

Rating: REDUCE | CMP: Rs390 | TP: Rs352

February 16, 2026

Q3FY26 Result Update

☐ Change in Estimates | ☐ Target | ☐ Reco

Change in Estimates

Rating	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	REDUCE		HOLD	
Target Price	352		380	
Sales (Rs. m)	21,259	23,726	21,837	24,073
% Chng.	(2.6)	(1.4)		
EBITDA (Rs. m)	2,636	3,416	3,057	3,707
% Chng.	(13.8)	(7.8)		
EPS (Rs.)	5.5	9.8	8.0	12.0
% Chng.	(31.2)	(18.8)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	21,784	18,830	21,259	23,726
EBITDA (Rs. m)	823	(1,732)	2,636	3,416
Margin (%)	3.8	(9.2)	12.4	14.4
PAT (Rs. m)	(766)	(1,923)	779	1,388
EPS (Rs.)	(5.4)	(13.5)	5.5	9.8
Gr. (%)	NA	NA	NA	78.1
DPS (Rs.)	-	-	-	-
Yield (%)	-	-	-	-
RoE (%)	NA	NA	19.2	27.0
RoCE (%)	NA	NA	11.7	17.3
EV/Sales (x)	2.9	3.3	2.9	2.6
EV/EBITDA (x)	75.9	NA	23.4	17.8
PE (x)	NA	NA	71.1	39.9
P/BV (x)	9.0	15.1	12.4	9.5

Key Data

	VIPI. BO VIP IN
52-W High / Low	Rs.492 / Rs.248
Sensex / Nifty	82,627 / 25,471
Market Cap	Rs.55bn / \$ 612m
Shares Outstanding	142m
3M Avg. Daily Value	Rs.625.49m

Shareholding Pattern (%)

Promoter's	42.35
Foreign	6.73
Domestic Institution	17.42
Public & Others	33.51
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	4.1	(3.9)	11.3
Relative	5.4	(6.3)	2.6

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V.I.P. Industries (VIP IN)

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Recovery priced in

Quick Pointers:

- Adjusting for inventory provision of ~Rs543mn, GM compressed 510 bps YoY to 41.4%.

We cut our FY27E/FY28E EPS estimates by 31%/19% as we fine-tune our revenue and GM assumptions given rising competitive pressure and downgrade VIP IN to REDUCE (earlier HOLD) with a TP of Rs352 (36x FY28E EPS; ~10% discount to SII IN). VIP IN reported weak set of results with topline declining 9.4% YoY to Rs4,541mn (PLe of Rs4,259mn) while GM succumbed to 29.5% amid inventory provision of Rs543mn. VIP IN has been facing a problem of slow-moving inventory and provision of ~Rs1,219mn has been taken so far in 9MFY26. While large scale provisioning exercise is over, GM of 44.3% in 9MFY26, adjusting for inventory write-offs, indicates elevated competitive pressure. After assuming a recovery in GM to 48%/50% with an EBITDA margin of 12.4%/14.4% in FY27E/FY28E respectively, the stock trades at 40x FY28E EPS. We believe turnaround benefit from change of guard at top-level is priced in. Downgrade to REDUCE (36x FY28E EPS; ~10% discount to SII IN).

Top-line falls by 9.4%: Top line decreased 9.4% YoY to Rs4,541mn (PLe of Rs4,259mn) as compared to Rs5,011mn in 3QFY25.

Adjusted GM at 41.4%: Gross profit decreased 42.6% YoY to Rs1,338mn with margin of 29.5%. However, adjusting for inventory provision of Rs543mn, GM declined 510bps YoY to 41.4% (PLe of 43.5%). So far, VIP IN has taken an inventory provision of Rs1,219mn in 9MFY26 and while large scale provisioning is over, given rising competitive environment, we believe the path to GM recovery could be challenging.

Adjusted EBITDA/PAT loss at Rs225mn/Rs662mn: EBITDA loss stood at Rs768mn as against an EBITDA of Rs286mn in 3QFY25. Adjusting for the inventory provision, EBITDA loss stood at Rs225mn (PLe EBITDA loss Rs179mn). After adjusting for an exceptional income towards insurance claim pertaining to fire incident at Bangladesh & Guwahati of Rs77mn, gain towards sale of non-core assets of Rs635mn, labor code impact of Rs36mn and adjusting the inventory provision of Rs543mn, loss for the quarter stood at Rs662mn (PLe loss Rs457mn) as compared to a loss of Rs124mn in 3QFY25.

Exhibit 1: Q3FY26 Result Overview - Consolidated (Rs mn)

Y/e March	3QFY26	3QFY25	YoY gr.	2QFY26	QoQ gr.	3QFY26E	Var.	9MFY26	9MFY25	YoY gr.
Net sales	4,541	5,011	-9.4%	4,063	11.8%	4,259	6.6%	14,219	16,842	-15.6%
Total raw material cost	3,204	2,680	19.6%	2,819	13.6%	2,406	33.1%	9,110	9,222	-1.2%
<i>As a % of sales</i>	<i>70.5%</i>	<i>53.5%</i>		<i>69.4%</i>		<i>56.5%</i>		<i>64.1%</i>	<i>54.8%</i>	
Gross Profit	1,338	2,331	-42.6%	1,244	7.5%	1,853	-27.8%	5,110	7,621	-33.0%
<i>Gross margin</i>	<i>29.5%</i>	<i>46.5%</i>		<i>30.6%</i>		<i>43.5%</i>		<i>35.9%</i>	<i>45.2%</i>	
Employee expenses	561	543	3.2%	528	6.2%	520	7.9%	1,633	1,709	-4.5%
<i>As a % of sales</i>	<i>12.3%</i>	<i>10.8%</i>		<i>13.0%</i>		<i>12.2%</i>		<i>11.5%</i>	<i>10.1%</i>	
Other expenses	1,545	1,502	2.9%	1,780	-13.2%	1,512	2.2%	5,063	5,153	-1.8%
<i>As a % of sales</i>	<i>34.0%</i>	<i>30.0%</i>		<i>43.8%</i>		<i>35.5%</i>		<i>35.6%</i>	<i>30.6%</i>	
EBITDA	(768)	286	NM	(1,064)	NM	(179)	NM	(1,586)	758	NM
<i>EBITDA margin</i>	<i>NM</i>	<i>5.7%</i>		<i>NM</i>		<i>NM</i>		<i>NM</i>	<i>4.5%</i>	
Depreciation	320	300	6.5%	330	-3.1%	311	2.9%	966	888	8.8%
EBIT	(1,088)	(14)	NM	(1,394)	NM	(490)	NM	(2,551)	(130)	NM
<i>EBIT margin</i>	<i>NM</i>	<i>NM</i>		<i>NM</i>		<i>NM</i>		<i>NM</i>	<i>NM</i>	
Interest cost	160	177	-10.0%	176	-9.3%	162	-1.4%	502	563	-10.8%
Other income	33	25	33.2%	107	-69.3%	43	-22.8%	186	71	161.8%
PBT	(1,215)	(167)	NM	(1,463)	NM	(609)	NM	(2,867)	(622)	NM
Exceptional items	712	-	NM	43		-		775	36	2064.5%
Tax expenses	26	(43)	NM	12	117.4%	(152)	NM	(1)	(172)	NM
Tax rate	NM	NM		NM		NM		NM	NM	
PAT	(529)	(124)	NM	(1,431)	NM	(457)	NM	(2,091)	(414)	NM
<i>PAT margin</i>	<i>NM</i>	<i>NM</i>		<i>NM</i>		<i>NM</i>		<i>NM</i>	<i>NM</i>	
EPS (Rs)	(3.7)	(0.9)	NM	(10.1)	NM	(3.2)	NM	(14.7)	(2.9)	NM
Adjusted PAT	(662)	(124)	NM	(925)	NM	(457)	NM	(1,477)	(450)	NM
<i>Adjusted PAT margin</i>	<i>NM</i>	<i>NM</i>		<i>NM</i>		<i>NM</i>		<i>NM</i>	<i>NM</i>	
Adjusted EPS (Rs)	(4.7)	(0.9)	NM	(6.5)	NM	(3.2)	NM	(10.4)	(3.2)	NM

Source: Company, PL

Exhibit 2: Sales & profitability profile of Bangladesh operations

Particulars (Rs mn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	FY25	FY26E	FY27E	FY28E
Sales	2,061	885	612	835	731	1,030	1,079	1,007	750	3,208	3,689	4,058	4,464
PAT	266	(152)	(94)	(24)	24	40	127	(22)	(224)	(54)	(74)	223	268
<i>PAT margin</i>	<i>12.9%</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>3.2%</i>	<i>3.9%</i>	<i>11.8%</i>	<i>-2.2%</i>	<i>NM</i>	<i>NM</i>	<i>-2.0%</i>	<i>5.5%</i>	<i>6.0%</i>
<i>Bangladesh's sales a % of total sales</i>	<i>37.7%</i>	<i>17.1%</i>	<i>9.6%</i>	<i>15.3%</i>	<i>14.6%</i>	<i>20.8%</i>	<i>19.2%</i>	<i>24.8%</i>	<i>16.5%</i>	<i>14.7%</i>	<i>19.6%</i>	<i>19.1%</i>	<i>18.8%</i>
Standalone PAT#	(49)	(106)	45	(385)	(168)	(305)	(233)	(1,390)	(382)	(814)			
<i>Standalone PAT margin</i>	<i>NM</i>	<i>NM</i>	<i>0.7%</i>	<i>NM</i>									

Source: Company, PL

Exhibit 3: Gross & EBITDA margin trend is volatile due to fluctuation in raw material prices

Particulars	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
Gross margin	49.4%	57.9%	49.5%	55.5%	55.8%	50.1%	44.3%	45.0%	46.5%	46.9%	45.0%	30.6%	29.5%
EBITDA margin	13.9%	14.3%	12.7%	9.7%	9.6%	1.5%	7.7%	-0.4%	5.7%	1.3%	4.4%	NM	NM

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	21,784	18,830	21,259	23,726
YoY gr. (%)	(3.0)	(13.6)	12.9	11.6
Cost of Goods Sold	11,847	11,769	11,055	11,863
Gross Profit	9,938	7,061	10,204	11,863
Margin (%)	45.6	37.5	48.0	50.0
Employee Cost	2,253	2,165	2,232	2,373
Other Expenses	6,862	6,628	5,336	6,074
EBITDA	823	(1,732)	2,636	3,416
YoY gr. (%)	(57.5)	NA	NA	29.6
Margin (%)	3.8	NA	12.4	14.4
Depreciation and Amortization	1,191	1,280	1,318	1,424
EBIT	(368)	(3,013)	1,318	1,993
Margin (%)	NA	NA	6.2	8.4
Net Interest	732	659	510	451
Other Income	109	226	191	237
Profit Before Tax	(912)	(2,671)	999	1,779
Margin (%)	NA	NA	4.7	7.5
Total Tax	(224)	(134)	220	391
Effective tax rate (%)	24.6	5.0	22.0	22.0
Profit after tax	(688)	(2,537)	779	1,388
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	(766)	(1,923)	779	1,388
YoY gr. (%)	NA	NA	NA	78.1
Margin (%)	NA	NA	3.7	5.9
Extra Ord. Income / (Exp)	78	775	-	-
Reported PAT	(688)	(2,537)	779	1,388
YoY gr. (%)	NA	NA	NA	78.1
Margin (%)	(3.2)	(13.5)	3.7	5.9
Other Comprehensive Income	(35)	48	-	-
Total Comprehensive Income	(723)	(2,489)	779	1,388
Equity Shares O/s (m)	142	142	142	142
EPS (Rs)	(5.4)	(13.5)	5.5	9.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	8,971	10,296	11,721	13,146
Tangibles	8,852	10,152	11,552	12,952
Intangibles	120	145	170	195
Acc: Dep / Amortization	3,904	5,184	6,503	7,926
Tangibles	3,804	5,059	6,350	7,745
Intangibles	100	126	152	181
Net fixed assets	5,067	5,112	5,219	5,220
Goodwill	-	-	-	-
Non-Current Investments	374	300	310	340
Net Deferred tax assets	504	353	317	286
Other Non-Current Assets	323	336	348	360
Current Assets				
Investments	2	2	2	2
Inventories	6,984	5,159	4,776	5,330
Trade receivables	3,683	2,992	3,320	3,575
Cash & Bank Balance	479	245	492	636
Other Current Assets	844	659	744	830
Total Assets	18,564	15,450	15,836	16,901
Equity				
Equity Share Capital	284	284	284	284
Other Equity	5,878	3,388	4,168	5,556
Total Networth	6,162	3,672	4,452	5,840
Non-Current Liabilities				
Long Term borrowings	2,746	2,883	3,027	3,179
Provisions	161	132	149	166
Other non current liabilities	1	2	2	2
Current Liabilities				
ST Debt / Current of LT Debt	4,765	4,765	3,765	2,765
Trade payables	3,863	3,302	3,728	4,160
Other current liabilities	857	675	692	766
Total Equity & Liabilities	18,564	15,450	15,836	16,901

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	(912)	(3,446)	999	1,779
Add. Depreciation	1,191	1,280	1,318	1,424
Add. Interest	732	659	510	451
Less Financial Other Income	109	226	191	237
Add. Other	53	775	-	-
Op. profit before WC changes	1,064	(732)	2,827	3,654
Net Changes-WC	1,899	1,918	418	(384)
Direct tax	(41)	333	(185)	(360)
Net cash from Op. activities	2,922	1,520	3,061	2,910
Capital expenditures	(412)	(400)	(400)	(400)
Interest / Dividend Income	2	-	-	-
Others	(56)	(832)	(1,047)	(1,067)
Net Cash from Invt. activities	(466)	(1,232)	(1,447)	(1,467)
Issue of share cap. / premium	-	-	-	-
Debt changes	(1,175)	-	(1,000)	(1,000)
Dividend paid	(7)	-	-	-
Interest paid	(465)	(659)	(510)	(451)
Others	(863)	137	144	151
Net cash from Fin. activities	(2,511)	(522)	(1,366)	(1,299)
Net change in cash	(55)	(234)	247	144
Free Cash Flow	2,490	1,120	2,661	2,510

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E	
Per Share(Rs)					
EPS		(5.4)	(13.5)	5.5	9.8
CEPS		3.0	(4.5)	14.8	19.8
BVPS		43.4	25.9	31.4	41.1
FCF		17.5	7.9	18.7	17.7
DPS		-	-	-	-
Return Ratio(%)					
RoCE		NA	NA	11.7	17.3
ROIC		4.4	NA	16.6	20.2
RoE		NA	NA	19.2	27.0
Balance Sheet					
Net Debt : Equity (x)		1.1	2.0	1.4	0.9
Net Working Capital (Days)		114	94	75	73
Valuation(x)					
PER		NA	NA	71.1	39.9
P/B		9.0	15.1	12.4	9.5
P/CEPS		130.6	NA	26.4	19.7
EV/EBITDA		75.9	NA	23.4	17.8
EV/Sales		2.9	3.3	2.9	2.6
Dividend Yield (%)		-	-	-	-

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	4,942	5,614	4,063	4,541
YoY gr. (%)	(4.3)	(12.1)	(25.3)	(9.4)
Raw Material Expenses	2,625	3,087	2,819	3,204
Gross Profit	2,317	2,527	1,244	1,338
Margin (%)	46.9	45.0	30.6	29.5
EBITDA	65	247	(1,064)	(768)
YoY gr. (%)	(17.0)	(50.0)	NA	NA
Margin (%)	1.3	4.4	(26.2)	(16.9)
Depreciation / Depletion	303	316	330	320
EBIT	(238)	(69)	(1,394)	(1,088)
Margin (%)	NA	NA	NA	NA
Net Interest	169	167	176	160
Other Income	38	46	107	33
Profit before Tax	(326)	(171)	(1,419)	(502)
Margin (%)	NA	NA	NA	NA
Total Tax	(53)	(40)	12	26
Effective tax rate (%)	16.2	23.2	(0.9)	(5.2)
Profit after Tax	(274)	(131)	(1,431)	(529)
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	(316)	110	(925)	(662)
YoY gr. (%)	NA	171.5	NA	NA
Margin (%)	NA	2.0	NA	NA
Extra Ord. Income / (Exp)	43	19	43	712
Reported PAT	(274)	(131)	(1,431)	(529)
YoY gr. (%)	NA	NA	NA	NA
Margin (%)	NA	NA	NA	NA
Other Comprehensive Income	1	(8)	39	17
Total Comprehensive Income	(273)	(139)	(1,393)	(512)
Avg. Shares O/s (m)	142	142	142	142
EPS (Rs)	(2.2)	0.8	(6.5)	(4.7)

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-26	Hold	380	387
2	17-Nov-25	Hold	387	398
3	07-Oct-25	Hold	474	430
4	08-Aug-25	Hold	455	450
5	09-Jul-25	UR	-	422
6	15-May-25	BUY	404	338
7	09-Apr-25	BUY	433	265

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apneejay Surrendra Park Hotels	BUY	206	126
2	Chalet Hotels	BUY	1,089	896
3	Delhivery	BUY	516	423
4	DOMS Industries	BUY	3,084	2,356
5	Imagicaaworld Entertainment	BUY	70	48
6	Indian Railway Catering and Tourism Corporation	BUY	850	618
7	InterGlobe Aviation	Hold	5,186	4,909
8	Lemon Tree Hotels	BUY	165	133
9	Mahindra Logistics	BUY	407	340
10	Navneet Education	Reduce	119	156
11	Nazara Technologies	Hold	276	279
12	PVR Inox	BUY	1,274	987
13	S Chand and Company	BUY	291	185
14	Safari Industries (India)	Hold	2,191	2,144
15	Samhi Hotels	BUY	290	169
16	TCI Express	BUY	694	537
17	V.I.P. Industries	Hold	380	387
18	Zee Entertainment Enterprises	BUY	133	85

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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