

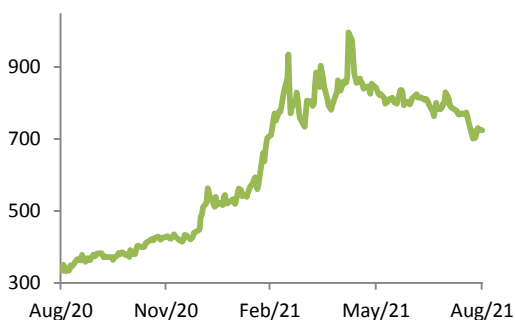
Vaibhav Global Ltd

Recommendation	BUY
CMP	Rs. 717
Target Price	Rs. 912
Sector	Retail

Stock Details

BSE Code	532156
NSE Code	VAIBHAVGBL
Bloomberg Code	VGM IN
Market Cap (Rs cr)	11,670
Free Float (%)	41.84
52- wk HI/Lo (Rs)	1057/310
Avg. volume BSE + NSE (Qrtly)	173,333
Face Value (Rs)	2.0
Dividend per share (FY 21)	Rs 5
Shares o/s (Cr)	3.25

Relative Performance	1Mth	3Mth	1Yr
Vaibhav	-12.7%	-14.0%	113.0%
Sensex	9.4%	10.8%	49.0%



Shareholding Pattern	30 June 21
Promoters Holding	58.16
Institutional (Incl. FII)	30.05
Corporate Bodies	0.74
Public & others	11.05

Runjhun Jain – AVP

+91-22 6273 8177
 runjhun.jain@nirmalbang.com

Going Strong

Vaibhav Global Ltd (VGL) started the new fiscal year on strong note. Sales grew by 24% yoy to Rs 682 cr, despite high base of last year due to covid related high traction. Gross margins came at 65% vs 64.3%/61.2% in Q1FY21/Q4FY21. It is also highest in last 4-5 yrs. EBITDA margins improved to 13.4% vs 13.4%/11.8% in Q1/Q4. Current quarter includes the initial phase launch expenses of Gemrnay business. Excluding this the EBITDA grew by 34% vs reported growth of 24%. The company had forayed into Germany with ~2mn investment during Q4FY21. VGL is confident of breaking even in Germany within three years of roll out, given Germany is Europe's largest home 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.

Since the advent of COVID, the company has witnessed accelerated digital adoption. As a result, VGL has gained traction on TV Home shopping, e-commerce and several emerging platforms

For FY22, the management has maintained its guidance of 16-18% retail volume growth.

Key highlights

- Both TV (4.5% yoy) and Web (6% yoy) witnessed single digit volume growth on high base of last year due to Covid related purchases. However, as the sale of essential goods has declined, ASP of both TV and web have improved.
- The company has implemented another key initiative of launching TJC Plus for its UK customers. While the additional costs of such key initiatives are built into the benefits in the form of customer acquisition and retention will accrue over the time.
- Contribution of Budget Pay was 38%. Revenue from non-Jewellery products was 31%, in-line with FY21 levels.
- New registrations during TTM basis continue to be strong and came in at 2.9 lakh compared to 2.37 lakh in the corresponding period of the previous year. Customers bought an average of 30 pieces on TTM basis from as compared to 27 pieces in the corresponding period of the previous year.
- Retention rates stood at 45.7% on TTM basis compared to 50.5% for the same period last year. This is partly impacted by high new customer addition in Q1 FY20-21 owing to essential items offered last year.
- The company continued with its policy of recommending dividend every quarter and has approved a dividend of Rs. 1.5 per share for Q1.

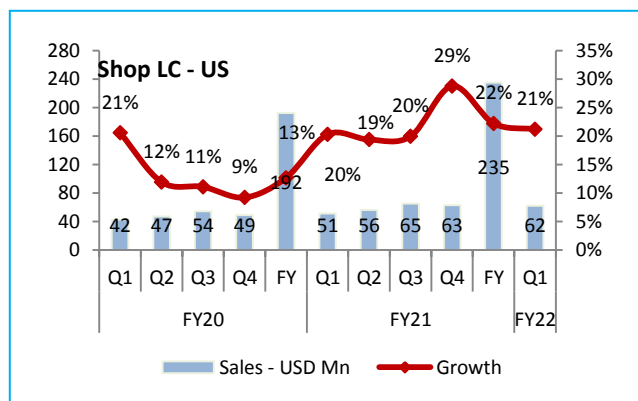
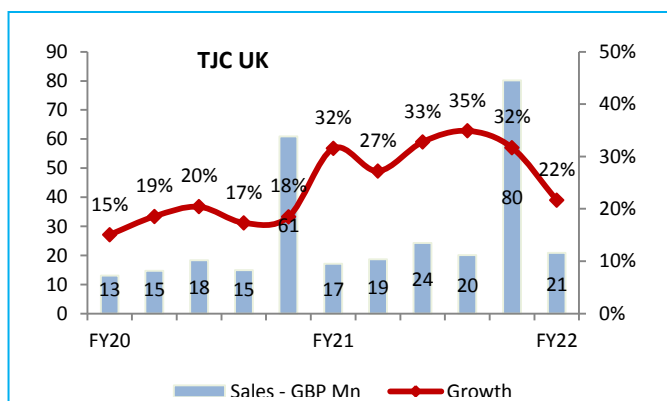
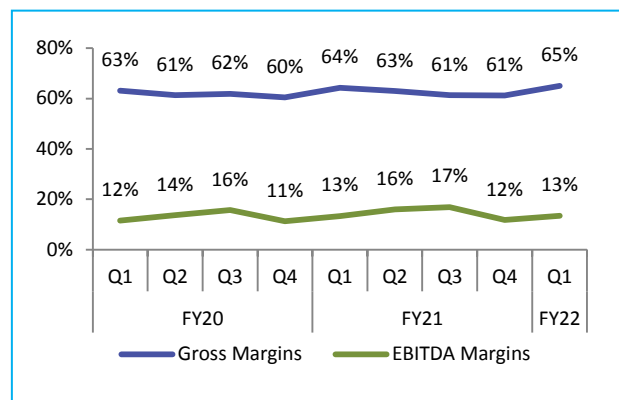
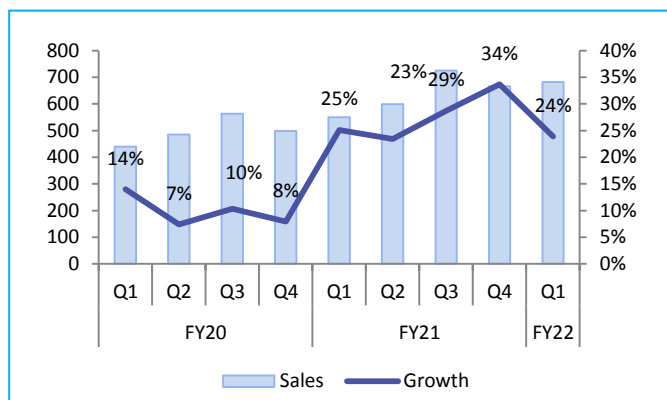
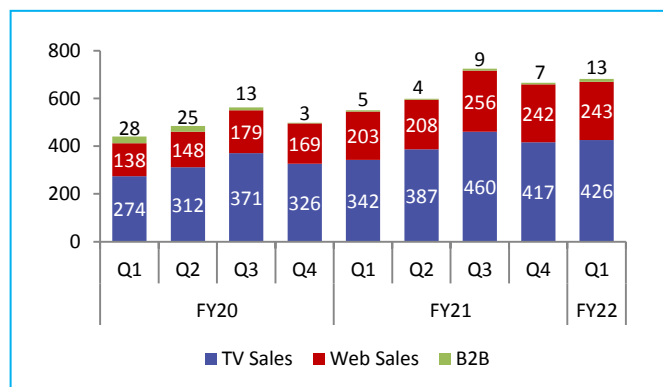
Valuations and Recommendations

Our last quarter's call of booking partial profits has worked well. The stock has corrected since then despite broader markets booming. However, as the demand outlook remains positive we believe investors can re-enter at current price. Though the company has narrowed the valuation gap with other FMCG players, we believe there is still scope for further upmove. **We recommend investors to re-enter at current levels.**

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	61.0	5.78	26.3%
FY21A	2540.1	27.9%	370.2	14.6%	271.8	10.7%	16.7	42.7	4.53	31.7%
FY22E	3023.3	19.0%	468.6	15.5%	347.4	11.5%	21.4	33.4	3.69	32.2%
FY23E	3567.1	18.0%	570.7	16.0%	423.9	11.9%	26.1	27.4	3.08	31.7%

Vaibhav Global Ltd

Segmental Breakup:



Vaibhav Global Ltd

Quarterly Table

Particulars (Rs Cr)	Q1FY22	Q4FY21	qoq	Q1FY21	yoy
Total Revenues	682.0	665.9	2.4%	550.4	23.9%
Cost of materials	16.2	116.6	-86.1%	35.2	-54.1%
Purchase and Mfg	222.4	142.0	56.6%	161.4	37.8%
Employees Cost	132.1	116.3	13.6%	101.7	29.8%
Other exps	220.1	212.8	3.5%	178.5	23.3%
EBITDA	91.2	78.3	16.5%	73.5	24.2%
<i>margins</i>	<i>13.4%</i>	<i>11.8%</i>		<i>13.4%</i>	
Depreciation	11.0	11.5		9.9	
EBIT	80.3	66.8	20.1%	63.6	26.3%
Interest	0.8	1.6	-51.8%	0.7	8.1%
Other Income	6.6	6.9		4.1	
PBT	86.1	72.2	19.3%	67.0	28.6%
Tax	20.3	16.2	25.2%	14.1	43.8%
<i>Tax rate</i>	<i>23.5%</i>	<i>22.4%</i>		<i>21.0%</i>	
EO items	-32.9	0.0		0.0	
PAT reported	98.7	56.0	76.3%	52.9	86.8%
EPS	6.07	3.44	76.3%	3.25	86.8%

Vaibhav Global Ltd

Consolidated Financials

P&L (Rs. Cr)	FY20A	FY21E	FY22E	FY23E
Net Sales	1986.5	2540.1	3023.3	3567.1
% change	9.5%	27.9%	19.0%	18.0%
EBITDA	261.8	370.2	468.6	570.7
EBITDA margin (%)	13.2%	14.6%	15.5%	16.0%
Depn & Amort	31.4	39.1	44.8	50.5
Operating income	230.5	331.1	423.8	520.3
Interest	8.6	4.6	4.6	5.4
Other Income	14.5	17.7	15.0	15.0
PBT	236.3	344.2	434.2	529.9
Tax	46.1	72.4	86.8	106.0
EO	0.0	0.0	0.0	0.0
Adj PAT	190.3	271.8	347.4	423.9
PAT margin (%)	9.6%	10.7%	11.5%	11.9%
Sh o/s - Diluted	16.3	16.3	16.3	16.3
Adj EPS	11.7	16.7	21.4	26.1
EPS growth (%)	23.4%	42.8%	27.8%	22.0%
Cash EPS	13.6	19.1	24.1	29.2

Quarterly (Rs Cr)	Sept.20	Dec.20	Mar.21	Jun.21
Net Sales	598.8	725.0	665.9	682.0
EBITDA	95.8	122.7	78.3	91.2
Dep & Amoriz	8.3	9.5	11.5	11.0
Operating Income	87.5	113.2	66.8	80.3
Interest	1.4	0.9	1.6	0.8
Other Inc.	3.1	3.6	6.9	6.6
PBT	89.1	115.9	72.2	86.1
Tax	18.6	23.6	16.2	20.3
EO	0.0	0.0	0.0	-32.9
PAT	70.6	92.3	56.0	98.7
EPS (Rs.)	4.3	5.7	3.4	6.1

Ratios	FY20A	FY21E	FY22E	FY23E
EBITDA margin (%)	13.2%	14.6%	15.5%	16.0%
PAT margin (%)	9.6%	10.7%	11.5%	11.9%
PAT Growth (%)	23.4%	42.8%	27.8%	22.0%
Price Earnings (x)	61.0	42.7	33.4	27.4
ROE (%)	26.3%	31.7%	32.2%	31.7%
ROCE (%)	29.2%	35.4%	36.2%	36.2%
Debt/Equity Ratio (x)	0.09	0.10	0.08	0.07
Price/BV (x)	15.4	12.0	9.7	7.8
EV / Sales	5.8	4.5	3.7	3.1
EV / EBITDA	43.9	31.1	23.8	19.2

Balance Sheet (Rs Cr)	FY20A	FY21E	FY22E	FY23E
Share Capital	32.3	32.5	32.5	32.5
Reserves & Surplus	719.0	931.3	1161.6	1448.8
Net Worth	751.3	963.8	1194.1	1481.3
Total Borrowings	64.4	91.7	90.7	107.0
Other Non-Current Lia	25.2	18.7	18.7	18.7
Trade Payables	143.1	160.7	217.9	257.0
Provisions	23.3	55.9	55.9	55.9
Other CL	83.6	104.3	104.3	104.3
Total Liabilities	1091	1395	1682	2024
Net Fixed Assets	162.7	191.9	179.4	168.9
Other non current ass	41.9	34.6	34.6	34.6
Inventories	420.2	446.0	655.0	772.9
Debtors	134.8	167.1	210.0	247.7
Cash & Bank	175.4	188.3	539.5	726.2
Other Current Assets	155.9	367.2	63.0	73.9
Total Assets	1091	1395	1682	2024

Cash Flow (Rs. Cr)	FY20A	FY21E	FY22E	FY23E
Op CF before tax & WC	261.8	370.2	468.6	570.7
Change in WC	-19.0	1.6	-170.7	-127.3
Tax	-46.1	-72.4	-86.8	-106.0
CF from Operation	196.8	299.4	211.1	337.5
Investing Activities				
Capex	-37.6	-54.2	-32.3	-40.0
Inv & Oth Income	14.5	17.7	15.0	15.0
CF from Investing	-23.1	-36.5	-17.3	-25.0
Financing				
Sh Capital	-43.7	0.3	0.0	0.0
Loans	-2.0	27.3	-1.0	16.3
Interest Paid	-8.6	-4.6	-4.6	-5.4
Dividend	-109.3	-97.6	-117.1	-136.7
Others	3.1	21.0	0.0	0.0
CF from Financing	-160.5	-53.7	-122.7	-125.7
Net Chg. in Cash	13.2	209.2	71.1	186.7
Cash at beginning	244.0	257.2	468.4	539.5
Cash at end	257.2	468.4	539.5	726.2
Per Share Data	FY20A	FY21E	FY22E	FY23E
Adj EPS	11.7	16.7	21.4	26.1
BV per share	46.2	59.2	73.4	91.1
Cash per share	10.8	11.6	33.2	44.6
Dividend per share	6.7	5.0	6.0	7.0

Disclosure:

Research Reports that are published by Nirmal Bang Securities Private Limited (hereinafter referred to as “NBSPL”) are for private circulation only. NBSPL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH000001766. NBSPL is also a registered Stock Broker with National Stock Exchange of India Limited, BSE Limited, Metropolitan Stock Exchange of India Limited, Multi Commodity Exchange of India Limited, National Commodity and Derivative Exchange Limited and Indian Commodity Exchange Limited in cash and Equity and Commodities derivatives segments.

NBSPL has other business divisions with independent research teams separated by Chinese walls, and therefore may, at times, have different or contrary views on stocks and markets.

NBSPL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. NBSPL, its associates or analyst or his relatives do not hold any financial interest (Except Investment) in the subject company. NBSPL or its associates or Analyst do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. NBSPL or its associates or Analyst or his relatives may or may not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

NBSPL or its associates / analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. NBSPL or its associates have not received any compensation or other benefits from the company covered by Analyst or third party in connection with the research report. Analyst has not served as an officer, director or employee of Subject Company. NBSPL / analyst have not been engaged in market making activity of the subject company.

Analyst Certification: The research analysts and authors of these reports, hereby certify that the views expressed in this research report accurately reflects my/our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s) principally responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Disclaimer:

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. NBSPL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader.

This research has been prepared for the general use of the clients of NBSPL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NBSPL will not treat recipients as customers by virtue of their receiving this report. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NBSPL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. NBSPL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NBSPL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. NBSPL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, NBSPL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of NBSPL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither NBSPL, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in this report.

Copyright of this document vests exclusively with NBSPL.

Our reports are also available on our website www.nirmalbang.com

Nirmal Bang Research (Division of Nirmal Bang Securities Pvt. Ltd.)

B-2, 301/302, Marathon Innova,
 Opp. Peninsula Corporate Park
 Off. Ganpatrao Kadam Marg
 Lower Parel (W), Mumbai-400013
 Board No. : 91 22 6723 8000/8001
 Fax. : 022 6723 8010

