

Week Gone

- ⇒ In the week ended on Friday, 1 October 2021, the Sensex dropped 1,282.89 points or 2.1% to settle at 58,765.58. The Nifty 50 index fell 321.20 points or 1.7% to settle at 17,532.05.
- ⇒ Benchmark indices ended almost flat after a volatile session on Monday. The barometer index, the S&P BSE Sensex, rose 29.41 points or 0.05% to 60,077.88. The Nifty 50 index rose 1.90 points or 0.01% to 17,855.10.
- ⇒ The key equity indices ended with steep losses on Tuesday, snapping their three-day rising streak.

Week Ahead

- ⇒ The Reserve Bank of India's (RBI) monetary policy committee (MPC) will announce interest rate decision on Friday, 8 October 2021.
- ⇒ Trends in global markets, the movement of rupee against the dollar and crude oil price investment by foreign portfolio investors (FPIs) and domestic institutional investors (DIIs) will be watched.
- ⇒ On the macro front, Markit Services PMI for September will be declared on 5 October 2021.

Technical Overview

Index closed with a loss of 1.80% at 17532. Index opened the week with minor gap up but failed to hold on at higher levels and witnessed profit booking ending the week near weekly low. Index has formed bearish dark cloud cover candlestick pattern, follow-up to the pattern will signal a bearish trend for short term. While on the downside index has an immediate support at 17450-17250-16980. While on the higher side resistance is seen at 17680-17800-18000.



Source: Falcon, BP Equities Research



Weekly Wealth

DOMESTIC INDICES

Index	01-Oct-21	24-Sep-21	Weekly % Chg
Nifty 50	17,532.0	17,853.2	-1.8
Nifty Next 50	42,513.6	43,071.6	-1.3
Nifty 100	17,778.5	18,090.2	-1.7
Nifty 500	15,013.9	15,191.9	-1.2
NIFTY MIDCAP 100	30,396.8	30,143.6	0.8
S&P BSE SENSEX	58,765.5	60,048.4	-2.1
S&P BSE 100	17,805.0	18,103.3	-1.6
S&P BSE 200	7,590.5	7,696.7	-1.4
S&P BSE 500	23,873.2	24,160.8	-1.2
S&P BSE MidCap	25,224.2	25,194.8	0.1
S&P BSE SmallCap	28,215.6	28,023.3	0.7

WORLD INDICES

Index	01-Oct-21	24-Sep-21	Weekly % Chg
Nikkei Index	28,771.0	30,248.8	-4.9
Hang Seng Index	24,575.6	24,192.1	1.6
Kospi Index	3,019.1	3,125.2	-3.4
Shanghai SE Composite	3,568.1	3,613.0	-1.2
Strait Times Index	3,051.1	3,061.4	-0.3
Dow Jones	33,843.9	34,734.6	-2.6
NASDAQ	14,448.6	14,983.6	-3.6
FTSE	7,056.9	7,062.7	-0.1

FOREX

Currency	01-Oct-21	24-Sep-21	Weekly % Chg
US\$ (Rs.)	74.1	73.7	0.5
GBP (Rs.)	99.9	101.3	-1.4
Euro (Rs.)	85.8	86.5	-0.8
Yen (Rs.) 100 Units	66.5	66.9	-0.6

NIFTY TOP GAINERS (WEEKLY)

Scrip	01-Oct-21	24-Sep-21	Weekly % Chg
Coal India	188.7	166.1	13.6
NTPC	139.9	124.2	12.6
Power Grid Corpo	191.8	176.1	8.9
Indian Oil Corp	127.4	117.2	8.6
ONGC	146.2	136.1	7.4

NIFTY TOP LOSERS (WEEKLY)

Scrip	01-Oct-21	24-Sep-21	Weekly % Chg
Tech Mahindra	1,371.2	1,514.7	-9.4
Bharti Airtel	675.9	739.4	-8.5
Asian Paints Ltd.	3,177.8	3,448.6	-7.8
Bajaj Finserv Ltd.	17,177.8	18,526.0	-7.2
HCL Technologies	1,273.7	1,358.2	-6.2

FII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
01-Oct-21	7,049.2	6,917.8	131.3
<u>MTD</u>	7,049.2	6,917.8	131.4

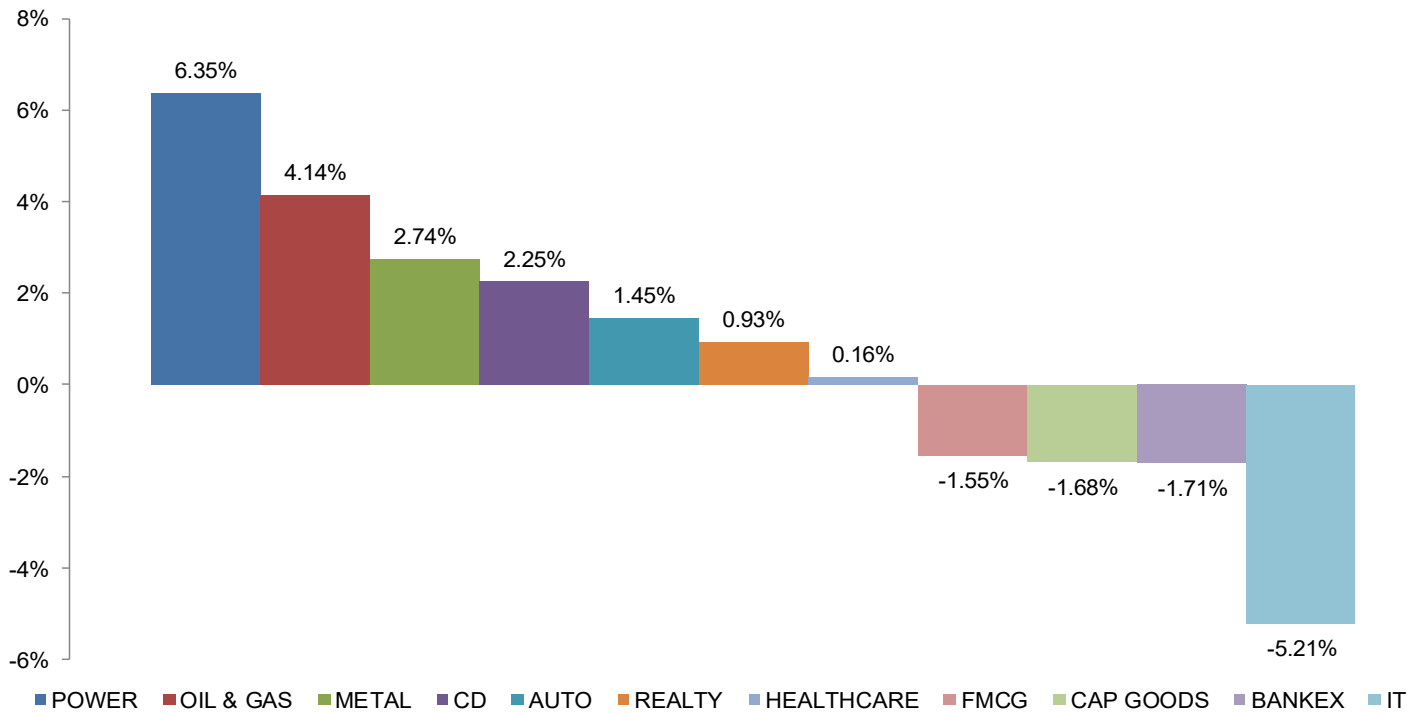
DII - ACTIVITY

(INR. Cr.)

Date	Purchases	Sales	Net
01-Oct-21	6,093.8	6,706.9	-613.0
<u>MTD</u>	6,093.8	6,706.9	-613.0

Weekly Wealth

BSE WEEKLY SECTORAL PERFORMANCE



Source: BSE, BP Equities Research

TOP OPEN INTEREST GAINERS (WEEKLY)

SCRIP NAME	24/09/21	01/10/21	Weekly % Chg	24/09/21	01/10/21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
ADANI PORTS	744.2	738.3	-0.8	27346250	88687500	224.3
HDFC AMC	3204.2	2942.2	-8.2	1128000	3172800	181.3
ESCORTS	1469.6	1478.9	0.6	3193850	6925600	116.8
SUN TV	512.0	523.7	2.3	6031500	12142500	101.3
SAIL	108.2	115.4	6.6	81918500	157842500	92.7

TOP OPEN INTEREST LOSERS (WEEKLY)

SCRIP NAME	24/09/21	01/10/21	Weekly % Chg	24/09/21	01/10/21	Weekly % Chg
	Share Price (Rs.)			Open Interest		
NESTLE IND	19914.8	19476.2	-2.2	372700	244750	-34.3
ICICI PRULI	675.1	670.9	-0.6	5704500	4119000	-27.8
CIPLA	966.9	985.0	1.9	10094500	7967700	-21.1
HINDUNILVR	2753.2	2693.2	-2.2	6228300	5152200	-17.3
SBILIFE	1221.5	1215.5	-0.5	9178500	7713000	-16.0

Consumption

Company Background

VIP, a Dilip Piramal group company, was incorporated as a wholly owned subsidiary of Blow Plast Ltd (BPL) in January 1968. In fiscal 2007, BPL was merged with VIP following restructuring of the group. The company manufactures hard luggage and markets soft luggage imported from Bangladesh and China. VIP industries remains Asia's largest and the world's second largest luggage manufacturer, with 51 years of legacy the company has sold more than 100 millions of luggage throughout the world. The company has various leading brands across luggage segments catering to the lower and upper segments of the demand pyramid. The various brands include VIP, Skybags, Carlton (premium segment), Aristocrat, Alfa and Caprese (Ladies Hand bag).

Investment Rationale

Dominant player with leading brand portfolio and strong distribution network

VIP Industries is India's largest luggage manufacturer and travel accessories company and is the fifth largest in the world. The company's product portfolio consists of various leading brands namely VIP, Skybags, Carlton (premium segment), Aristocrat, Alfa and Caprese (Ladies Hand bag) across luggage segments catering to the lower and upper segments of the demand pyramid. Further, the company has a strong distribution network with 1,000 dealers and 100 distributors and has 250 exclusive brand outlets, 250 franchisees with 1,000 modern trade outlets and total point of sales at about 11,000.

Bangladesh plant to provide cost advantage and shield the company from China supply chain issues

VIP Industries has successfully moved a large part of their production to their in-house production in Bangladesh. Due to this, there won't be any kind of exposure to China's supply chain, though they are dependent on some raw material coming from China. Further, there is an implication on freight rates that have increased significantly between China and Bangladesh. But in terms of a larger disruption, they will not be impacted by the China trade due to its reduced dependency on China. In addition to the above, the imports from Bangladesh do not have any anti-dumping duty and hence, it proves to be cost advantageous. Apart from the above, the company's Bangladesh manufacturing operation has significantly scaled up and due to this the company will have a better upstream control and long term advantage on costs.

Valuation and Outlook

VIP Industries is a market leader with a strong brand in the domestic luggage industry. The company will largely benefit from its Bangladesh plant owing to the competitors who are mainly dependent on imports. Further, there can be a significant demand recovery owing to the reduced number of Covid cases resulting in ease of travel restrictions, upcoming marriage season and cautious measures re opening of schools and colleges. In addition to the above, its healthy financial risk profile, strong brand portfolio and cost cutting initiatives keep us positive on the future growth of the company. On the valuation front, we valued the company based on a 44x P/E multiple of FY24E and recommend a BUY rating on this stock with a price target of INR 604 (20% upside from CMP) with a 12 months investment horizon.

Stock Rating

BUY	HOLD	SELL
> 15%	-5% to 15%	< -5%

Sector Outlook

Positive

Stock

CMP (INR)	505
Target Price (INR)	604
NSE Symbol	VIPIND
BSE Code	507880
Bloomberg	VIP IN
Reuters	VIPI.BO

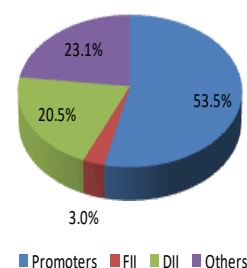
Key Data

Nifty	17532.0
52WeekH/L(INR)	517/269
O/s Shares (Mn)	141
Market Cap (INR bn)	71.5
Face Value (INR)	2

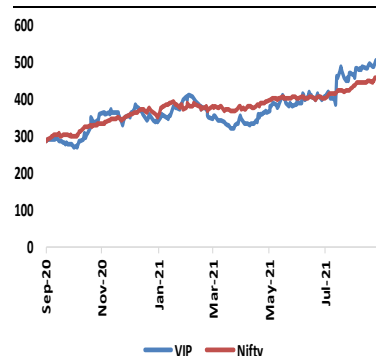
Average volume

3 months	12,10,440
6 months	8,64,710
1 year	6,78,730

Share Holding Pattern (%)



Relative Price Chart



Weekly Wealth

Key Financials					
YE March (INR Mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	17,144	6,186	9,483	16,357	21,821
<i>Revenue Growth (Y-o-Y)</i>	<i>(3.9%)</i>	<i>(63.9%)</i>	<i>53.3%</i>	<i>72.5%</i>	<i>33.4%</i>
EBIDTA	2,959	-644	1,109	2,176	3,360
<i>EBIDTA Growth (Y-o-Y)</i>	<i>30.8%</i>	<i>(121.8%)</i>	<i>(272.2%)</i>	<i>96.1%</i>	<i>54.5%</i>
Net Profit	1,117	-975	133	867	1,942
<i>Net Profit Growth (Y-o-Y)</i>	<i>(23.1%)</i>	<i>(187.3%)</i>	<i>(113.6%)</i>	<i>553.0%</i>	<i>124.0%</i>
Diluted EPS	7.9	(6.9)	0.9	6.1	13.7
<i>Diluted EPS Growth (Y-o-Y)</i>	<i>(23.1%)</i>	<i>(187.3%)</i>	<i>(113.6%)</i>	<i>553.0%</i>	<i>124.0%</i>
Key Ratios					
EBIDTA margin (%)	17.3%	-10.4%	11.7%	13.3%	15.4%
NPM (%)	6.5%	-15.8%	1.4%	5.3%	8.9%
RoE (%)	18.3%	-18.9%	2.6%	15.9%	27.8%
RoCE (%)	46.1%	-9.6%	16.9%	30.2%	38.5%
Valuation Ratios					
P/E (x)	63.9x	-73.2x	537.5x	82.3x	36.7x
EV/EBITDA	24.2x	-111.7x	64.2x	33.1x	21.4x
P/BV (x)	11.7x	13.8x	14.2x	13.1x	10.2x
Market Cap. / Sales (x)	4.2x	11.5x	7.5x	4.4x	3.3x

Source: Company, BP Equities Research



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