

Rationale:

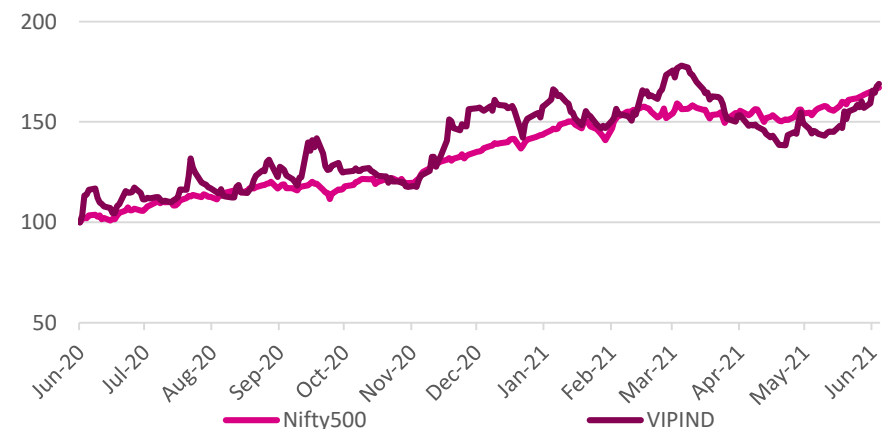
- ❑ VIP Industries, established in the year 1971, is a leading luggage maker in India offering a wide range of products in hard luggage and soft luggage segments including school bags, trolleys, backpacks, suitcases, executive cases, duffels and overnight travel solutions. Some of its brands include VIP, Caprese, Alfa, Aristocrat, Buddy and Carlton. The company is Asia's No.1 luggage manufacturer and transforming its business strategy from time to time.
- ❑ The company has manufacturing facilities located at Haridwar in Uttarakhand, Jalgaon, Nagpur and Nashik in Maharashtra. The company has set up a subsidiary in Bangladesh to manufacture and market luggage and bags. The company is maintaining its market share of 50% in the organized luggage industry by offering wide range of product mix like Carlton and VIP catering to high-end segment, Aristocrat caters to mid-segment, Skybags cater to mid and sub-mid segment and Alfa for lower end price segment.
- ❑ VIP has a wide distribution network comprising of canteen store department (CSD), modern trade, EBOs, MBOs, e-com. VIP has over 11,000 point of sales. It has 100 active distributors and over 1,000 active dealers, 250 EBOs and ~250 franchises.
- ❑ The E-commerce segment has been consistently growing and contributed 17% to the top-line in FY21. VIP is a pure urban player. However, going forward the company believes that Tier 2/3 cities (smaller cities) are expected to be grow faster than larger cities.
- ❑ On unlocking international markets VIP is aiming to ramp up Bangladesh operations to sell in international markets, as manufacturing in Bangladesh (currently 50%), can easily be expanded. Further with VIP only Indian company to have facility outside the country it is in a better position to gain market share in international markets. This would also aid growth once demand normalizes.
- ❑ We initiate coverage on VIP Industries with a **BUY** rating and a target price of **₹ 477** based on PER of 35x FY23E. VIP is a proxy play on rising spends towards travel and tourism in India. It is a leader in an industry dominated by unbranded players.

52 Week Low / High	236 / 422
Avg. Daily Volume (3M) ('000)	434,217
No. of Shares O/S (Mn.) / Mkt. Cap (₹Mn.)	141.3/ 55,170
Shareholding (Promoters/Institutional/Others)	53.5% / 19.7% / 26.8%

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Revenue	17,183	6,186	11,938	18,146
PAT	1,117	-975	821	1928
EPS (₹)	7.91	-6.90	5.81	13.64
P/E	49.33	-56.54	67.12	28.6
P/B	9.1	10.8	9.3	7.0
ROE	18.3%	-19.1%	13.9%	24.6%

Source: Company, Estimates. Note: Prices are as on 6-Jun-21

Price Performance (Jun'20=100)



Rationale:

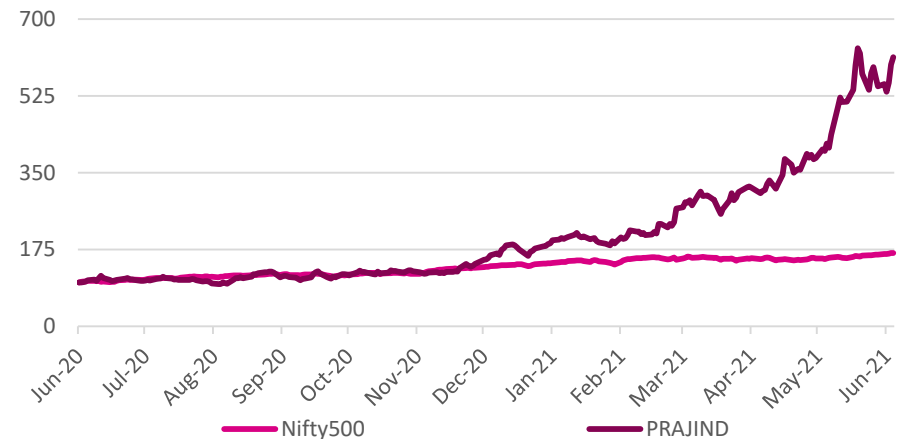
- ❑ Incorporated in November 1985, Praj is promoted by Mr Pramod Chaudhari and associates. Praj has been an undisputed market leader in the domestic ethanol plant installation and equipment business and the domestic breweries installation segment. The market position is also supported by its global presence in more than 70 countries and across five continents.
- ❑ For FY21, Praj Industries reported consolidated revenues of ₹13,047 million showcasing strong upside of 18% driven by growth in all the divisions. This growth was built on top of a momentum that the Company saw in the recent quarter was led by the Bioenergy and Engineering businesses.
- ❑ Orders intake during the FY21 was ₹19,700 million (26% from export and 74% from domestic) which shows strong revenue built up in the near term. With the order bag from HPCL for setting up Compressed Biogas (CBG) project at Badaun in Uttar Pradesh will be a definitive solution to meet the challenge of air pollution. This project will facilitate India's pursuit of energy security, and also, a definitive step towards Atmanirbhar Bharat.
- ❑ Recently Netherlands-based Circular Biobased Delta, one of Europe's premier consortia to promote bio-economy, has approved Praj's Bio-bitumen samples processed from Purified Lignin (Lignin is one of the co-products resulting from the 2nd generation Ethanol plants, paper making and also from Compressed Bio-Gas plants and has widely used in road construction and roofing as binder).
- ❑ In order to reduce India's dependency on costly oil imports and with the continuous effort by the central to meet 20% Ethanol Blending with Petrol (EBP) by FY25, Praj being an undisputed market leader in the domestic ethanol plant installation and with well proven in-house developed Zero Liquid Discharge, Company is set to fulfil Gol's vision to meet EBP targets.
- ❑ Further, successful commercialization of demonstration second-generation ethanol plant and order-execution for upcoming plants in India will benefit the business profile. Additionally, new collaborations such as Gevo Inc, USA (for Sustainable Aviation Fuel), Sekab E-Technology AB, Sweden (producing biofuels using forest residue feedstock) and increased Government focus for Compressed Bio Gas (CBG) are expected to be the growth drivers over the medium to long term
- ❑ Praj has an established position in the domestic distillery and brewery installation business. Additionally, with its leadership in biofuel technology and with the continuous improving order pipeline Praj will continue to get benefit from the upcoming opportunities in bio-mobility as well as in the bio-CNG. Hence, we re-initiate our coverage on the company with a **BUY** rating and an upward revised target price of **₹462 per share**.

52 Week Low / High	59 / 398
Avg. Daily Volume (3M) ('000)	5,113,680
No. of Shares O/S (Mn.) / Mkt. Cap (₹Mn.)	183 / 68,821
Shareholding (Promoters/Institutional/Others)	32.9% / 26.8% / 40.3%

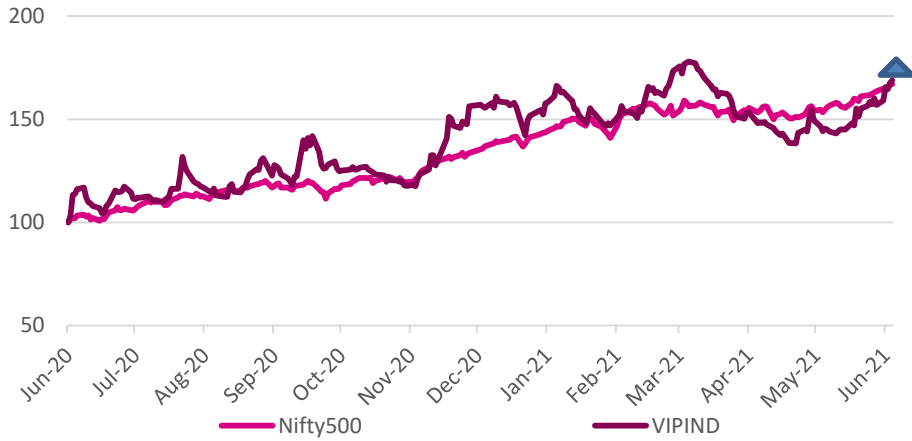
(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Revenue	11,062	13,047	19,798	25,605
PAT	704	811	1,022	1,209
EPS (₹)	3.8	4.4	5.6	6.6
P/E	97.6	84.8	67.2	56.8
P/B	9.6	8.6	7.7	6.7
ROE	9.8%	10.2%	11.4%	11.9%

Source: Company, Estimates. Note: Prices are as on 6-Jun-21

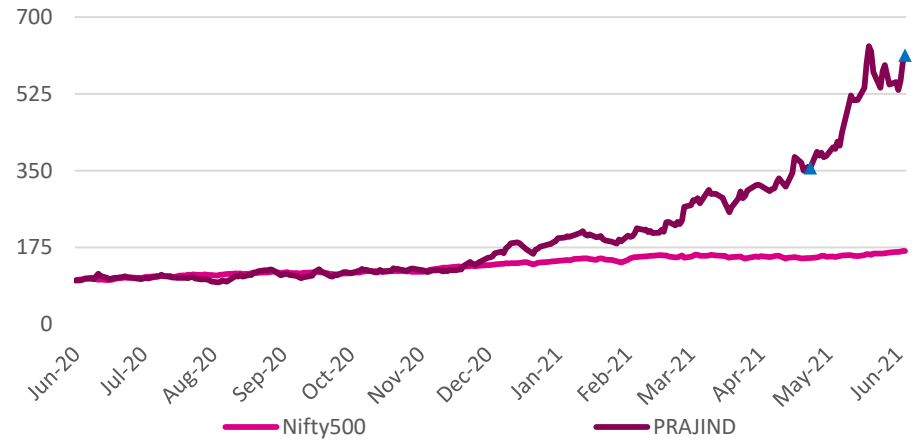
Price Performance (Jun'20=100)



VIPIND rating history & price chart



PRAJIND rating history & price chart



Analyst Certification

- ❑ The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter “SEBI”) and the analysts’ compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Ratings Methodology

- ❑ Analysts’ ratings and the corresponding expected returns take into account our definitions of Large Caps (>₹300 Billion) and Mid/Small Caps (<₹300 Billion) or SEBI definition vide its circular SEBI/HO/IMD/DF3/CIR/P/2017/114 dated 6th October 2017, whichever is higher and as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (>₹300Bn.)	15%	5%-10%	Below 5%
Mid/Small Caps (<₹300 Bn.)	20%	10%-15%	Below 10%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues.

General Disclaimer: - This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers.No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Continued...

Contd...

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i. e. www.rathi.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Copyright: - This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Contd...

Contd.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Sr. No.	Statement	Answers to the Best of the knowledge and belief of the ARSSBL/ its Associates/ Research Analyst who is preparing this report
1	ARSSBL/its Associates/ Research Analyst/ his Relative have any financial interest in the subject company? Nature of Interest (if applicable), is given against the company's name?.	NO
2	ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?.	NO
3	ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report or at the time of public appearance?.	NO
4	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months.	NO
5	ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months.	NO
6	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
7	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
8	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report.	NO
9	ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	NO
10	ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	NO