIP and Skybag brands to enhance gross margins
- Fifty percent of the portfolio remains in the premium and mid-premium segments. Carlton has demonstrated strong growth, indicating a positive response to premiumization. VIP also experienced growth, while Skybags did not show positive growth primarily due to a lower proportion of backpacks in its mix. Hard luggage again continued to be the fastest growing category contributing to over 60% of the organization overall revenue
- Bangladesh factory is running full-fledged and management expects from Q3 onwards it will also start showing profits
- The company has decreased its inventory by Rs1740mn over the past six months. In the current quarter alone, inventory was reduced by Rs500mn, largely due to the production of e-commerce specific SKU

Exhibit 2: New launches to push premiumisation

Source: Company

Exhibit 3: Caprese Autum-Winter'24 Collection

Source: Company

Exhibit 4: Building E-com portfolio of VIP

Source: Company

Exhibit 5: Launches: For ECOM BIG SALES - Skybags as the Go To Upgrade Brand

Source: Company

Margin & Outlook

- Gross margin declined by 1043bp to 45.1% due to product mix and elevated discounting across channels
- EBITDA loss at Rs22mn on account of higher other exp. (+3.1%), yet employee cost dropped (-12.8%)
- EBITDA margin cut to -0.4% (-1008bp) YoY
- EBIT loss at Rs317mn due to the higher depreciation (+24.1%)
- PAT loss stood at Rs366mn due to higher Interest exp. (+62.7%)
- Management said they will maintain EBITDA guidance of 12.5% over the next in FY25
- VIP industries has strategic partnership with Boston Consulting Group (BCG) for e-com expansion, expected to further margin improvement
- Gross margin for Q4 is projected to be 50%, while EBITDA margin is expected to reach 12%. Additionally, EBITDA margin is anticipated to improve to 3-4% by Q3
- company expects gross margin to be around 50% for FY26 as previously promised
- The BCG project is a 15-month initiative divided into five three-month waves. We have completed the first two waves and are currently in the third wave. The results from the work done in the first two waves will begin to materialize in October, followed by additional benefits from the third, fourth, and fifth waves. Overall, this project is expected to deliver a Rs2500mn benefit to the bottom line

Exhibit 6: Quarterly P&L trend

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	Q1FY25	Q2FY25
Sales	**5,147**	**5,264**	**4,506**	**6,361**	**5,461**	**5,464**	**5,163**	**6,389**	**5,443**
YoY(%)	56.0	32.5	26.6	7.7	6.1	3.8	14.6	0.4	-0.3
Cost of Goods Sold	2,671	2,662	1,899	3,214	2,430	2,414	2,579	3,557	2,989
Gross Profit	**2,477**	**2,602**	**2,607**	**3,147**	**3,031**	**3,050**	**2,585**	**2,832**	**2,453**
Gross Margins (%)	**48.1**	**49.4**	**57.9**	**49.5**	**55.5**	**55.8**	**50.1**	**44.3**	**45.1**
Employee Expenses	578	595	581	663	662	690	683	589	577
YoY(%)	15.9	19.3	4.5	10.2	11.2	16.0	17.4	(11.2)	-16.4
Other Expenses	1,183	1,278	1,383	1,678	1,841	1,838	1,824	1,750	1,898
%sales	**23.0**	**24.3**	**30.7**	**26.4**	**33.7**	**33.6**	**35.3**	**27.4**	**34.9**
Total Expenses	4,432	4,534	3,863	5,555	4,932	4,942	5,085	5,896	5,464
EBITDA	**716**	**730**	**643**	**806**	**529**	**523**	**78**	**493**	**-22**
EBITDAM(%)	**13.9**	**13.9**	**14.3**	**12.7**	**9.7**	**9.6**	**1.5**	**7.7**	**-0.4**
Depreciation	180	181	196	209	238	266	282	292	296
EBIT	**536**	**549**	**447**	**597**	**291**	**257**	**-204**	**201**	**-317**
EBIT(%)	10.4	10.4	9.9	9.4	5.3	4.7	-4.0	3.1	-5.8
Other Income	53	26	45	26	26	27	39	21	27
Interest Cost	69	66	84	108	124	152	167	185	201
PBT	**520**	**509**	**-64**	**516**	**193**	**132**	**-333**	**37**	**-492**
PBT(%)	10.1	9.7	-1.4	8.1	3.5	2.4	-6.4	0.6	-9.0
PAT	**434**	**441**	**-43**	**578**	**133**	**72**	**-239**	**40**	**-366**
PAT(%)	8.4	8.4	-0.9	5.0	2.4	1.3	-4.6	0.6	-6.7
EPS	**3.1**	**3.1**	**(0.3)**	**2.26**	**0.9**	**0.5**	**-1.7**	**0.3**	**(2.6)**

Source: Company, Centrum Broking

Exhibit 7: Category-wise revenue mix - Quarterly (%)

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Uprights									
Hard luggage	50%	47%	49%	48%	52%	52%	52%	56%	60%
Soft luggage	25%	28%	25%	25%	25%	25%	24%	19%	17%
Duffel bags	8%	9%	7%	7%	7%	9%	8%	7%	8%
Backpacks	12%	12%	15%	12%	14%	11%	12%	15%	12%
Ladies hand bags	4%	4%	4%	8%	1%	3%	4%	3%	5%

Source: Company, Centrum Broking; Note: FY21 data not available

Exhibit 8: Brand-wise revenue mix - Quarterly (%)

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
Premium & Mass premium									
Carlton	6%	6%	6%	6%	4%	7%	6%	5%	4%
VIP	21%	23%	23%	20%	20%	25%	21%	20%	20%
Skybags	32%	30%	33%	29%	33%	24%	29%	31%	27%
Value									
Aristocrat + Alfa	37%	38%	35%	40%	38%	41%	36%	41%	45%
Caprese	4%	4%	4%	4%	4%	4%	4%	3%	4%

Source: Company, Centrum Broking; Note: FY21 data not available

Exhibit 9: Channel-wise revenue mix - Quarterly (%)

	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
General trade	22%	27%	16%	23%	21%	24%	11%
Retail trade	11%	9%	11%	10%	10%	9%	8%
Modern trade	29%	30%	24%	27%	26%	28%	18%
Ecom	11%	13%	30%	20%	22%	21%	45%
CSD CPC	16%	10%	8%	12%	11%	9%	7%
Institutional	6%	6%	6%	9%	7%	6%	9%
International	4%	5%	3%	1%	3%	3%	2%

Source: Company, Centrum Broking; Note: FY21, 1QFY22 and 1QFY23 data not available

P&L

YE Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenues	**20,823**	**22,450**	**24,695**	**28,522**	**32,801**
Operating Expense	10,188	10,637	13,335	14,118	15,482
Employee cost	2,356	2,698	2,293	2,522	2,775
Others	5,141	7,180	7,112	8,186	9,775
EBITDA	**3,138**	**1,936**	**1,954**	**3,695**	**4,769**
Depreciation & Amortisation	737	995	1,003	980	1,000
EBIT	**2,401**	**941**	**951**	**2,716**	**3,769**
Interest expenses	285	550	660	680	700
Other income	171	118	123	157	230
PBT	**2,287**	**508**	**414**	**2,193**	**3,298**
Taxes	442	223	104	548	825
Effective tax rate (%)	19.3	43.9	25.0	25.0	25.0
PAT	**1,845**	**285**	**311**	**1,644**	**2,474**
Minority/Associates	0	0	0	0	0
Recurring PAT	**1,845**	**285**	**311**	**1,644**	**2,474**
Extraordinary items	(322)	258	0	0	0
Reported PAT	**1,523**	**543**	**311**	**1,644**	**2,474**

Ratios

YE Mar	FY23A	FY24A	FY25E	FY26E	FY27E
Growth (%)					
Revenue	61.5	7.8	10.0	15.5	15.0
EBITDA	117.3	(38.3)	1.0	89.1	29.1
Adj. EPS	175.7	(84.6)	8.9	429.5	50.4
Margins (%)					
Gross	51.1	52.6	46.0	50.5	52.8
EBITDA	15.1	8.6	7.9	13.0	14.5
EBIT	11.5	4.2	3.9	9.5	11.5
Adjusted PAT	6.7	2.4	1.3	5.8	7.5
Returns (%)					
ROE	30.7	4.3	4.6	23.2	29.7
ROCE	27.6	5.8	6.7	17.4	22.0
ROIC	21.3	3.6	5.5	15.4	20.7
Turnover (days)					
Gross block turnover ratio (x)	8.3	6.8	6.5	7.0	7.6
Debtors	42	47	48	44	44
Inventory	198	258	255	251	247
Creditors	106	123	109	103	101
Net working capital	89	135	129	119	114
Solvency (x)					
Net debt-equity	0.2	0.7	0.7	0.5	0.3
Interest coverage ratio	11.0	3.5	3.0	5.4	6.8
Net debt/EBITDA	0.5	2.5	2.3	1.0	0.6
Per share (Rs)					
Adjusted EPS	13.1	2.0	2.2	11.6	17.4
BVPS	45.4	47.8	46.5	53.3	63.9
CEPS	18.3	9.0	9.3	18.5	24.5
DPS	4.5	0.7	0.8	4.0	6.0
Dividend payout (%)	41.8	18.1	34.5	34.5	34.5
Valuation (x)					
P/E	36.1	234.9	215.7	40.7	27.1
P/BV	10.4	9.9	10.2	8.9	7.4
EV/EBITDA	21.8	37.1	36.6	19.2	14.6
Dividend yield (%)	1.0	0.1	0.2	0.8	1.3

Source: Company, Centrum Broking

Balance sheet

YE Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Equity share capital	283	284	284	284	284
Reserves & surplus	6,134	6,495	6,310	7,280	8,793
Shareholders fund	6,417	6,779	6,594	7,564	9,077
Minority Interest	0	0	0	0	0
Total debt	1,810	5,328	5,328	5,328	5,328
Non Current Liabilities	1,471	2,991	1,737	1,866	1,996
Def tax liab. (net)	5	0	0	0	0
Total liabilities	**9,702**	**15,098**	**13,659**	**14,758**	**16,401**
Gross block	2,495	3,295	3,795	4,095	4,295
Less: acc. Depreciation	(1,012)	(1,224)	(1,721)	(2,090)	(2,438)
Net block	1,483	2,070	2,074	2,005	1,857
Capital WIP	147	133	133	133	133
Net fixed assets	1,651	2,229	2,232	2,164	2,016
Non Current Assets	2,383	4,114	1,962	1,770	1,416
Investments	225	11	11	11	11
Inventories	5,871	9,157	9,462	9,980	10,943
Sundry debtors	2,554	3,276	3,206	3,703	4,259
Cash & Cash Equivalents	365	463	740	1,490	2,703
Loans & advances	0	0	0	0	0
Other current assets	1,105	1,417	1,417	1,417	1,417
Trade payables	3,087	4,069	3,868	4,096	4,491
Other current liab.	1,251	1,363	1,367	1,544	1,736
Provisions	114	136	136	136	136
Net current assets	5,444	8,745	9,453	10,814	12,959
Total assets	**9,702**	**15,098**	**13,659**	**14,758**	**16,401**

Cashflow

YE Mar (Rs mn)	FY23A	FY24A	FY25E	FY26E	FY27E
Profit Before Tax	1,965	766	414	2,193	3,298
Depreciation & Amortisation	737	995	1,003	980	1,000
Net Interest	202	497	537	523	471
Net Change – WC	(962)	(3,391)	(358)	(652)	(973)
Direct taxes	(519)	(278)	(104)	(548)	(825)
Net cash from operations	**1,749**	**(1,318)**	**1,493**	**2,495**	**2,972**
Capital expenditure	(1,069)	(1,000)	(1,007)	(911)	(852)
Acquisitions, net	0	0	0	0	0
Investments	204	230	0	0	0
Others	21	10	2,275	349	583
Net cash from investing	**(845)**	**(760)**	**1,268**	**(562)**	**(269)**
FCF	**904**	**(2,077)**	**2,761**	**1,934**	**2,703**
Issue of share capital	0	0	(388)	(107)	(107)
Increase/(decrease) in debt	583	3,518	0	0	0
Dividend paid	(638)	(288)	(107)	(568)	(854)
Interest paid	(164)	(330)	(660)	(680)	(700)
Others	(527)	(721)	(1,329)	171	171
Net cash from financing	**(746)**	**2,179**	**(2,484)**	**(1,183)**	**(1,490)**
Net change in Cash	158	102	277	750	1,213

Source: Company, Centrum Broking

Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the fore going limitations. No representation is made that this report is accurate or complete.

Ratings definitions

Our ratings denote the following 12-month forecast returns:

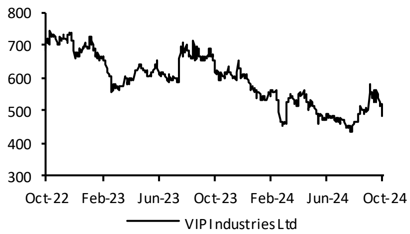
Buy – The stock is expected to return above 15%.

Add – The stock is expected to return 5-15%.

Reduce – The stock is expected to deliver -5-+5% returns.

Sell – The stock is expected to deliver <-5% returns.

VIP Industries



Source: Bloomberg

Disclosure of Interest Statement		
1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)

		VIP Industries
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No
11	Whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;	No
12	Whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No
13	Whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No

Member (NSE and BSE). Member MSEI (Inactive)

Single SEBI Regn. No.: INZ000205331

Depository Participant (DP)
CDSL DP ID: 120 – 12200
Single SEBI Regn. No.: IN-DP-537-2020

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Research Analyst
SEBI Registration No. INH000001469

Mutual Fund Distributor
AMFI REGN No. ARN- 147569

Website: www.centrumbroking.com
Investor Grievance Email ID: investor.grievances@centrum.co.in

Compliance Officer Details:
Ajay S Bendkhale
(022) 4215 9000/9023; Email ID: compliance@centrum.co.in

Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)

Registered and Corporate Office:
Level -9, Centrum House, C.S.T. Road,
Vidyanagari Marg, Kalina,
Santacruz (East) Mumbai – 400098
Tel.: - +91 22 4215 9000