

Market Cap.

Rs. 6,759 Cr.

52 Week H/L

Rs. 668/428

CMP

Rs. 476

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	14.1 Cr.	
Avg. Daily Volume (6m)	828,384 Shares	
Price Performance (%)		
1M	3M	6M
(14)	0.76	(13)
200 days EMA Rs. 521		

SHARE HOLDING (%)

Promoters	51.74
FII	7.82
FI / MF	11.44
Bodies Corporate	4.02
Public & Others	24.98

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

Particulars	Q2FY25	Q2FY24	YoY	Q1FY25	QoQ
Net Sales	546.9	548.6	(0.3%)	641.0	(14.6%)
EBITDA	0.5	55.5	N.A.	51.4	N.A.
EBITDA Margin	0.1%	10.1%	(1000 bps)	8.0%	(790 bps)
Profit (loss) before Tax	(45.6)	19.3	N.A	3.7	N.A.
Profit (loss) after Tax	(33.0)	13.3	N.A	4.0	N.A.
PAT Margin	N.A.	9.0%	N.A	0.6%	N.A.
EPS	(2.32)	0.9	N.A	0.28	N.A.

Highlights from the Quarter (Q2FY25):

VIP Industries Ltd (VIPIL) reported a marginally weak quarterly net revenue of Rs.546.9cr for Q2FY25, marginally lower by 0.3% YoY and considerably lower by 14.6% on a QoQ basis. The company reported an EBITDA of Rs.0.5cr for the quarter vs Rs.55.5cr for the same quarter in the previous year, and Rs.51.4cr in the preceding quarter. Subsequently, the company posted a net loss of Rs.33cr for the quarter.

The EBITDA Margin pressure observed with a year-on-year dip of 1000 basis points, is attributed to brand and channel mix, as well as inventory reduction and lower production in Bangladesh. The company has been focusing on soft luggage liquidation, and aims to reduce their inventory level to Rs.500cr from Rs.700cr currently. Despite certain setbacks, the management firmly believes margins and profitability will increase in the second half of this financial year, due to their focus on premiumisation, brand mix, and cost optimization initiatives.

Regarding individual brands, VIPIL is slowly shifting focus to their VIP brand from Aristocrat. This is because the gross margin difference is tremendous between the two brands, especially in the offline channel. Hard luggage continued to be the fastest growing category contributing to over 60% of the company's overall revenue. The management expressed confidence in the company's transformation journey and anticipates improved profitability in the second half of this financial year.

OUTLOOK AND VALUATION

VIP Industries Ltd posted a weak quarter in terms of EBITDA and PAT numbers. However, 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 ~55.8%) from the current market price of Rs.476. We maintain our BUY Rating for VIP Industries Ltd over an investment horizon of 18-24 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	36.5	3.2	10.5
FY24	2,256.7	205.3	9.1%	28.5	1.3%	3.8	124.0	3.0	9.9
FY25 E	2,591.7	392.5	15.1%	191.7	7.4%	13.5	35.3	2.6	8.5
FY26 E	2,953.1	476.2	16.1%	256.7	8.7%	18.1	26.3	2.3	6.9



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

PROFIT & LOSS STATEMENT

(Rs.Cr.)

Y/E Mar.	FY23	FY24	FY25E	FY26E
Revenue	2,099	2,257	2,592	2,953
Raw Material Cost	1019	1064	1221	1376
Employee Cost	236	270	307	350
Other Expenses	514	718	671	751
EBITDA	331	205	393	476
<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
EBIT	257	106	303	378
<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
Profit before Tax	197	77	256	342
Tax Expense	44	22	64	86
Net Profit	185	29	192	257
<i>Net Margin (%)</i>	<i>8.8%</i>	<i>1.3%</i>	<i>7.4%</i>	<i>8.7%</i>
A-EPS	13.0	3.8	13.5	18.1

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
Total Assets	1,415	2,067	2,018	2,167
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
Total Liabilities	1,415	2,066	2,018	2,167

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
CFO before Working Cap chg	299	231	393	476
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)
Cash Flow from Operations	175	(52)	501	437
Interest Paid	(28)	(55)	(47)	(36)
Dividend Paid	(73)	(73)	(73)	(73)
Other Adjustments	27	289	(250)	(175)
Cash Flow from Financing	(75)	161	(370)	(285)
Capital Expenditure	(131)	(157)	(104)	(109)
Current Investments	18	21	(2)	-
Other Financial assets	0	0	(2)	-
Other Adjustments	29	(19)	(9)	(7)
Cash Flow from Investing	(84)	(154)	(117)	(116)
Opening Cash	17	88	43	58
Total Cash Flow	16	(45)	15	37
Closing Cash	88	43	58	95

Source: Company, Sushil Finance Research

FINANCIAL RATIO STATEMENT

Y/E Mar.	FY23	FY24	FY25E	FY26E
<u>Growth (%)</u>				
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%
<u>Profitability (%)</u>				
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%
<u>Per Share Data (Rs.)</u>				
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
<u>Valuation (x)</u>				
P/E	36.5	124.0	35.3	26.3
P/BV	10.5	9.9	8.5	6.9
EV/EBITDA	20.9	33.6	17.6	14.5
P/Sales	3.2	3.0	2.6	2.3
<u>Turnover</u>				
Inventory days	210	314	230	210
Debtor days	44	51	52	52
Creditor days	111	125	120	112
<u>Gearing (x)</u>				
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.

Total Expected Return Matrix (Rating and Return)	BUY : Over 12%	HOLD : -12% to 12%	SELL : Below -12%
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Sushil Financial Services Pvt. Ltd and Group Directors Holding	Yes
Broking Relationship with the company covered	No