

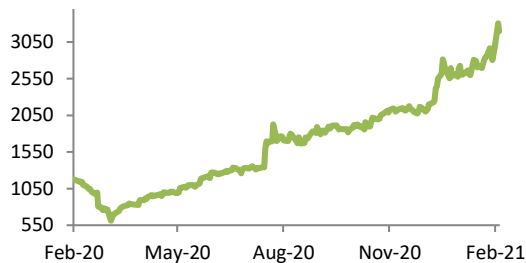
Vaibhav Global Ltd

Recommendation	HOLD
CMP	Rs. 3199
Target Price	Rs. 3593
Sector	Retail

Stock Details

BSE Code	532156
NSE Code	VAIBHAVGBL
Bloomberg Code	VGM IN
Market Cap (Rs cr)	9,403
Free Float (%)	41.6
52- wk HI/Lo (Rs)	3150/490
Avg. volume BSE + NSE (Qrtly)	35,660
Face Value (Rs)	10.0
Dividend per share (FY 20)	Rs 33.74
Shares o/s (Cr)	3.23

Relative Performance	1Mth	3Mth	1Yr
Vaibhav	23.0%	49.2%	172.2%
Sensex	1.8%	12.9%	20.8%



Shareholding Pattern	31 Dec 20
Promoters Holding	58.40
Institutional (Incl. FII)	31.64
Corporate Bodies	0.48
Public & others	9.48

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Increased guidance reflects higher visibility

Vaibhav Global Ltd (VGL) reported robust sales growth of 28.7% at Rs 725 cr registering one of the highest ever EBITDA margins at 16.9%, an improvement of 220 bps yoy and 90 bps qoq. The strong performance was led by robust growth in retail business which grew 30% yoy. The company witnessed broad based growth with both the US and the UK growing at healthy rates during the quarter. In constant currency terms US grew 20% and UK 33% yoy. US grew despite there were U.S. presidential elections which generally diverts the TV viewership.

The company's focus on 4Rs (Reach, Registrations, Retention and Repeat Purchases) have been yielding results and showing improvement steadily. VGL is progressing gradually to diversify its business. Non jewellery business contributed 32% in 9MFY21 as against 22% for FY20.

Gross margins remained robust at 61.4%, above the management's threshold of 60%. However, moderation in employee cost and other expenses led to improvement in EBITDA margins, which is a testament to our rationale of operating leverage playing out with higher sales growth.

Driven by the robust demand outlook, the management has again increased the growth guidance to 21-23% from the earlier 18-20% in constant currency terms. The management is also confident of achieving 15-17% cc growth for FY22E, despite strong FY21.

Key highlights

- Both TV and Web witnessed strong volume growth of 24% and 25% resp. in Q3FY21.
- The average selling price (ASP) for web has improved sequentially to \$23.7 against \$21.7/\$21.6 in Q2FY21/Q3FY20 respectively. Improvement in ASP coincides with the reduction in essential goods. For TV segment, the ASP continues to remain stable at \$29.2 compared to \$29.4/\$30.5 in Q2FY21/Q3FY20 respectively.
- In 9M, contribution of Budget Pay was 36% as against 39% in FY20.
- Shop LC expanded presence on third-party marketplaces by listing products on Amazon, eBay and Walmart in Canada. At Shop TJC, the company launched the TJC Plus customer loyalty program that offers members several benefits and services which has been well received by the customers
- It declared third interim dividend of Rs 7.5/share during the quarter, taking cumulative dividend to Rs 17.5/share in 9MFY21

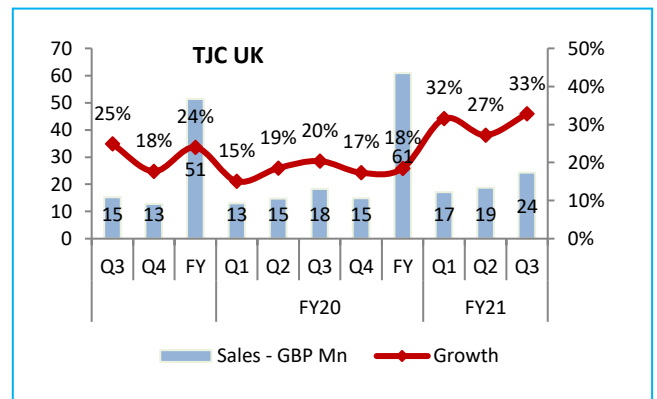
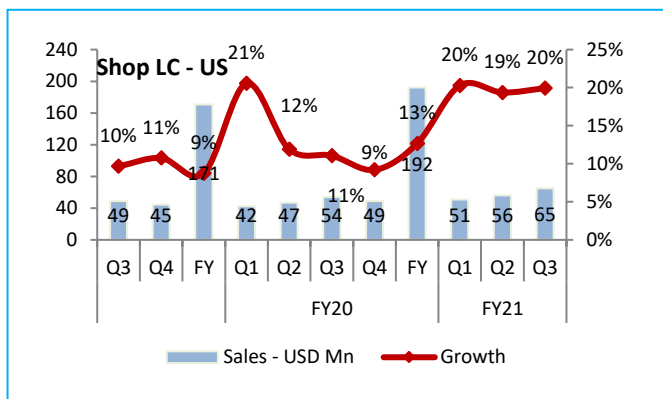
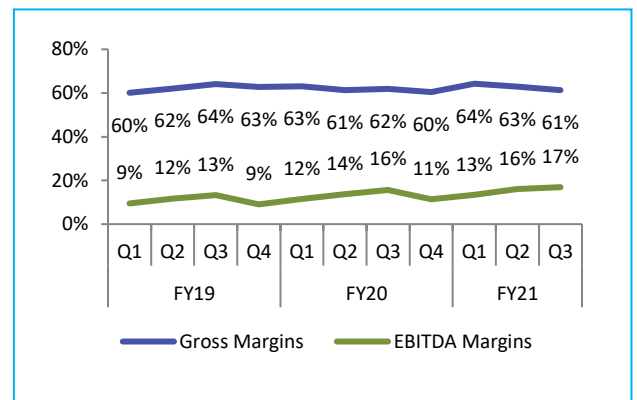
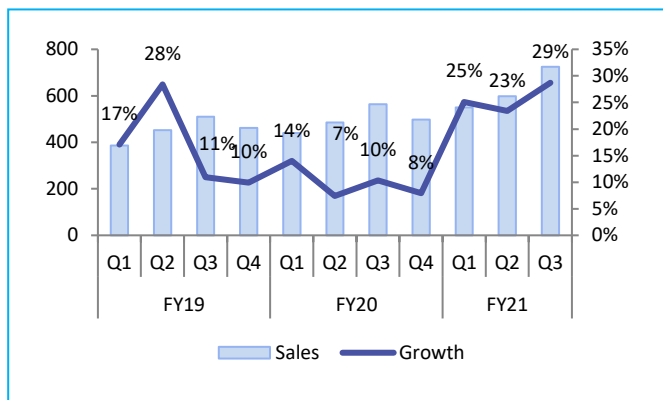
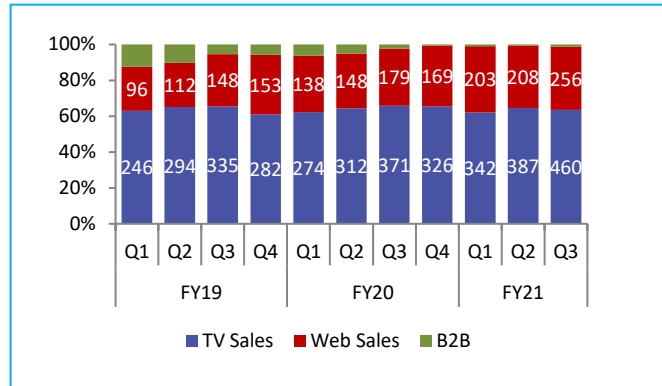
Valuations and Recommendations

The stock continued its outperformance against the broader indices backed by its strong and consistent financial performance. We remain positive on the future prospects of the company. We are projecting 24%/37% CAGR in sales/EBITDA between FY20-FY23E, led by improvement in EBITDA margins to 16.5% in FY23E from 13.2% in FY20. We are introducing FY23E projections and shifting our target multiple FY23E. **The stock is currently trading at 18.5x on our FY23E earnings. Though the stock has achieved all our earlier targets, we remain upbeat on the near to medium term prospects and recommend HOLD on the stock with a target price of Rs 3593 (23x FY23E).**

Year	Net Sales (Rs. cr)	Growth %	EBIDTA	EBIDTAM (%)	APAT	PATM (%)	EPS (Rs.)	P/E (x)	EV/Sales (x)	ROE
FY20A	1986.5	9.5%	261.8	13.2%	190.3	9.6%	58.9	49.1	4.64	26.3%
FY21E	2500.2	25.9%	422.5	16.9%	312.4	12.5%	96.8	29.9	3.64	36.2%
FY22E	3084.4	23.4%	524.4	17.0%	387.6	12.6%	120.1	24.1	2.90	34.5%
FY23E	3812.0	23.6%	678.5	17.8%	504.2	13.2%	156.2	18.5	2.28	34.3%

Vaibhav Global Ltd

Segmental Breakup:



Quarterly Table

Particulars (Rs Cr)	Q3FY21	Q2FY21	qoq	Q3FY20	yoy
Total Revenues	725.0	598.8	21.1%	563.3	28.7%
Cost of materials	67.4	38.5	75.1%	64.9	3.7%
Purchase and Mfg	212.6	183.5	15.9%	150.0	41.8%
Employees Cost	114.9	103.1	11.5%	94.7	21.4%
Other exps	207.4	177.9	16.6%	165.3	25.4%
EBITDA	122.7	95.8	28.1%	88.3	38.8%
<i>margins</i>	<i>16.9%</i>	<i>16.0%</i>		<i>15.7%</i>	
Depreciation	9.5	8.3		7.6	
EBIT	113.2	87.5	29.4%	80.8	40.1%
Interest	0.9	1.4	-32.0%	2.5	-62.6%
Other Income	3.6	3.1		3.6	
PBT	115.9	89.1	30.0%	81.8	41.6%
Tax	23.6	18.6	26.7%	16.3	44.9%
<i>Tax rate</i>	<i>20.3%</i>	<i>20.9%</i>		<i>19.9%</i>	
EO items	0.0	0.0		0.0	
PAT reported	92.3	70.6	30.9%	65.6	40.8%
EPS	28.61	21.86	30.9%	20.31	40.8%

Vaibhav Global Ltd

Consolidated Financials

P&L (Rs. Cr)	FY20A	FY21E	FY22E	FY23E
Net Sales	1986.5	2500.2	3084.4	3812.0
% change	9.5%	25.9%	23.4%	23.6%
EBITDA	261.8	422.5	524.4	678.5
EBITDA margin (%)	13.2%	16.9%	17.0%	17.8%
Depn & Amort	31.4	36.9	42.4	48.0
Operating income	230.5	385.6	481.9	630.6
Interest	8.6	10.1	12.4	15.3
Other Income	14.5	15.0	15.0	15.0
PBT	236.3	390.6	484.5	630.2
Tax	46.1	78.1	96.9	126.0
EO	0.0	0.0	0.0	0.0
Adj PAT	190.3	312.4	387.6	504.2
PAT margin (%)	9.6%	12.5%	12.6%	13.2%
Sh o/s - Diluted	3.2	3.2	3.2	3.2
Adj EPS	58.9	96.8	120.1	156.2
EPS growth (%)	23.4%	64.2%	24.1%	30.1%
Cash EPS	68.7	108.2	133.2	171.1
Quarterly (Rs Cr)	Mar.20	Jun.20	Sept.20	Dec.20
Net Sales	498.1	550.4	598.8	725.0
EBITDA	56.4	73.5	95.8	122.7
Dep & Amorz	7.8	9.9	8.3	9.5
Operating Income	48.6	63.6	87.5	113.2
Interest	4.1	0.7	1.4	0.9
Other Inc.	4.0	4.1	3.1	3.6
PBT	48.4	67.0	89.1	115.9
Tax	8.7	14.1	18.6	23.6
EO	0.0	0.0	0.0	0.0
PAT	39.7	52.9	70.6	92.3
EPS (Rs.)	12.3	16.4	21.9	28.6
Ratios	FY20A	FY21E	FY22E	FY23E
EBITDA margin (%)	13.2%	16.9%	17.0%	17.8%
PAT margin (%)	9.6%	12.5%	12.6%	13.2%
PAT Growth (%)	23.4%	64.2%	24.1%	30.1%
Price Earnings (x)	49.1	29.9	24.1	18.5
ROE (%)	26.3%	36.2%	34.5%	34.3%
ROCE (%)	29.2%	41.3%	40.0%	40.0%
Debt/Equity Ratio (x)	0.09	0.08	0.07	0.07
Price/BV (x)	12.4	9.6	7.4	5.6
EV / Sales	4.6	3.6	2.9	2.3
EV / EBITDA	35.2	21.5	17.1	12.8

Balance Sheet (Rs C)	FY20A	FY21E	FY22E	FY23E
Share Capital	32.3	32.3	32.3	32.3
Reserves & Surplus	719.0	944.3	1235.1	1642.5
Net Worth	751.3	976.6	1267.4	1674.7
Total Borrowings	64.4	75.0	92.5	114.4
Other Non-Current I	25.2	25.2	25.2	25.2
Trade Payables	143.1	180.2	222.3	274.7
Provisions	23.3	23.3	23.3	23.3
Other CL	83.6	83.6	83.6	83.6
Total Liabilities	1091	1364	1714	2196
Net Fixed Assets	162.7	162.2	159.8	151.8
Other non current a	41.9	41.9	41.9	41.9
Inventories	420.2	541.7	668.3	825.9
Debtors	134.8	173.6	214.2	264.7
Cash & Bank	175.4	308.9	482.9	749.7
Other Current Asset	155.9	135.6	147.3	161.8
Total Assets	1091	1364	1714	2196
Cash Flow (Rs. Cr)	FY20A	FY21E	FY22E	FY23E
Op CF before tax & \	261.8	422.5	524.4	678.5
Change in WC	-19.0	-103.0	-136.7	-170.3
Tax	-46.1	-78.1	-96.9	-126.0
CF from Operation	196.8	241.4	290.7	382.2
Investing Activities				
Capex	-37.6	-36.4	-40.0	-40.0
Inv & Oth Income	-49.2	15.0	15.0	15.0
CF from Investing	-86.8	-21.4	-25.0	-25.0
Financing				
Sh Capital	-43.7	0.0	0.0	0.0
Loans	-2.0	10.6	17.5	21.8
Interest Paid	-8.6	-10.1	-12.4	-15.3
Dividend	-109.3	-87.1	-96.8	-96.8
Others	3.1	0.0	0.0	0.0
CF from Financing	-160.5	-86.6	-91.7	-90.3
Net Chg. in Cash	-50.5	133.4	174.0	266.9
Cash at beginning	226.0	175.4	308.9	482.9
Cash at end	175.4	308.9	482.9	749.7
Per Share Data	FY20A	FY21E	FY22E	FY23E
Adj EPS	58.9	96.8	120.1	156.2
BV per share	232.8	302.6	392.7	518.9
Cash per share	54.4	95.7	149.6	232.3
Dividend per share	33.9	22.5	25.0	25.0

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