

CMP: INR 222

Rating: BUY

TP: INR 419

Stock Info

BSE	532156
NSE	VAIBHAVGBL
Bloomberg	VGM:IN
Reuters	vaib.ns
Sector	Gems, Jewellery And Watches
Face Value (INR)	2
Equity Capital (INR cr)	33.22
Mkt Cap (INR cr)	3,698
52w H/L (INR)	348/178
Avg Yearly Volume (in 000')	543

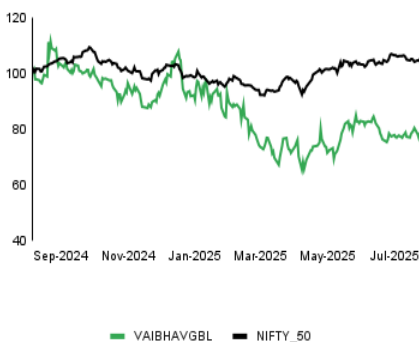
Shareholding Pattern %

(As on Jun 2025)

Promoters	57.19
FII	18.52
DII	0.91
Public & Others	23.38

Stock Performance (%)	1m	3m	12m
Vaibhav Global	8.9	2.1	(35.5)
Nifty 50	(3.5)	0.8	2.42

Vaibhav Global Vs Nifty 50



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VGL's Revenue stood at INR 813.74 Cr, broadly in line with estimates (INR 816 Cr); up 7.6% YoY but down 4.2% QoQ. Gross margin contracted 307 bps YoY to 65.96%, beating estimates (64.5%) and improving 197 bps QoQ. EBITDA came in at INR 61.54 Cr, below estimates (INR 69.40 Cr); up 7.8% YoY but down 1.2% QoQ, reflecting soft operating performance. EBITDA margin expanded 1 bps YoY to 7.56%, missing estimates by 94 bps (Est: 8.5%). PAT stood at INR 37.63 Cr, 18.8% ahead of estimates (INR 31.67 Cr); up 37.1% YoY and 10.4% QoQ, driven by lower below-EBITDA costs.

Flexibility in Financial Guidance: Management revised FY26 revenue guidance to 7-9% YoY growth (previously 8-12%), citing cautious consumer sentiment and tariff uncertainties. Mid-teen growth is projected for FY27, supported by operating leverage and digital investments. The company continues to focus on inventory optimization, OTT expansion, and AI-driven process automation to enhance unit economics. Lab-grown diamond jewelry contributed 11% to sales (Q1FY25: 1%), reflecting strong consumer acceptance.

US: Revenue grew 1.3% YoY, impacted by subdued consumer confidence due to geopolitical tensions and a 25% tariff on Indian imports. Pre-shipped inventory mitigated short-term disruptions, ensuring supply chain stability.

UK: Revenue increased 2.3% YoY, supported by Ideal World's EBITDA profitability, though the core TSC business faced challenges from leadership transitions and weak consumer sentiment.

Germany: Revenue rose 7.2% YoY but incurred losses due to operating deleverage and macro pressures. Management expects full-year EBITDA profitability in FY26.

Channel Mix: TV revenue grew 1% YoY to INR 4,440 Mn, while digital revenue surged 14% YoY to INR 3,290 Mn, contributing 43% of B2C sales. The company remains on track to achieve a 50% digital revenue mix by FY27. Lifestyle products accounted for 36% of sales, with budget-pay options at 39% of retail revenue.

Outlook and Valuation: The company expects its sales to grow moderately by 7-9% this year because of uncertain economic conditions, especially due to increased tariffs in the US and cautious consumers. Despite these challenges, the company's strong and flexible supply chain, growing digital sales, and new product launches will help keep profits healthy. Looking beyond this year, the company is optimistic it can return to faster growth (around mid-teens percentage) as markets improve. **We remain optimistic about the overall business and upgrade our TP to INR 419, valued at a P/E multiple of 30x the FY27E EPS of INR 19.93 with BUY rating.**

INR Mn	FY25	FY26 E	FY27 E	FY28 E
Revenue	33,796	36,499	40,149	45,088
Growth	11.1%	8.0%	10.0%	12.3%
EBITDA	3,173	3,459	4,373	5,586
EBITDA Margin	9.4%	9.5%	10.9%	12.4%
PAT	1,531	1,674	2,335	3,211
EPS (INR)	9.18	10.04	14.00	19.25
P/E (x)	30.39	27.80	19.93	14.49

Source: Company, Arihant Capital Research

INR Cr (Consolidated)	Q1FY26	Q4FY25	Q1FY25	Q-o-Q	Y-o-Y
Net Revenue	813.74	849.80	756.01	-4.24%	7.64%
Raw Material Costs	277.01	306.04	234.18	-9.49%	18.29%
Gross Profit	536.73	543.76	521.83	-1.29%	2.85%
<i>Gross Margin</i>	65.96%	63.99%	69.02%	197bps	-307bps
Employee costs	149.01	145.61	144.56	2.33%	3.07%
Other Expenses	326.18	335.86	320.18	-2.88%	1.87%
EBITDA	61.54	62.29	57.09	-1.21%	7.79%
<i>EBITDA margin</i>	7.56%	7.33%	7.55%	23bps	1bps
Other Non-Operating Income	13.07	8.28	8.62	57.96%	51.69%
Depreciation	25.29	25.49	24.89	-0.75%	1.64%
EBIT	49.32	45.08	40.82	9.40%	20.81%
Finance costs	3.50	3.83	3.44	-8.51%	1.81%
PBT	45.82	41.26	37.38	11.06%	22.56%
Tax Expense	8.19	7.17	9.93	14.14%	-17.59%
<i>Effective tax rate</i>	17.87%	17.38%	26.57%	48bps	-871bps
PAT	37.63	34.08	27.45	10.41%	37.10%
<i>PAT margin</i>	4.55%	3.97%	3.59%	58bps	96bps
EPS (INR)	2.26	2.05	1.67	10.24%	35.33%

Source: Company, Aриhant Capital Research

Key Highlights

- Lab-grown diamond jewelry is a strong growth area, contributing 11% of group sales in Q1, up from 1% last year, signaling rising consumer acceptance.
- Continuous product innovation with around 100 new products launched daily in the vertical supply chain to boost repeat purchases and customer retention.
- Lifestyle products continue to scale, accounting for 36% of sales, with a goal to grow to 50% medium term.
- Potential to set up small-scale local manufacturing units in the US if tariffs remain unresolved over the medium term.
- Operates a multi-country sourcing strategy: Indian goods redirected to the UK/Germany; US supplies sourced from Thailand, China, and Indonesia to optimize tariffs and costs.
- Agile supply chain positioning is expected to provide a competitive advantage over peers amid tariff changes.
- Potential to set up small-scale local manufacturing units in the US if tariffs remain unresolved over the medium term.
- TV network reaches 127 million households.
- Unique customer base increased 12% YoY to 713,000.
- New customer acquisition at 400,000 in Q1.
- Retention rate improved to 42% (TTM), with average purchases of 22 pieces per customer annually.
- Continued investment in digital marketing and omnichannel capabilities to drive customer acquisition and retention.

P&L (INR Mn)	FY23	FY24	FY25	FY26 E	FY27 E	FY28 E
Sales	27,185	30,676	34,076	36,785	40,440	45,383
COGS	(10,471)	(10,758)	(11,692)	(12,775)	(13,651)	(15,104)
Gross Profit	16,438	19,651	22,385	24,010	26,789	30,279
Margin (%)	60.5%	64.1%	65.7%	65.3%	66.2%	66.7%
OPEX	14,166	16,700	19,212	20,551	22,416	24,693
EBITDA	2,273	2,951	3,173	3,459	4,373	5,586
Margin (%)	8.4%	9.6%	9.3%	9.4%	10.8%	12.3%
D&A	(778)	(934)	(1,022)	(1,072)	(1,122)	(1,172)
EBIT	1,495	2,017	2,151	2,387	3,251	4,414
Extraordinary item	-	(81)	-	-	-	-
PBT	1,413	1,820	2,002	2,218	3,072	4,225
Tax	(362)	(552)	(470)	(543)	(737)	(1,014)
PAT	1,051	1,267	1,531	1,674	2,335	3,211

Balance Sheet (INR Mn)	FY23	FY24	FY25	FY26 E	FY27 E	FY28 E
Equity Share Capital	330	331	332	332	332	332
Other Equity	11,683	12,246	13,167	14,842	17,176	20,387
Total shareholder's funds	12,013	12,577	13,500	15,174	17,509	20,719
Non-current liabilities	640	1,069	1,046	1,042	1,043	1,044
Current liabilities	5,215	5,239	5,854	5,634	5,834	6,034
Total equity and liabilities	17,885	18,890	20,400	21,855	24,391	27,803
Non-current assets	5,596	6,702	6,512	6,756	6,766	6,776
Current assets	12,289	12,188	13,888	15,100	17,625	21,027
Total assets	17,885	18,890	20,400	21,855	24,391	27,803

Cashflow Statements (INR Mn)	FY23	FY24	FY25	FY26 E	FY27 E	FY28 E
Profit Before Tax	1413.0	1819.5	2001.6	2217.7	3072.0	4224.7
Depreciation & Amortization	777.5	933.9	1021.7	1071.7	1121.7	1171.7
Interest Expense	82.0	117.1	149.4	169.4	179.4	189.4
Interest Income	276.3	266.3	280.4	285.4	290.4	295.4
Tax	361.7	552.2	470.3	543.3	737.3	1013.9
Extra-ordinary and Other items	0.0	80.6	0.0	0.0	0.0	0.0
OCF before WC changes	1634.6	2132.6	2422.0	2630.1	3345.4	4276.5
WC changes	92.7	365.8	788.3	-197.6	-250.0	-250.0
OCF	1541.9	1766.9	1633.7	2827.7	3595.4	4526.5
Capex	759.6	710.9	780.5	1312.9	1121.7	1171.7
FCF	782.4	1056.0	853.2	1514.8	2473.7	3354.8
Change in other Assets	64.4	1329.3	50.6	3.0	10.0	10.0
Change in Equity	-304.4	-715.4	-613.6	5.3	0.0	0.0
Change in Debt & other financing activities	261.6	497.7	108.0	111.8	112.0	107.0
Net change in cash	675.1	-491.0	297.1	1628.8	2575.7	3451.8
Opening Cash Balance	430.7	1105.8	614.8	911.9	2540.6	5116.3
Ending Cash balance	1105.8	614.8	911.8	2540.6	5116.3	8568.0

Source: Company, Arihant Capital Research

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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