

Market Cap.

Rs. 5,113 Cr.

52 Week H/L

Rs. 590/350

CMP

Rs. 360

Target Price

Rs. 677

FMCG

STOCK DATA

BUY

Reuters Code VIPI.BO
Bloomberg Code VIP IN

BSE Code 507880
NSE Symbol VIPIND

Face Value Rs. 2

Shares Outstanding 14.2 Cr.

Avg. Daily Volume (6m) 6,21,427 Shares

Price Performance (%)

1M	3M	6M
16	22	(28)

200 days EMA Rs. 397

SHARE HOLDING (%)

Promoters 51.74

FII 7.82

FI / MF 11.44

Bodies Corporate 4.02

Public & Others 24.98

RESEARCH ASSOCIATE

Yash Dalal | +91 22 4093 4077

yash.dalal@sushilfinance.com

SALES:

Devang Shah | +91 22 4093 6060/61

devang.shah@sushilfinance.com

VIP Industries Ltd has recently announced its performance for the quarter ended March 31, 2025. Following are the key financial highlights:

Particulars	Q4FY25	Q4FY24	YoY	Q3FY25	QoQ
Net Sales	498.0	520.2	(4.2%)	503.5	(1.1%)
EBITDA	10.3	11.7	(11.9%)	31.1	(66.8%)
EBITDA Margin	2.1%	2.2%	(10 bps)	6.2%	(410 bps)
Profit (loss) before Tax	(36.8)	(33.3)	N.A	(16.6)	N.A.
Profit (loss) after Tax	(27.3)	(23.8)	N.A	(12.4)	N.A.
PAT Margin	N.A.	N.A.	N.A.	N.A.	N.A.
EPS	(1.9)	(1.7)	N.A	(0.8)	N.A.

Highlights from the Quarter (Q4FY25):

- VIP Industries Ltd (VIPIL) reported a marginally weak quarterly net revenue of Rs.498.0cr for Q4FY25, lower by 4.2% YoY and 1.1% on a QoQ basis. The company reported an EBITDA of Rs.10.3cr for the quarter vs Rs.11.7cr for the same quarter in the previous year, and Rs.31.1cr in the preceding quarter. Subsequently, the company posted a net loss of Rs.27.3cr for the quarter.
- FY25 was described as a "year of big solves" across multiple areas, particularly focusing on repairing the balance sheet. The management expects FY26 to be considerably better, starting from the first quarter itself. In terms of inventory management, the company reduced its inventory by a further Rs.200cr in FY25, and intends to reduce it further by Rs.150cr in FY26.
- Profitability was a challenge in FY25, mainly due to downward pressure on selling prices (fueled by competition and heavy discounting, especially online), inventory provisions, and netting off price support for e-commerce. Multiple initiatives are underway to improve gross margins in FY26, starting from Q1. A better product mix, including increasing the premium portfolio share in e-commerce, is expected to help going forward. Manpower cost optimization resulted in a year-on-year decrease of 16% and quarter-on-quarter decrease of 20%. Additionally, the company closed 133 stores overall and opened 32. This was done to close non-performing stores, particularly in tier three/four cities with low throughput.
- With respect to brands, the company undertook a major new initiative which included a "find me tag" feature on VIP products from July 1st onwards. This is described as a special feature that is unique globally. The company is actively focusing on opening Carlton exclusive stores. The plan is to open 20 Carlton exclusive stores in FY26 (out of a total of 50 planned exclusive stores). The motivation is to have a full Carlton assortment to achieve better premium positioning and revenues.
- The management acknowledged missing the previous EBITDA guidance of 12%. The primary reason cited was selling some inventory items at cost or very little margin to accelerate reduction. However, going forward the management expects a much more positive FY26 and beyond.

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)
FY25	2,189.4	93.2	4.3%	-76.6	-3.5%	-4.8	-74.3	2.3	8.3
FY26 E	2,408.3	353.8	14.7%	121.4	5.0%	8.5	42.1	2.1	7.7
FY27 E	2,649.1	399.8	15.1%	157.0	5.9%	11.1	32.6	1.9	6.8
FY28 E	2,914.0	477.8	16.4%	219.6	7.5%	15.5	23.3	1.8	5.7

OUTLOOK AND VALUATION

We maintain our target of Rs.677 as mentioned in the previous quarter. Despite the lackluster performance in FY25, we are positive on the future outlook of VIP Industries considering their accelerated push to normalize inventory. Factoring the positive comments from the management, paired with the robust Indian Luggage market, we expect FY28E revenue at Rs.2914.0cr, EBITDA of Rs.477.8cr at an EBITDA margin of 16.4% and PAT of Rs.219.6cr. We estimate FY28E EPS at Rs.15.5, and assign a PE multiple of 44x, arriving at a target price of Rs.677 (upside ~88.0%) from the current market price of Rs.360. We maintain our BUY Rating for VIP Industries Ltd over an investment horizon of 30-36 months.



Earlier Recommendation

Date	Report Type	Reco	Price (Rs.)	Target (Rs.)
27-Feb-24	Initiating Coverage	Buy	560	741
15-May-24	Q4FY24 Update	Buy	510	741
08-Aug-24	Q1FY25 Update	Buy	449	741
30-Oct-24	Q2FY25 Update	Buy	476	741
05-Feb-25	Q3FY25 Update	Buy	388	677

INCOME STATEMENT

(Rs. Cr.)

Y/E Mar.	FY25	FY26E	FY27E	FY28E
Revenue	2,189	2,408	2,649	2,914
Raw Material Cost	1185	1132	1240	1352
Employee Cost	225	288	316	339
Other Expenses	686	635	693	745
EBITDA	93	354	400	478
<i>EBITDA Margin (%)</i>	<i>4.3%</i>	<i>14.7%</i>	<i>15.1%</i>	<i>16.4%</i>
Depreciation	119	122	123	125
EBIT	-26	232	276	353
<i>EBIT Margin (%)</i>	<i>-1.2%</i>	<i>9.6%</i>	<i>10.4%</i>	<i>12.1%</i>
Finance Costs	73	70	67	60
Other Income	8	0	0	0
Profit before Tax	-91	162	209	293
Tax Expense	-22	40	52	73
Net Profit	-77	121	157	220
<i>Net Margin (%)</i>	<i>-3.5%</i>	<i>5.0%</i>	<i>5.9%</i>	<i>7.5%</i>
A-EPS	-4.8	8.5	11.1	15.5

BALANCE SHEET STATEMENT

(Rs. Cr.)

Y/E Mar.	FY25	FY26E	FY27E	FY28E
PP&E (incl. CWIP+intangibles)	213	182	162	151
Right of Use Assets / Investment Property	312	312	312	312
Other Non-Current	96	104	113	124
Inventories	698	620	571	556
Trade Receivables	368	376	406	439
Cash and Bank Balances	38	28	54	98
Other Current Assets	121	141	152	180
Total Assets	1,856	1,772	1,780	1,889
Equity Share Capital	28	28	28	28
Reserves & Surplus	588	636	719	865
Borrowings (LT)	-	-	-	-
Other Non-Current Liabilities	293	293	293	293
Trade Payables	386	363	353	370
Other Financial Liabilities	4	6	6	7
Current Borrowings	415	299	224	161
Other Current Tax Liab & Provisions	142	148	156	164
Total Liabilities	1,856	1,772	1,780	1,889

Source: Company, Sushil Finance Research

CASH FLOW STATEMENT
(Rs. Cr)

Y/E Mar.	FY25	FY26E	FY27E	FY28E
PBT	(91)	162	209	293
Depreciation	119	122	123	125
Interest	73	70	67	60
CFO before Working Cap chg	101	354	400	478
Chg in Inventories	217	78	50	15
Chg in Trade Receivables	(41)	(8)	(30)	(33)
Chg in Trade Payables	(21)	(23)	(10)	17
Chg in Current Assets & Liabilities	74	100	100	100
Income Taxes Paid	22	(40)	(52)	(73)
Cash Flow from Operations	353	460	457	504
Interest Paid	(73)	(70)	(67)	(60)
Dividend Paid	(73)	(73)	(73)	(73)
Other Adjustments	(173)	(225)	(176)	(165)
Cash Flow from Financing	(319)	(369)	(317)	(299)
Capital Expenditure	(109)	(92)	(103)	(114)
Current Investments	1	-	-	-
Other Financial assets	(7)	-	-	(20)
Other Adjustments	(4)	(10)	(11)	(27)
Cash Flow from Investing	(120)	(102)	(114)	(161)
Opening Cash	43	38	28	54
Total Cash Flow	(5)	(10)	26	44
Closing Cash	38	28	54	98

Source: Company, Sushil Finance Research

FINANCIAL RATIO STATEMENT

Y/E Mar.	FY25	FY26E	FY27E	FY28E
<u>Growth (%)</u>				
Revenue	-3.0%	10.0%	10.0%	10.0%
EBITDA	-54.6%	279.6%	13.0%	19.5%
Net Profit	-368.8%	-258.4%	29.4%	39.8%
<u>Profitability (%)</u>				
EBITDA Margin	4.3%	14.7%	15.1%	16.4%
Net Profit Margin	-3.5%	5.0%	5.9%	7.5%
ROCE	-2.6%	24.8%	29.3%	34.4%
ROE	-12.4%	18.3%	21.0%	24.6%
<u>Per Share Data (Rs.)</u>				
EPS	-4.8	8.5	11.1	15.5
BVPS	43.4	46.8	52.6	62.9
CEPS	3.5	17.1	19.7	24.3
<u>Valuation (x)</u>				
P/E	-74.3	42.1	32.6	23.3
P/BV	8.3	7.7	6.8	5.7
EV/EBITDA	56.4	14.9	13.2	11.0
P/Sales	2.3	2.1	14.4	12.8
<u>Turnover</u>				
Inventory days	215	200	168	150
Debtor days	52	57	56	55
Creditor days	120	117	104	100
<u>Gearing (x)</u>				
D/E	0.7	0.5	0.3	0.2

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.

Total Expected Return Matrix (Rating and Return)	BUY : Over 12%	HOLD : -12% to 12%	SELL : Below -12%
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Sushil Financial Services Private Limited

Member : BSE / NSE - SEBI Regn. No. INZ000165135

Research Analyst – SEBI Registration No. INH000000867

Compliance officer / Grievance Officer :

Mr. Suresh Nemani – Phone : +91 22-40935000 |

Email : suresh.nemani@sushilfinance.com |

Grievance Email - compliance@sushilfinance.com

Regd. Office : 12, Homji Street, Fort, Mumbai 400 001.

Phone: +91 22 40936000 Fax: +91 22 22665758 |

Email : info@sushilfinance.com

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Stock Recommended to Clients	Yes
Remuneration/Benefits received from company in 12 months	No
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Sushil Financial Services Pvt. Ltd and Group Companies Holding	No
Sushil Financial Services Pvt. Ltd and Group Directors Holding	Yes
Broking Relationship with the company covered	No