

Market Cap.
Rs. 6,362 Cr.
52 Week H/L
Rs. 723/430
CMP
Rs. 449
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. 2**

 Shares Outstanding **14.2 Cr.**

 Avg. Daily Volume (6m) **781,648 Shares**

Price Performance (%)

1M	3M	6M
(6)	(16)	(17)

 200 days EMA Rs. **532**

SHARE HOLDING (%)

 Promoters **51.6**

 FII **7.3**

 FI / MF **13.2**

 Bodies Corporate **3.0**

 Public & Others **24.8**

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VIP Industries Ltd has recently announced its performance for the quarter ended June 30, 2024. Following are the key financial highlights:

Particulars	Q1FY25	Q1FY24	YoY	Q4FY24	QoQ
Net Sales	641.0	638.8	0.3%	520.2	23.2%
EBITDA	51.4	83.2	(61.8)%	11.7	339.3%
EBITDA Margin	8.0%	13.0%	(500 bps)	2.3%	570 bps
Profit before Tax	3.7	77.3	N.A	(33.2)	N.A.
Profit (loss) after Tax	4.0	57.7	N.A	(23.9)	N.A.
PAT Margin	0.6%	9.0%	(840 bps)	(4.5%)	N.A.
EPS	0.28	4.1	N.A	(1.68)	N.A.

Highlights from the Quarter (Q1FY25):

VIP Industries Ltd (VIPI) reported a stable quarterly net revenue of Rs.641.0 cr for Q1FY25, marginally higher by 0.3% YoY and 23.2% on a QoQ basis. The company reported an EBITDA of Rs.51.4 cr for the quarter vs Rs.83.2 cr for the same quarter in the previous year, and Rs.11.7 cr in the preceding quarter. Subsequently, the company posted a net profit of Rs.4.0 cr for the quarter.

The profitability in the quarter was hit primarily due to soft luggage liquidation, channel mix and under-absorption of overheads due to lower production at Bangladesh. Despite certain setbacks, the management firmly believes margins and profitability will increase in the second half of this financial year.

Regarding individual brands, the value segment showed further growth. Carlton continued to be successful in its premiumisation agenda, which led to an increase in the Average Selling Price by 16% in the quarter. VIP continued to grow on the back of successful new launches mainly in lightweight and tech-enabled luggage. Hard luggage now continues to be the fastest growing category and as on date, 56% of the overall revenue of the company now is hard luggage. This is keeping with the current trend of shift from soft luggage to hard luggage.

Addressing the current political turmoil in Bangladesh, the management assured that VIP's factories are in the EPZ (Export Processing Zone), which has not been majorly impacted. They further mentioned that in the last 40 days of unrest, the factory was only closed for 3 days.

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 ~65.0%) from the current market price of Rs.449. 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)
FY24	2,256.7	205.3	9.1%	28.5	1.3%	3.8	117.0	2.8	9.4
FY25 E	2,591.7	392.5	15.1%	191.7	7.4%	13.5	33.3	2.5	8.0
FY26 E	2,953.1	476.2	16.1%	256.7	8.7%	18.1	24.8	2.2	6.5



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

PROFIT & LOSS STATEMENT

(Rs.Cr.)

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

BALANCE SHEET

(Rs.Cr.)

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

Source: Company, Sushil Finance Research

CASH FLOW STATEMENT

(Rs.Cr.)

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

Source: Company, Sushil Finance Research

FINANCIAL RATIO STATEMENT

Y/E Mar.	FY24	FY25E	FY26E
<u>Growth (%)</u>			
Revenue	7.5%	14.8%	13.9%
EBITDA	-38.0%	91.2%	21.3%
Net Profit	-84.6%	572.5%	33.9%
<u>Profitability (%)</u>			
EBITDA Margin	9.1%	15.1%	16.1%
Net Profit Margin	1.3%	7.4%	8.7%
ROCE	8.9%	26.9%	30.4%
ROE	4.2%	24.1%	26.2%
<u>Per Share Data (Rs.)</u>			
EPS	3.8	13.5	18.1
BVPS	47.9	56.1	69.0
CEPS	10.9	19.8	25.0
<u>Valuation (x)</u>			
P/E	117.0	33.3	24.8
P/BV	9.4	8.0	6.5
EV/EBITDA	31.8	16.6	13.7
P/Sales	2.8	2.5	2.2
<u>Turnover</u>			
Inventory days	314	230	210
Debtor days	51	52	52
Creditor days	125	120	112
<u>Gearing (x)</u>			
D/E	0.8	0.5	0.3

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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Analyst Stock Ownership	No
Stock Recommended to Clients	Yes
Remuneration/Benefits received from company in 12 months	No
Merchant Banking Market Making activities / projects	No
Sushil Financial Services Pvt. Ltd and Group Companies Holding	No
Sushil Financial Services Pvt. Ltd and Group Directors Holding	No
Broking Relationship with the company covered	No