

CMP: INR 233

Rating: BUY

TP: INR 313

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)	33.35
Mkt Cap (INR cr)	3,902
52w H/L (INR)	302/178
Avg Yearly Volume (in 000')	525

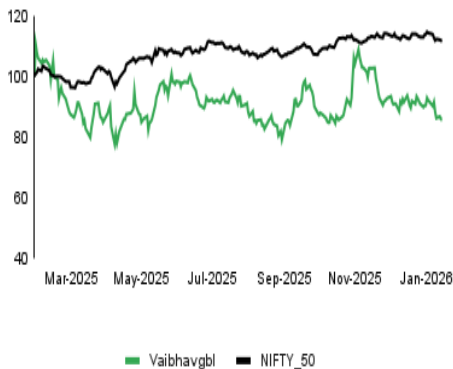
Shareholding Pattern %

(As on Dec 2025)

Promoters	57.11
FII	18.06
DII	1.67
Public & Others	23.16

Stock Performance (%)	1m	6m	12m
Vaibhav Global	0.44	(0.35)	(9.78)
Nifty 50	(2.31)	2.68	10.4

Vaibhav Global Vs Nifty 50



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Vaibhav Global Ltd reported its highest-ever quarterly revenue in Q3FY26, with consolidated revenue rising 9.1% YoY and 21.5% QoQ to INR 10,660 Mn, slightly below estimates, EBITDA grew 23.7% YoY (+74.9% QoQ) to INR 1,357 Mn, with margins expanding 150 bps YoY to 12.7%, ahead of expectations, and PAT surged 40.7% YoY (+88.9% QoQ) to INR 898 Mn. Digital continued to scale, contributing 42% of B2C revenue, while in-house brands strengthened to 48% of gross B2C revenue versus 31% last year.

Vertical Integration Driving Margin Resilience: The company's vertically integrated global supply chain remains a core competitive advantage, supporting a high gross margin of 63%, which is up 70 bps YoY. To mitigate the impact of tariffs on jewelry shipped to the US, VGL operationalized in-house jewelry casting manufacturing in the US during the quarter. This integrated sourcing model, combined with local manufacturing capabilities, has allowed the firm to absorb product cost increases while providing requisite resilience to the bottom line.

Accelerated Digital Transformation and Brand Ownership: VGL is successfully shifting its business mix towards higher-margin channels and products. Digital contribution stood at 42% of B2C revenue in Q3, with the company remaining on track to reach its 50% target by the end of FY27. Simultaneously, in-house brands reached 48% of sales contribution, nearing the 50% milestone ahead of the original FY27 target. This dual focus on digital penetration and branded sales enhances customer stickiness and supports long-term strategic objectives.

Strategic Turnaround of the German Business: A key investment highlight is the German business turning profitable during the quarter, with an EBITDA margin of approximately 6%. This turnaround was driven by scale and cost rationalization, including a 300-400 bps improvement in gross margins through better product offerings. The company remains on track to achieve EBITDA break-even for the full FY26 and expects Germany to start contributing to the group EBITDA margin from FY27 onwards.

Outlook and Valuation: The company maintains a positive outlook for FY27, targeting revenue growth of 9–11% and EBITDA margins of 10.5–11%. This trajectory is underpinned by the successful turnaround of the German business, which is expected to contribute positively to group margins from FY27 onwards following a predicted break-even in FY26. Strategically, the company remains on track to achieve its goal of 50% digital contribution to B2C revenue by the end of FY27, while its in-house brands are expected to reach the 50% sales milestone even earlier than originally targeted. **We remain optimistic about the overall business and assigned TP to INR 313, valued at a P/E multiple of 20x the FY28E EPS of INR 15.67 with BUY rating.**

INR Mn	FY25	FY26 E	FY27 E	FY28 E
Revenue	33,796	36,837	40,705	45,264
Growth	11.1%	9.0%	10.5%	11.2%
EBITDA	3,173	3,676	4,023	4,746
EBITDA Margin	9.4%	10.0%	9.9%	10.5%
PAT	1,531	1,943	2,099	2,614
EPS (INR)	9.18	11.65	12.58	15.67
P/E (x)	25.38	20.00	18.52	14.87

Source: Company, Arihant Capital Research

INR Mn (Consolidated)	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
Net Revenue	10,660	8,773	9,773	21.51%	9.07%
Raw Material Costs	3,755	3,021	3,598	24.31%	4.36%
Gross Profit	6,905	5,752	6,175	20.04%	11.82%
<i>Gross Margin</i>	<i>64.77%</i>	<i>65.57%</i>	<i>63.18%</i>	<i>-79bps</i>	<i>159bps</i>
Employee costs	1,614	1,513	1,598	6.74%	1.01%
Other Expenses	3,934	3,464	3,480	13.56%	13.04%
EBITDA	1,357	776	1,097	74.89%	23.69%
<i>EBITDA margin</i>	<i>12.73%</i>	<i>8.84%</i>	<i>11.22%</i>	<i>389bps</i>	<i>150bps</i>
Other Non-Operating Income	51	105	23	-51.33%	123.58%
Depreciation	252	245	258	3.11%	-2.27%
EBIT	1,156	637	862	81.59%	34.12%
Finance costs	37	34	40	9.07%	-6.54%
PBT	1,119	602	822	85.69%	36.09%
Tax Expense	221	127	184	73.87%	20.05%
<i>Effective tax rate</i>	<i>19.73%</i>	<i>21.07%</i>	<i>22.36%</i>	<i>-134bps</i>	<i>-264bps</i>
PAT	898	476	638	88.85%	40.71%
<i>PAT margin</i>	<i>8.38%</i>	<i>5.36%</i>	<i>6.51%</i>	<i>303bps</i>	<i>187bps</i>
EPS (INR)	5.39	2.85	3.85	89.12%	40.00%

Source: Company, Arianth Capital Research

High-Value Product Pivot, Lab-Grown Diamonds: The increasing adoption of Lab-Grown Diamonds is acting as a significant catalyst for revenue and ASP growth. LGD now contributes approximately 10.7% of retail revenue, boasting a high ASP of roughly \$250. Although overall sales volumes saw a slight decline, the higher realization from LGD products has driven revenue growth, reflecting a successful strategic shift towards products with higher lifetime value for the customer.

Operating Leverage and AI-Driven Efficiencies: The company is successfully extracting operating leverage, evidenced by a 170-bps expansion in EBITDA margin to 13.2%. The company is aggressively integrating AI across its operations, including AI-generated text/voice responses, TV scheduling, and warehouse process improvements. Furthermore, the implementation of over 100 "microenterprises" with P&L responsibilities is fostering an entrepreneurial culture that has led to substantial headcount efficiencies in the US while supporting higher revenue levels.

Strong Returns Profile and Prudent Capital Management: The company maintains a healthy financial profile with ROCE improving to 21% and ROE standing at 15%. The company continues to generate robust cash flows, reporting operating cash flows of INR 160 crore and free cash flows of INR 143 crore for the quarter. Combined with a net cash position of INR 213 crore and a consistent dividend payout policy, the company demonstrates a balanced approach to capital allocation and liquidity.

P&L (INR Mn)	FY23	FY24	FY25	FY26 E	FY27 E	FY28 E
Sales(Including OI)	27,185	30,676	34,076	37,123	40,996	45,560
COGS	(10,471)	(10,758)	(11,692)	(12,967)	(13,840)	(14,937)
Gross Profit	16,438	19,651	22,385	24,156	27,156	30,622
- margin (%)	60.5%	64.1%	65.7%	65.1%	66.2%	67.2%
OPEX	14,166	16,700	19,212	20,480	23,133	25,877
EBITDA	2,273	2,951	3,173	3,676	4,023	4,746
- margin (%)	8.4%	9.6%	9.3%	9.9%	9.8%	10.4%
D&A	(778)	(934)	(1,022)	(1,072)	(1,122)	(1,172)
EBIT	1,495	2,017	2,151	2,604	2,901	3,574
Extraordinary item	-	(81)	-	-	-	-
PBT	1,413	1,820	2,002	2,460	2,762	3,439
Tax	(362)	(552)	(470)	(517)	(663)	(825)
PAT	1,051	1,267	1,531	1,943	2,099	2,614
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	15,111	17,210	19,824
Total shareholder's funds	12,013	12,577	13,500	15,443	17,542	20,156
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	22,124	24,424	27,239
Non-current assets	5,596	6,702	6,512	6,756	6,766	6,776
Current assets	12,289	12,188	13,888	15,369	17,658	20,463
Total assets	17,885	18,890	20,400	22,124	24,424	27,239
Cashflow Statements (INR Mn)	FY23	FY24	FY25	FY26 E	FY27 E	FY28 E
Profit Before Tax	1413.0	1819.5	2001.6	2459.9	2761.7	3439.4
Depreciation & Amortization	777.5	933.9	1021.7	1071.7	1121.7	1171.7
Interest Expense	82.0	117.1	149.4	144.4	139.4	134.4
Interest Income	276.3	266.3	280.4	285.4	290.4	295.4
Tax	361.7	552.2	470.3	516.6	662.8	825.4
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	2874.1	3069.7	3624.7
WC changes	92.7	365.8	788.3	-197.6	-250.0	-250.0
OCF	1541.9	1766.9	1633.7	3071.7	3319.7	3874.7
Capex	759.6	710.9	780.5	1312.9	1121.7	1171.7
FCF	782.4	1056.0	853.2	1758.8	2197.9	2702.9
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	136.8	152.0	162.0
Net change in cash	675.1	-491.0	297.1	1897.8	2339.9	2854.9
Opening Cash Balance	430.7	1105.8	614.8	911.9	2809.6	5149.5
Ending Cash balance	1105.8	614.8	911.8	2809.6	5149.5	8004.4

Source: Company, Arianth Capital Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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