

Near-term Challenges Continue; Maintain HOLD
Changes in Estimates post Q3FY26
FY27E/FY28E: Revenue: -5%/-4%; EBITDA: -4%/-4%; PAT: -9%/-9%
Recommendation Rationale

- **Soft Quarter:** VIP reported a 9.4% YoY decline in revenue during Q3FY26, reflecting weak consumer demand and heightened competitive intensity, including elevated discounting across the market. Despite the soft operating environment, the company improved its balance sheet position, with net debt reducing to Rs 283 Cr from Rs 394 Cr in the previous quarter.
- **Margins and Inventory Updated:** Profitability remained under pressure during the quarter, with EBITDA margin contracting sharply by 2,263 bps YoY, largely attributable to a 1,707 bps decline in gross margins to 29.5%. The performance was impacted by subdued demand conditions; however, management utilised the festive season to accelerate the liquidation of aged inventory. Net inventory levels reduced meaningfully to Rs 434 Cr in Q3FY26, reflecting a decline of Rs 157 Cr, indicating continued progress on balance sheet clean-up.

Sector Outlook: Cautious

Company Outlook & Guidance: While VIP remains focused on long-term premiumisation, it continues to face near-term headwinds. **We therefore adopt a wait-and-watch approach and maintain our HOLD stance on the stock.**

Current Valuation: 38x Dec'27E EPS (Earlier Valuation: 38x Sep'27E EPS)

Current TP: Rs. 395/share (Earlier Rs 415/share)

Recommendation: With a 1% upside from the CMP, we maintain our **HOLD** rating on the stock.

Financial Performance

VIP Industries reported revenue of Rs 454 Cr, down 9.4% YoY. Gross margins declined by 1,707 bps to 29.5%, while EBITDA margins declined by 2,263 bps YoY. The company reported a net loss of Rs 53 Cr.

Valuation & Recommendation: We maintain our **HOLD** rating on the stock and value the company at 38x Dec'27E EPS with a revised TP of Rs 395/share.

Key Financials (Consolidated)

(Rs Cr)	Q3FY26	QoQ (%)	YoY (%)
Net Sales	454	11.8	(9.4)
EBITDA	(77)	(27.8)	(368.5)
EBITDA Margin	(16.9)	926 bps	-2263 bps
Net Profit	(53)	-	-
EPS (Rs)	(3.7)	-	-

Source: Company, Axis Securities Research

 (CMP as of 13th February, 2026)

CMP (Rs)	389
Upside /Downside (%)	1%
High/Low (Rs)	492/248
Market cap (Cr)	5,528
Avg. daily vol. (6m) Shrs.	1072
No. of shares (Cr)	14.2

Shareholding (%)

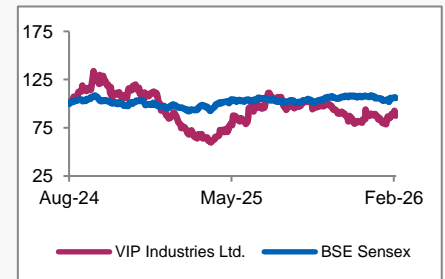
	Jun-25	Sep-25	Dec-25
Promoter	51.7	49.7	42.4
FIIs	7.3	7.0	6.7
MFs / UTI	12.5	14.0	14.8
FIs/ Banks	0.0	0.0	0.0
Others	28.5	29.3	36.1

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	2,178	2,309	2,540
EBITDA	82	277	356
Net Profit	(69)	81	127
EPS, Rs	(4.9)	5.7	9.0
PER, x	(71.8)	67.8	43.4
ROE, %	(12.4)	12.1	16.5

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	-5%	-4%
EBITDA	-4%	-4%
PAT	-9%	-9%

Relative Performance


Source: AceEquity, Axis Securities

Results Gallery
[Q2FY26](#)
[Q1FY26](#)
[Q4FY25](#)
[Q3FY25](#)
Suhanee Shome
Research Associate

email: suhanee.shome@axissecurities.in

Key Risks to Our Estimates and TP

- Weak demand.
- Inability of the company to maintain its margins.
- Loss of market share to competitors.
- Any change in taxation policies and international duties with respect to Bangladesh and China.

Change in Estimates

	Old		Revised		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	2,660	2,952	2,540	2,819	-5%	-4%
EBITDA	372	428	356	409	-4%	-4%
PAT	140	169	127	154	-9%	-9%
EPS	9.9	12	9.0	10.9	-9%	-9%

Source: Company, Axis Securities Research

Results Review

	Q3FY25	Q2FY26	Q3FY26	% Change (YoY)	% Change (QoQ)
Net Sales	501	406	454	(9.4)	11.8
Gross Profit	233	124	134	(42.6)	7.5
Gross Margin (%)	46.5	30.6	29.5	-1707 bps	-117 bps
Employee Expenses	54	53	56	3.2	6.2
Other Expenses	150	178	155	2.9	(13.2)
EBITDA	29	(106)	(77)	(368.5)	(27.8)
EBITDA Margin (%)	5.7	(26.2)	(16.9)	-2263 bps	926 bps
Oth. Inc	2	11	3	33.2	(69.3)
Interest	18	18	16	(10.0)	(9.3)
Depreciation	30	33	32	6.5	(3.1)
Exceptional Item	-	(4)	(71)		
PBT	(17)	(142)	(50)		
Tax	(4)	1	3	(161.6)	117.4
PAT	(12)	(143)	(53)		
EPS	(0.9)	(10.1)	(3.7)		

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Net sales	2,178	2,309	2,540	2,819
Growth, %	(3.0)	6.0	10.0	11.0
Total income	2,178	2,309	2,540	2,819
Raw material expenses	(1,185)	(1,224)	(1,321)	(1,452)
Employee expenses	(225)	(231)	(254)	(282)
Other Operating Expenses	(686)	(577)	(610)	(677)
EBITDA (Core)	82	277	356	409
Growth, %	(57.5)	236.7	28.3	15.0
Margin, %	3.8	12.0	14.0	14.5
Depreciation	(119)	(118)	(141)	(164)
EBIT	(37)	159	215	245
Growth, %	(139.1)	(532.8)	35.0	14.2
Margin, %	(1.7)	6.9	8.5	8.7
Interest paid	(73)	(70)	(66)	(63)
Other Income	11	18	20	23
Non-recurring Items	8	-	-	-
Pre-tax profit	(91)	108	169	205
Tax provided	22	(27)	(42)	(51)
Profit after tax	(69)	81	127	154
Growth, %	(368.7)	(205.8)	56.5	21.3
Net Profit (adjusted)	(69)	81	127	154

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Cash & bank	48	83	155	262
Marketable securities at cost	0	0	0	0
Debtors	368	390	429	477
Inventory	698	740	814	904
Other current assets	97	99	99	99
Total current assets	1,212	1,313	1,498	1,742
Investments	5	5	5	5
Gross fixed assets	758	853	948	1,043
Less: Depreciation	(251)	(369)	(510)	(673)
Add: Capital WIP	18	17	18	18
Net fixed assets	525	501	456	387
Non-current assets	115	115	115	115
Total assets	1,856	1,934	2,074	2,249
Current liabilities	949	972	1,013	1,062
Provisions	-	-	-	-
Total current liabilities	949	972	1,013	1,062
Non-current liabilities	292	292	292	292
Total liabilities	1,240	1,263	1,304	1,354
Paid-up capital	28	28	28	28
Reserves & surplus	588	643	741	867
Shareholders' equity	616	671	769	895
Total equity & liabilities	1,856	1,934	2,074	2,249

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Profit Before Tax	(91)	108	169	205
Adjustments for:				
Depreciation and Amortisation Expenses	119	118	141	164
Interest Paid	(0)	-	-	-
Unwinding of interest on the security deposit paid	(3)	-	-	-
Amortisation of prepaid rent on the discounting of the security deposit paid		-	-	-
Changes in fair value of financial assets at fair value through profit or loss	0	-	-	-
Obsolescence of Fixed Assets				
Bad Debts Written Off	0	-	-	-
Provision for Bad and Doubtful Debts	3	-	-	-
Employee Stock Appreciation Rights	10	-	-	-
Loss on Translation	(0)	-	-	-
Loss / (Surplus) on Sale of Investment	(1)	-	-	-
Dividend Income	(8)	-	-	-
Interest received	73	-	-	-
Income from Investment Property	(2)	-	-	-
Loss / (Profit) on Sale of Assets, Property, Plant & Equipment (net)		-	-	-
Excess Provision Written back		-	-	-
Net Exchange differences (unrealised)	6	-	-	-
Operating Profit Before Working Capital Changes	106	226	310	369
Adjustments for:				
Trade receivables	(49)	(22)	(39)	(47)
(Decrease)/Increase in Trade Payables	(19)	23	41	50
(Decrease)/Increase in Other Liabilities	(4)	-	-	-
(Decrease)/Increase in Provisions	(0)	-	-	-
Increase/(Decrease) in Other Assets	45	-	-	-
Decrease/ (Increase) in Inventories	217	(42)	(74)	(90)
Cash Flow Generated from Operations	296	185	238	281
Direct taxes paid	(4)	(27)	(42)	(51)
A) Net Cash Flow from Operating Activities	292	158	195	230
B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of PPE and intangible assets	(43)	(95)	(95)	(95)
Proceeds from the sale of PPE and intangible assets	2	-	-	-
Purchase of Investments	(6)	-	-	-
Dividend Income				
Interest received	0	-	-	-
Net Cash Used in Investing Activities	(47)	(95)	(95)	(95)
C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds / (Repayment) of Long-Term Borrowings (Net)	(60)	-	-	-
Proceeds/(Repayment) of Short-Term Borrowings	(118)	-	-	-
Finance Cost paid				
Principal payment of Lease Liabilities	(27)	-	-	-
Interest payment of Lease Liabilities	(47)	-	-	-
Dividends paid	(1)	(28)	(28)	(28)
Dividend Distribution Tax paid	-	-	-	-
Other	0	-	-	-
Net Cash Used in Financing Activities	(251)	(28)	(28)	(28)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(5)	35	72	107
Cash and cash equivalents as of 1st April	43	38	73	145
Cash and cash equivalents as of 31st March	38	73	145	252

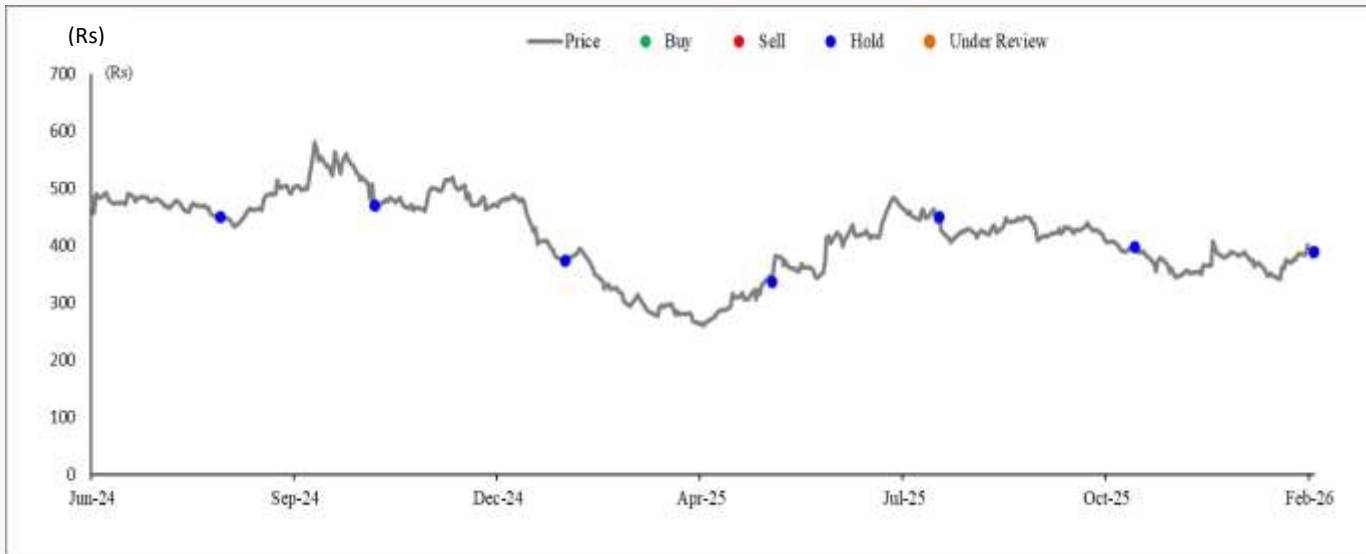
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY25	FY26E	FY27E	FY28E
EPS (Rs)	(4.9)	5.7	9.0	10.9
Growth, %	(368.7)	(205.8)	56.5	21.3
Book NAV/share (Rs)	43.6	47.5	54.5	63.3
FDEPS (Rs)	(5.4)	5.7	9.0	10.9
CEPS (Rs)	2.4	14.1	18.9	22.5
CFPS (Rs)	16.4	9.7	12.4	14.7
Return ratios				
Return on assets (%)	0.2	7.9	9.6	10.0
Return on equity (%)	(12.4)	12.1	16.5	17.2
Return on capital employed (%)	0.4	16.1	19.0	19.3
Turnover ratios				
Asset turnover (x)	1.7	1.9	2.1	2.2
Sales/Total assets (x)	1.1	1.2	1.3	1.3
Sales/Net FA (x)	4.1	4.5	5.3	6.7
Working capital/Sales (x)	0.1	0.1	0.1	0.1
Receivable days	61.7	61.7	61.7	61.7
Inventory days	117.0	117.0	117.0	117.0
Payable days	67.3	73.6	75.3	75.7
Working capital days	36.0	40.8	47.4	54.0
Liquidity ratios				
Current ratio (x)	1.3	1.4	1.5	1.6
Quick ratio (x)	0.5	0.6	0.7	0.8
Interest cover (x)	(0.5)	2.3	3.3	3.9
Valuation				
PER (x)	(71.8)	67.8	43.4	35.8
PEG (x) YoY growth	0.2	(0.3)	0.8	1.7

Source: Company, Axis Securities Research

VIP Industries Price Chart and Recommendation History



Date	Reco	TP	Research
08-Aug-24	HOLD	490	Result Update
25-Oct-24	HOLD	440	Result Update
30-Jan-25	HOLD	370	Result Update
15-May-25	HOLD	410	Result Update
08-Aug-25	HOLD	490	Result Update
17-Nov-25	HOLD	415	Result Update
16-Feb-26	HOLD	395	Result Update

Source: Axis Securities

DISCLAIMER

Axis Direct is the brand under Axis Securities Limited, which is a 100% subsidiary of Axis Bank Limited. Axis Bank Ltd. is a listed public company and one of India's largest private sector banks, and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on www.axisbank.com.

Axis Securities Limited is registered as a

- Stock Broker, Depository Participant, Portfolio Manager, Investment Adviser and Research Analyst with the Securities and Exchange Board of India
- Corporate Agent with Insurance Regulatory and Development Authority of India
- Point of Presence with Pension Fund Regulatory and Development Authority
- Distributor for Mutual Funds with AMFI

Registration Details:

SEBI Single Reg. No.- NSE, BSE, MSEI, MCX & NCDEX – INZ000161633 | SEBI Depository Participant Reg. No. IN-DP-403-2019 | Portfolio Manager Reg. No.- INP000000654 | Investment Advisor Reg No. INA000000615 | SEBI-Research Analyst Reg. No. INH000000297 | IRDA Corporate Agent (Composite) Reg. No. CA0073| PFRDA – POP Reg. No. POP387122023 | Mutual Fund Distributor ARN- 64610.

Compliance Officer Details: Name – Mr Rajiv Kejriwal, Tel No. – 022-68555574, Email id – compliance.officer@axisdirect.in;

Registered Office Address – Axis Securities Limited, Unit No.002, Building- A, Agastya Corporate Park, Piramal Realty, Kamani Junction, Kurla (W), Mumbai – 400070.

Administrative office address: Axis Securities Limited, Aarum Q Parc, Q2 Building, Unit No. 1001, 10th Floor, Level – 6, Plot No. 4/1 TTC, Thane – Belapur Road, Ghansoli, Navi Mumbai, Pin Code – 400710.

In case of any grievances, please call us at 022-40508080 or write to us at helpdesk@axisdirect.in.

We hereby declare that our activities have neither been suspended nor have we defaulted with any stock exchange authority with whom we are registered in the last five years. However, SEBI, Exchanges, Clearing Corporations and Depositories, etc. have conducted the routine inspection and based on their observations have issued advice/warning/show cause notices/deficiency letters/ or levied penalty or imposed charges for certain deviations observed in inspections or in the normal course of business, as a Stock Broker/Depository Participant/Portfolio Manager. We have not been debarred from doing business by any Stock Exchange/SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point in time.

Investments in the securities market are subject to market risks. Read all the related documents carefully before investing.

By referring to any particular sector, Axis Securities does not provide any promise or assurance of a favourable view for a particular industry or sector or business group in any manner.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors. Our research should not be considered as an advertisement or advice, professional or otherwise. This research report and its respective content by Axis Securities made available on this page or otherwise do not constitute an offer to sell or purchase or subscribe for any securities or solicitation of any investments or investment services for the residents of Canada and/or the USA or any jurisdiction where such an offer or solicitation would be illegal.

Subject company(ies) may have been clients during the twelve months preceding the date of distribution of the research report. Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment of its original date of publication by ASL and are subject to change without notice. The price, value of and income from any of the securities or financial instruments mentioned in this report can fall as well as rise. The value of securities and financial instruments is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities or financial instruments.

The information and opinions in this report have been prepared by Axis Securities and are subject to change without notice. The report and information contained herein are strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of Axis Securities. The report must not be used as a singular basis for any investment decision. The views herein are of a general nature and do not consider the risk appetite, investment objective or the particular circumstances of an individual investor. The investor is requested to take into consideration all the risk factors, including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

While we would endeavour to update the information herein on a reasonable basis, Axis Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Axis Securities from doing so. Non-rated securities indicate that the rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Axis Securities policies, in circumstances where Axis Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained in good faith from public sources and sources believed to be reliable, but no independent verification has been made, nor is its accuracy or completeness guaranteed. This report and information herein are solely for informational purposes and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Axis Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and/or tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and the needs of the specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Axis Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see the Risk Disclosure Document to understand the risks associated before investing in the securities markets. 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. Axis Securities or its associates might have

managed or co-managed a public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months. Axis Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory services in a merger or specific transaction. Axis Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking, or brokerage services from the companies mentioned in the report in the past twelve months. Axis Securities encourages independence in research report preparation and strives to minimise conflict in the preparation of research reports. Axis Securities or its associates, or its analysts, did not receive any compensation or other benefits from the companies mentioned in the report or a third party in connection with the preparation of the research report. Accordingly, neither Axis Securities nor Research Analysts and/or their relatives have any material conflict of interest at the time of publication of this report. Please note that Axis Securities has a proprietary trading desk. This desk maintains an arm's length distance from the Research team, and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Research Analyst may have served as an officer, director or employee of the subject company(ies). Axis Securities or Research Analysts, or their relatives, do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report. Since associates of Axis Securities and Axis Securities as an entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one per cent or more or other material conflicts of interest in various companies, including the subject company/companies mentioned in this report. Axis Securities may have issued other reports that are inconsistent with and reach different conclusions from the information presented in this report. Certain transactions-including those involving futures, options and other derivatives as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Reports based on technical analysis centre on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

We and our affiliates/associates, officers, directors, and employees, Research Analyst(including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company (ies) discussed herein or act as advisor or lender/borrower to such company (ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of Research Report or at the time of public appearance. Axis Securities may have proprietary long/short positions in the above-mentioned scrip(s) and therefore may be considered as interested. This should not be construed as an invitation or solicitation to do business with Axis Securities. Axis Securities is also a Portfolio Manager. Portfolio Management Team (PMS) takes its investment decisions independently of the PCG research, and accordingly, PMS may have positions contrary to the PCG research recommendation.

This research report is issued in India by Axis Securities Limited in accordance with the Securities and Exchange Board of India (Research Analysts) Regulations, 2014. It is intended solely for persons residing in India. The report is not directed at or intended for distribution to, or use by, any person or entity resident in the United States of America, Canada, or in any jurisdiction where such distribution, publication, availability, or use would be contrary to applicable securities laws, including the U.S. Securities Exchange Act of 1934, regulations of the U.S. Securities and Exchange Commission (SEC), and regulations of the Canadian Securities Administrators (CSA).

RATING SCALE: Definitions of ratings

Ratings	Expected absolute returns over 12 – 18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
NOT RATED	We have forward-looking estimates for the stock, but we refrain from assigning a valuation and recommendation.
UNDER REVIEW	We will revisit our recommendation, valuation and estimates on the stock following recent events.
NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

Note: Returns stated in the rating scale are our internal benchmark.