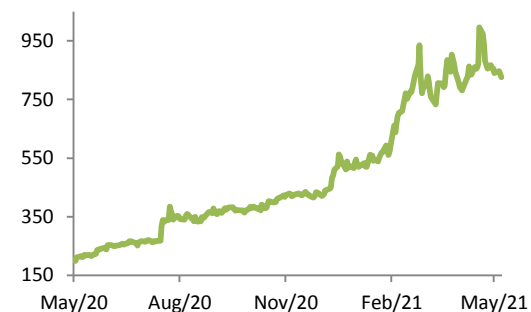


Vaibhav Global Ltd

Recommendation	Book Partial & Hold Balance
CMP	Rs. 813
Target Price	Rs. 912
Sector	Retail

Stock Details	
BSE Code	532156
NSE Code	VAIBHAVGBL
Bloomberg Code	VGM IN
Market Cap (Rs cr)	13,260
Free Float (%)	41.65
52- wk HI/Lo (Rs)	1057/196
Avg. volume BSE + NSE (Qrtly)	101,390
Face Value (Rs)	2.0
Dividend per share (FY 21)	Rs 5
Shares o/s (Cr)	3.25

Relative Performance	1Mth	3Mth	1Yr
Vaibhav	0.5%	17.1%	284.1%
Sensex	5.4%	3.9%	66.7%



Shareholding Pattern		31 Mar 21
Promoters Holding		58.35
Institutional (Incl. FII)		30.75
Corporate Bodies		0.67
Public & others		10.23

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Ended FY21 with a Bang, Gearing Up for Future

Vaibhav Global Ltd (VGL) reported robust sales growth of 33.7% at Rs 666 cr for Q4, led by retail business. For full year, the company reported sales growth of 28% at Rs 2540 cr, with volume growth of 30%, one of the highest in the history of the company. EBITDA margins improved to 14.6% for FY21 from 13.2% in FY20 backed by strong volumes. For Q4, margins were slightly better than last year at 11.8% vs 11.3%. Q4 is seasonally soft quarter w.r.t. margins, hence it is not prudent to compare margins sequentially. Gross margin has remained largely stable even though the product mix continued to diversify the higher contribution from non-jewelry segments, which was 31% vs 22% in FY20. During the quarter, the company has forayed into Germany with ~2mn investment. VGL is confident of breaking even in Germany within three years of roll out, given it the country has large shopping market with 38 mn TV at homes. In the first year i.e. FY22, Germany is expected to do loss of \$3-5 mn. For FY22, the management has guided for 16-18% retail volume growth, which doesn't include any contribution of Germany.

Key highlights

- Both TV and Web witnessed strong volume growth of 34% and 26% resp. in Q4FY21. For the full year, TV/Web reported volume growth of 29% and 32% resp, much ahead of the overall guidance given by the company.
- Contribution of Budget Pay was 36% as against 39% in FY20.
- There was significant addition in unique customers (TTM basis) at 38% yoy to 501,169. However, due to this, average purchases looks less at 27 pieces as against 30 last year. Customer retention rate continue to remain healthy at 51.5% on TTM basis, as compared to 50% of last year.
- At Shop TJC, the company has launched a new channel , TJC Beauty, which focuses on offering beauty products by providing viewers expert reviews and trends in beauty market. Currently, it is for four hours only, however as it scales up, the company intends to increase the time to 8 hrs. This channel is already profitable. Overall TJC grew by 35%/31.7% in Q4/FY21 resp.
- Shop LC, USA add international marketplaces like Amazon and Walmart Canada to its system which is visible in sales growth. The segment grew by 29% in Q4 vs the average run rate growth of 20% in 9MFY21. For full year, it grew by 25% as compared to 11% in FY20.

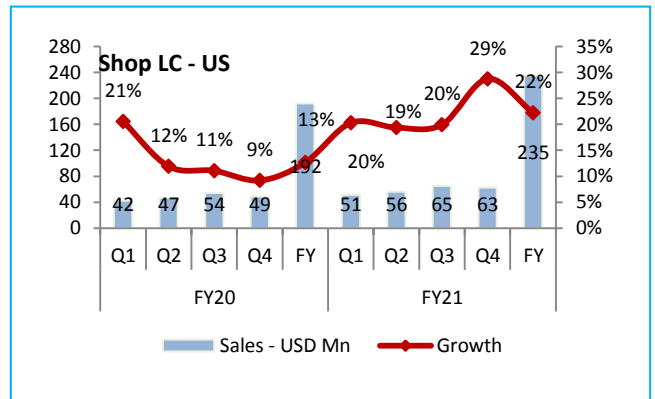
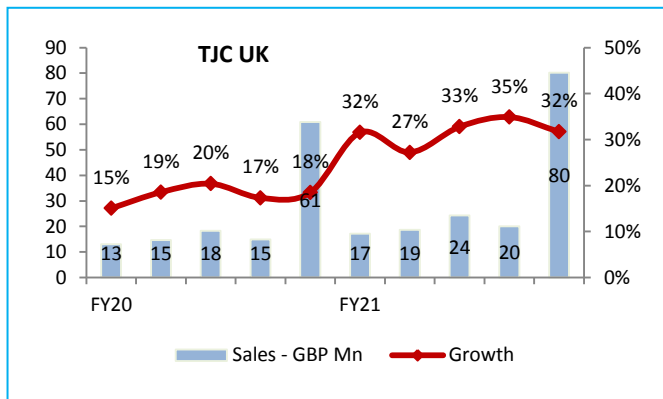
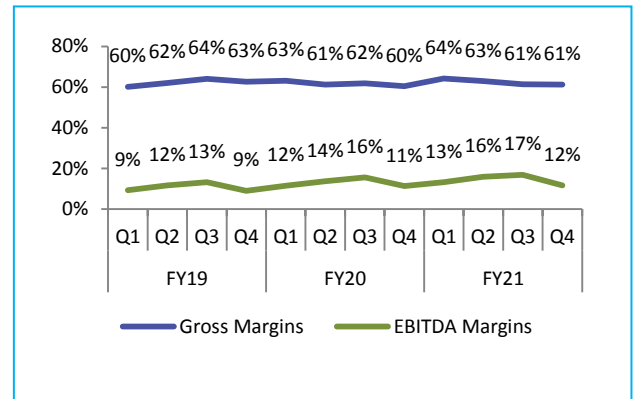
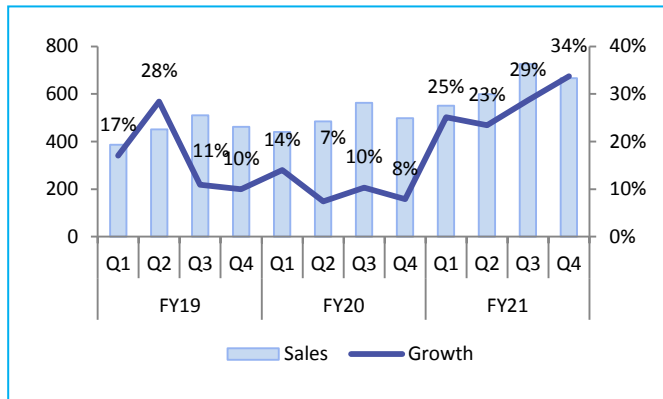
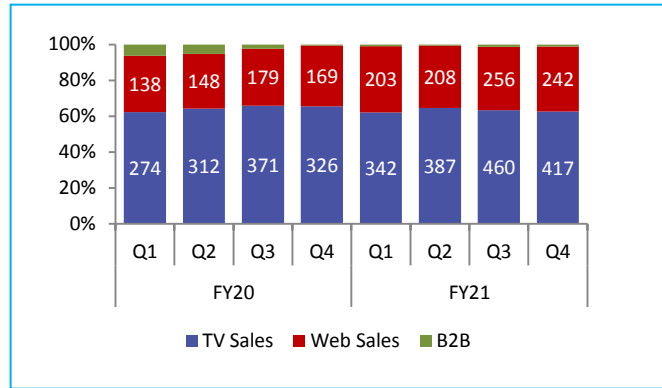
Valuations and Recommendations

The stock has surged sharply during last 3-4 months continuing its outperformance against the broader indices on the back of strong and consistent financial performance. Also, as the market has understood the business model of the company, it is being compared with other FMCG hence the PE has been rerated, in similar lines of our argument. We are projecting 18.5%/24.2% CAGR in sales/EBITDA between FY21-FY23E. **The stock is currently trading at 31.2x on our FY23E earnings. Considering the sharp surge, we recommend investors to partial book profits and continue to hold remaining shares, as the long term outlook is positive.**

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%	11.7	69.5	6.60	26.3%
FY21A	2540.1	27.9%	370.2	14.6%	271.8	10.7%	16.7	48.7	5.17	31.7%
FY22E	3023.3	19.0%	468.6	15.5%	347.4	11.5%	21.4	38.1	4.23	32.2%
FY23E	3567.1	18.0%	570.7	16.0%	423.9	11.9%	26.1	31.2	3.53	31.7%

Vaibhav Global Ltd

Segmental Breakup:



Vaibhav Global Ltd

Quarterly Table

Particulars (Rs Cr)	Q4FY21	Q3FY21	qoq	Q4FY20	yoy	FY21	FY20	yoy
Total Revenues	665.9	725.0	-8.1%	498.1	33.7%	2540.1	1986.5	27.9%
Cost of materials	116.6	67.4	73.0%	102.5	13.8%	257.6	273.6	-5.8%
Purchase and Mfg	142.0	212.6	-33.2%	94.6	50.1%	645.0	423.3	52.4%
Employees Cost	116.3	114.9	1.2%	92.4	25.8%	436.0	358.5	21.6%
Other exps	212.8	207.4	2.6%	152.1	39.9%	831.1	669.2	24.2%
EBITDA	78.3	122.7	-36.2%	56.4	38.8%	370.2	261.8	41.4%
<i>margins</i>	<i>11.8%</i>	<i>16.9%</i>		<i>11.3%</i>		<i>14.6%</i>	<i>13.2%</i>	
Depreciation	11.5	9.5		7.8		39.1	31.4	
EBIT	66.8	113.2	-40.9%	48.6	37.6%	331.1	230.5	43.7%
Interest	1.6	0.9	66.8%	4.1	-61.7%	4.6	8.6	-46.5%
Other Income	6.9	3.6		4.0		17.7	14.5	
PBT	72.2	115.9	-37.7%	48.4	49.1%	344.2	236.3	45.6%
Tax	16.2	23.6	-31.3%	8.7	86.2%	72.4	46.1	57.1%
<i>Tax rate</i>	<i>22.4%</i>	<i>20.3%</i>		<i>17.9%</i>		<i>21.0%</i>	<i>19.5%</i>	
EO items	0.0	0.0		0.0		0.0	0.0	
PAT reported	56.0	92.3	-39.3%	39.7	40.9%	271.8	190.3	42.8%
EPS	3.44	5.68	-39.3%	2.44	40.9%	16.70	11.69	42.8%

Vaibhav Global Ltd

Consolidated Financials

P&L (Rs. Cr)	FY20A	FY21E	FY22E	FY23E	Balance Sheet (Rs C)	FY20A	FY21E	FY22E	FY23E
Net Sales	1986.5	2540.1	3023.3	3567.1	Share Capital	32.3	32.5	32.5	32.5
% change	9.5%	27.9%	19.0%	18.0%	Reserves & Surplus	719.0	931.3	1161.6	1448.8
EBITDA	261.8	370.2	468.6	570.7	Net Worth	751.3	963.8	1194.1	1481.3
EBITDA margin (%)	13.2%	14.6%	15.5%	16.0%	Total Borrowings	64.4	91.7	90.7	107.0
Depn & Amort	31.4	39.1	44.8	50.5	Other Non-Current I	25.2	18.7	18.7	18.7
Operating income	230.5	331.1	423.8	520.3	Trade Payables	143.1	160.7	217.9	257.0
Interest	8.6	4.6	4.6	5.4	Provisions	23.3	55.9	55.9	55.9
Other Income	14.5	17.7	15.0	15.0	Other CL	83.6	104.3	104.3	104.3
PBT	236.3	344.2	434.2	529.9	Total Liabilities	1091	1395	1682	2024
Tax	46.1	72.4	86.8	106.0	Net Fixed Assets	162.7	191.9	179.4	168.9
EO	0.0	0.0	0.0	0.0	Other non current a	41.9	34.6	34.6	34.6
Adj PAT	190.3	271.8	347.4	423.9	Inventories	420.2	446.0	655.0	772.9
PAT margin (%)	9.6%	10.7%	11.5%	11.9%	Debtors	134.8	167.1	210.0	247.7
Sh o/s - Diluted	16.3	16.3	16.3	16.3	Cash & Bank	175.4	188.3	539.5	726.2
Adj EPS	11.7	16.7	21.4	26.1	Other Current Asset	155.9	367.2	63.0	73.9
EPS growth (%)	23.4%	42.8%	27.8%	22.0%	Total Assets	1091	1395	1682	2024
Cash EPS	13.6	19.1	24.1	29.2	Cash Flow (Rs. Cr)	FY20A	FY21E	FY22E	FY23E
Quarterly (Rs Cr)	Jun.20	Sept.20	Dec.20	Mar.21	Op CF before tax & \	261.8	370.2	468.6	570.7
Net Sales	550.4	598.8	725.0	665.9	Change in WC	-19.0	1.6	-170.7	-127.3
EBITDA	73.5	95.8	122.7	78.3	Tax	-46.1	-72.4	-86.8	-106.0
Dep & Amorz	9.9	8.3	9.5	11.5	CF from Operation	196.8	299.4	211.1	337.5
Operating Income	63.6	87.5	113.2	66.8	Investing Activities				
Interest	0.7	1.4	0.9	1.6	Capex	-37.6	-54.2	-32.3	-40.0
Other Inc.	4.1	3.1	3.6	6.9	Inv & Oth Income	14.5	17.7	15.0	15.0
PBT	67.0	89.1	115.9	72.2	CF from Investing	-23.1	-36.5	-17.3	-25.0
Tax	14.1	18.6	23.6	16.2	Financing				
EO	0.0	0.0	0.0	0.0	Sh Capital	-43.7	0.3	0.0	0.0
PAT	52.9	70.6	92.3	56.0	Loans	-2.0	27.3	-1.0	16.3
EPS (Rs.)	3.2	4.3	5.7	3.4	Interest Paid	-8.6	-4.6	-4.6	-5.4
Ratios	FY20A	FY21E	FY22E	FY23E	Dividend	-109.3	-97.6	-117.1	-136.7
EBITDA margin (%)	13.2%	14.6%	15.5%	16.0%	Others	3.1	21.0	0.0	0.0
PAT margin (%)	9.6%	10.7%	11.5%	11.9%	CF from Financing	-160.5	-53.7	-122.7	-125.7
PAT Growth (%)	23.4%	42.8%	27.8%	22.0%	Net Chg. in Cash	13.2	209.2	71.1	186.7
Price Earnings (x)	69.5	48.7	38.1	31.2	Cash at beginning	244.0	257.2	468.4	539.5
ROE (%)	26.3%	31.7%	32.2%	31.7%	Cash at end	257.2	468.4	539.5	726.2
ROCE (%)	29.2%	35.4%	36.2%	36.2%	Per Share Data	FY20A	FY21E	FY22E	FY23E
Debt/Equity Ratio (x)	0.09	0.10	0.08	0.07	Adj EPS	11.7	16.7	21.4	26.1
Price/BV (x)	17.6	13.7	11.1	8.9	BV per share	46.2	59.2	73.4	91.1
EV / Sales	6.6	5.2	4.2	3.5	Cash per share	10.8	11.6	33.2	44.6
EV / EBITDA	50.1	35.5	27.3	22.1	Dividend per share	6.7	5.0	6.0	7.0

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Vaibhav Global Ltd

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