

**CMP: INR 221**

**Rating: BUY**

**TP: INR 359**

**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)               | 293/174                     |
| Avg Yearly Volume (in 000') | 556                         |

**Shareholding Pattern %**

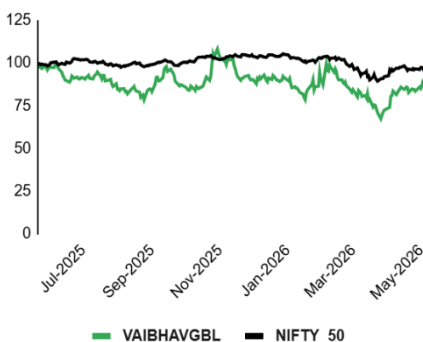
(As on March 2026)

|                 |       |
|-----------------|-------|
| Promoters       | 57.43 |
| FII             | 16.44 |
| DII             | 2.23  |
| Public & Others | 23.9  |

**Stock Performance (%) 1m 6m 12m**

|                |        |        |        |
|----------------|--------|--------|--------|
| Vaibhav Global | 2.08   | (6.10) | (15.6) |
| Nifty 50       | (0.75) | (8.63) | (5.13) |

**Vaibhav Global Vs Nifty 50**



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Vaibhav Global reported consolidated Net Revenue of INR 9,347 Mn, reflecting a 12.32% sequential decline from Q3FY26 but a 9.99% YoY growth. Gross Profit stood at INR 6,148 Mn with a stable Gross Margin of 65.78%. However, EBITDA dropped sharply to INR 834 Mn (-38.52% QoQ), though it grew 33.92% YoY. EBIT was INR 680 Mn, and Profit Before Tax was INR 639 Mn. Despite the sequential pressure, PAT improved to INR 911 Mn, up 1.49% QoQ and a strong 167.40% YoY. This profitability is backed by the company's highest-ever free cash flow generation of INR 2720 Mn, reflecting a highly cash-generative business model with a net cash position of INR 2960 Mn.

**Accelerated Scaling of High-Margin In-House Brands:** A key structural milestone was reached as in-house brands crossed 50% of B2C sales, achieving this target nearly a year ahead of schedule. These proprietary brands strengthen customer engagement, provide better pricing discipline, and improve sourcing efficiencies, which the company expects will remain a primary driver for gross margin expansion moving forward.

**Digital Transformation and Social Commerce Traction:** The company is successfully transitioning toward a digital-first model, with the digital mix reaching 44% of B2C sales in FY26. The company is leveraging paid social media platforms like Meta, TikTok, and Google for customer acquisition and expects to reach a 50% digital sales mix by the end of FY27.

**Strategic Turnaround of German Operations:** Germany reached a significant milestone by achieving EBITDA break-even for the full year FY26. This turnaround was faster than the company's original experiences in the US and UK markets, positioning Germany to contribute positively to group profitability starting in FY27.

**Outlook and Valuation:** Looking ahead to FY27, the company projects revenue growth of 9% to 11% in INR terms and an EBITDA margin expansion of 50 to 100 basis points. This positive trajectory is expected to be driven by the continued scaling of its digital business, which targets a 50% sales mix by the end of the year, and the transition of German operations into a contributor to group profitability. The company remains focused on leveraging AI to optimize marketing and supply chain efficiencies, further scaling high-margin in-house brands, and capitalizing on the growth of the Lab-Grown Diamond category. In the mid-to-long term, the company anticipates achieving double-digit growth in its core US and UK markets as its digital-first transformation matures. **We remain optimistic about the overall business and assigned TP to INR 359, valued at a P/E multiple of 15x the FY29E EPS of INR 23.91 with a BUY rating.**

| Particulars (INR Mn) | FY25   | FY26   | FY27 E | FY28 E | FY29 E |
|----------------------|--------|--------|--------|--------|--------|
| Revenue              | 33,796 | 36,918 | 40,683 | 45,281 | 50,624 |
| Growth               | 11.1%  | 9.2%   | 10.2%  | 11.3%  | 11.8%  |
| EBITDA               | 3,173  | 3,995  | 4,736  | 5,471  | 6,290  |
| EBITDA Margin        | 9.4%   | 10.8%  | 11.6%  | 12.1%  | 12.4%  |
| PAT                  | 1,531  | 2,661  | 2,738  | 3,331  | 3,988  |
| EPS (INR)            | 9.18   | 15.95  | 16.42  | 19.97  | 23.91  |
| P/E (x)              | 24.07  | 13.85  | 13.46  | 11.07  | 9.24   |

Source: Company, Arihant Capital Research

| INR Mn (Consolidated)      | Q4FY26         | Q3FY26          | Q4FY25         | Q-o-Q           | Y-o-Y           |
|----------------------------|----------------|-----------------|----------------|-----------------|-----------------|
| <b>Net Revenue</b>         | <b>9347.07</b> | <b>10660.25</b> | <b>8497.96</b> | <b>-12.32%</b>  | <b>9.99%</b>    |
| Raw Material Costs         | 3198.80        | 3755.37         | 3060.40        | -14.82%         | 4.52%           |
| Gross Profit               | 6148.27        | 6904.88         | 5437.56        | -10.96%         | 13.07%          |
| <i>Gross Margin</i>        | <i>65.78%</i>  | <i>64.77%</i>   | <i>63.99%</i>  | <i>101bps</i>   | <i>179bps</i>   |
| Employee costs             | 1551.15        | 1614.44         | 1456.07        | -3.92%          | 6.53%           |
| Other Expenses             | 3762.92        | 3933.58         | 3358.56        | -4.34%          | 12.04%          |
| <b>EBITDA</b>              | <b>834.20</b>  | <b>1356.86</b>  | <b>622.93</b>  | <b>-38.52%</b>  | <b>33.92%</b>   |
| <i>EBITDA margin</i>       | <i>8.92%</i>   | <i>12.73%</i>   | <i>7.33%</i>   | <i>-380bps</i>  | <i>159bps</i>   |
| Other Non Operating Income | 125.45         | 51.24           | 82.77          | 144.83%         | 51.56%          |
| Depreciation               | 279.24         | 252.14          | 254.85         | 10.75%          | 9.57%           |
| <b>EBIT</b>                | <b>680.41</b>  | <b>1,155.95</b> | <b>450.84</b>  | <b>-41.14%</b>  | <b>50.92%</b>   |
| Finance costs              | 43.06          | 37.19           | 38.29          | 15.76%          | 12.45%          |
| Exceptional Items          | 1.75           | -               | -              |                 |                 |
| <b>PBT</b>                 | <b>639.11</b>  | <b>1,118.76</b> | <b>412.55</b>  | <b>-42.87%</b>  | <b>54.92%</b>   |
| Tax Expense                | -272.29        | 220.72          | 71.72          | -223.36%        | -479.65%        |
| <i>Effective tax rate</i>  | <i>-42.60%</i> | <i>19.73%</i>   | <i>17.38%</i>  | <i>-6233bps</i> | <i>-5999bps</i> |
| <b>PAT</b>                 | <b>911.40</b>  | <b>898.04</b>   | <b>340.83</b>  | <b>1.49%</b>    | <b>167.40%</b>  |
| <i>PAT margin</i>          | <i>9.62%</i>   | <i>8.38%</i>    | <i>3.97%</i>   | <i>124bps</i>   | <i>565bps</i>   |
| <b>EPS (INR)</b>           | <b>5.47</b>    | <b>5.39</b>     | <b>2.05</b>    | <b>1.48%</b>    | <b>166.83%</b>  |

Source: Company, Arianth Capital Research

**High-Growth Category Expansion: Lab-Grown Diamonds:** VGL has successfully capitalized on shifting consumer preferences by scaling its Lab-Grown Diamonds category, which now accounts for 11% of retail revenue. With an average selling price of approximately US\$250, this category is lifting overall realizations and supporting healthy gross margins.

**AI Integration Driving Operational Leverage:** The company has deeply integrated Artificial Intelligence across its value chain, including marketing optimization, content creation, and supply chain demand forecasting. These initiatives are improving productivity and scalability while helping to lower the cost of customer acquisition through highly targeted digital marketing.

**Vertical Integration as a Macro Hedge:** The company's vertically integrated sourcing model and the operationalization of an in-house jewelry casting line in the US have allowed it to mitigate the impact of global tariff uncertainties and precious metal price volatility. This agility has protected gross margins even during periods of cautious discretionary spending in core markets.

**Improving Capital Efficiency and Shareholder Returns:** The company has shown a commitment to disciplined capital allocation, with Return on Capital Employed improving to 24% and Return on Equity reaching 15%. Furthermore, the company maintains a consistent payout policy, with total dividends for the year representing approximately 37% of free cash flow.

| <b>P&amp;L (INR Mn)</b>                     | <b>FY24</b>   | <b>FY25</b>   | <b>FY26</b>   | <b>FY27 E</b> | <b>FY28 E</b> | <b>FY29 E</b> |
|---------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Sales(Including OI)</b>                  | <b>30,676</b> | <b>34,076</b> | <b>37,331</b> | <b>41,101</b> | <b>45,703</b> | <b>51,052</b> |
| COGS                                        | (10,758)      | 11,692        | 12,745        | 13,466        | 14,807        | 16,301        |
| Gross Profit                                | 19,651        | 22,385        | 24,585        | 27,635        | 30,897        | 34,751        |
| - margin (%)                                | 64.1%         | 65.7%         | 65.9%         | 67.2%         | 67.6%         | 68.1%         |
| OPEX                                        | 16,700        | 19,212        | 20,590        | 22,899        | 25,425        | 28,461        |
| <b>EBITDA</b>                               | <b>2,951</b>  | <b>3,173</b>  | <b>3,995</b>  | <b>4,736</b>  | <b>5,471</b>  | <b>6,290</b>  |
| - margin (%)                                | <b>9.6%</b>   | <b>9.3%</b>   | <b>10.7%</b>  | <b>11.5%</b>  | <b>12.0%</b>  | <b>12.3%</b>  |
| D&A                                         | (934)         | 1,022         | 1,029         | 979           | 929           | 879           |
| EBIT                                        | 2,017         | 2,151         | 2,966         | 3,757         | 4,542         | 5,411         |
| Extraordinary item                          | (81)          | -             | 2             | -             | -             | -             |
| PBT                                         | 1,820         | 2,002         | 2,819         | 3,603         | 4,383         | 5,247         |
| Tax                                         | (552)         | 470           | 157           | (865)         | (1,052)       | (1,259)       |
| <b>PAT</b>                                  | <b>1,267</b>  | <b>1,531</b>  | <b>2,661</b>  | <b>2,738</b>  | <b>3,331</b>  | <b>3,988</b>  |
| <b>Balance Sheet (INR Mn)</b>               |               |               |               |               |               |               |
|                                             | <b>FY24</b>   | <b>FY25</b>   | <b>FY26</b>   | <b>FY27 E</b> | <b>FY28 E</b> | <b>FY29 E</b> |
| Equity Share Capital                        | 331           | 332           | 334           | 334           | 334           | 334           |
| Other Equity                                | 12,246        | 13,167        | 16,145        | 18,883        | 22,215        | 26,202        |
| <b>Total shareholder's funds</b>            | <b>12,577</b> | <b>13,500</b> | <b>16,479</b> | <b>19,217</b> | <b>22,549</b> | <b>26,536</b> |
| Non-current liabilities                     | 1,069         | 1,046         | 2,865         | 1,042         | 1,043         | 1,044         |
| Current liabilities                         | 5,239         | 5,854         | 6,128         | 5,966         | 6,166         | 6,366         |
| <b>Total equity and liabilities</b>         | <b>18,890</b> | <b>20,400</b> | <b>25,473</b> | <b>26,231</b> | <b>29,763</b> | <b>33,951</b> |
| Non-current assets                          | 6,702         | 6,512         | 8,588         | 6,777         | 6,787         | 6,797         |
| Current assets                              | 12,188        | 13,888        | 16,884        | 19,454        | 22,976        | 27,154        |
| <b>Total assets</b>                         | <b>18,890</b> | <b>20,400</b> | <b>25,473</b> | <b>26,231</b> | <b>29,763</b> | <b>33,951</b> |
| <b>Cashflow Statements (INR Mn)</b>         |               |               |               |               |               |               |
|                                             | <b>FY24</b>   | <b>FY25</b>   | <b>FY26 E</b> | <b>FY27 E</b> | <b>FY28 E</b> | <b>FY29 E</b> |
| Profit Before Tax                           | 1819.5        | 2001.6        | 2818.5        | 3602.8        | 4383.1        | 5246.7        |
| Depreciation & Amortization                 | 933.9         | -1021.7       | -1028.9       | -978.9        | -928.9        | -878.9        |
| Interest Expense                            | 117.1         | -149.4        | -149.4        | -154.4        | -159.4        | -164.4        |
| Interest Income                             | 266.3         | 280.4         | 412.7         | 417.7         | 422.7         | 427.7         |
| Tax                                         | 552.2         | 470.3         | 157.2         | 864.7         | 1051.9        | 1259.2        |
| Extra-ordinary and Other items              | 80.6          | 0.0           | -1.8          | 0.0           | 0.0           | 0.0           |
| OCF before WC changes                       | 2132.6        | 79.8          | 1068.6        | 1187.2        | 1820.2        | 2516.6        |
| WC changes                                  | 365.8         | 788.3         | 298.3         | -531.9        | -250.0        | -250.0        |
| OCF                                         | 1766.9        | -708.6        | 770.3         | 1719.1        | 2070.2        | 2766.6        |
| Capex                                       | 710.9         | -1262.9       | -938.0        | -828.5        | -928.9        | -878.9        |
| FCF                                         | 1056.0        | 554.4         | 1708.3        | 2547.5        | 2999.1        | 3645.4        |
| Change in other Assets                      | 1329.3        | 50.6          | 1985.7        | -1961.4       | 10.0          | 10.0          |
| Change in Equity                            | -715.4        | -613.6        | 318.4         | 5.3           | 0.0           | 0.0           |
| Change in Debt & other financing activities | 497.7         | 406.9         | 2380.8        | -1250.8       | 583.1         | 593.1         |
| Net change in cash                          | -491.0        | 297.1         | 2421.8        | 3263.4        | 3572.2        | 4228.5        |
| Opening Cash Balance                        | 1105.8        | 614.8         | 911.9         | 3335.4        | 6598.9        | 10171.0       |
| Ending Cash balance                         | 614.8         | 911.8         | 3333.7        | 6598.9        | 10171.0       | 14399.5       |

Source: Company, Aриhant 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%       |

**Absolute Return****Research Analyst  
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