

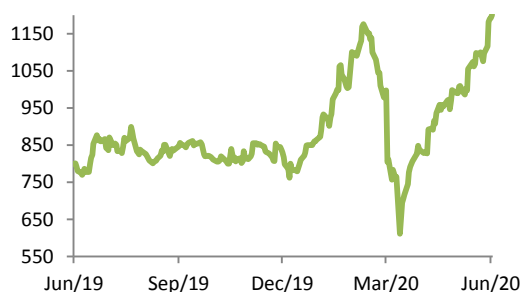
## Vaibhav Global Ltd

Recommendation	HOLD
CMP	Rs. 1201
Target Price	Rs. 1381
Sector	Retail

## Stock Details

BSE Code	532156
NSE Code	VAIBHAVGBL
Bloomberg Code	VGM IN
Market Cap (Rs cr)	3,903
Free Float (%)	41.39
52- wk HI/Lo (Rs)	1230/490
Avg. volume BSE + NSE (Qrtly)	24,360
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	21.1%	49.3%	48.8%
Sensex	7.7%	3.1%	-14.3%



## Shareholding Pattern 31 Mar 20

Promoters Holding	58.61
Institutional (Incl. FII)	31.29
Corporate Bodies	0.59
Public & others	9.51

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**Healthy Growth Despite Global Pandemic Related Disruptions**

Vaibhav Global Ltd (VGL) reported yet another operationally strong quarter with 8% sales growth at Rs 498 cr and 11.3% EBITDA margins, an improvement of 230 bps yoy. Q4 is sequentially weak quarter as the company tries to offload. Despite the challenges and uncertainties Vaibhav global's retail business was operational and adapting. The company has used the current global pandemic as an opportunity and augmented product offerings by including nearly 250 essential products like masks, board games, sanitizers etc. In addition, the business was supported by shutdown of traditional retail stores.

Sales growth was backed by robust growth in retail segment which grew by 13.8%/15.1% in Q4FY20/FY20 respectively. Constant currency sales growth in US/UK was 9.2%/17.3% for Q4 and 12.7%/18.5% for FY20 respectively.

The management has maintained its constant currency retail revenue guidance of 15-17% for FY21.

**Key highlights**

- TV segment witnessed muted volume growth of 2% in Q4 while web's volume grew by 5% yoy. Within web, mobile sales constitute around 60% of the total web sales.
- During the quarter, VGL maintained its average selling price (ASP) at higher levels i.e. \$29.5 for TV and \$21.9 for web as against \$26.8/21.4 in Q4FY19. It was \$30.5/\$21.6 in Q3FY20.
- Budget pay for FY20 was 39%.
- The share of jewellery business is declining in the overall pie. Currently, jewellery is approximately 80% in US and about 60% in UK.
- The unique customers for FY20 was 3,61,915 as compared to 3,42,577 for FY19. The average quantity per customer was maintained at 30 pieces and the overall retention rate stands at ~50%
- During the quarter the returns were higher at around 18-19% in US around 26-27% in UK, on account of nervousness due to pandemic but the management expects this to stabilize in coming months.
- The company has announced a special interim dividend of Rs 19.74 per share in addition to earlier dividend of Rs 7 per share. At the same time the company has formulated the dividend distribution policy and with an endeavour to distribute 20-30% of free cash flows every year.

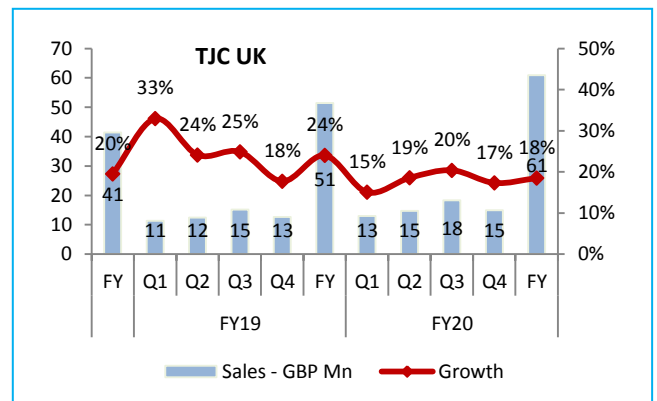
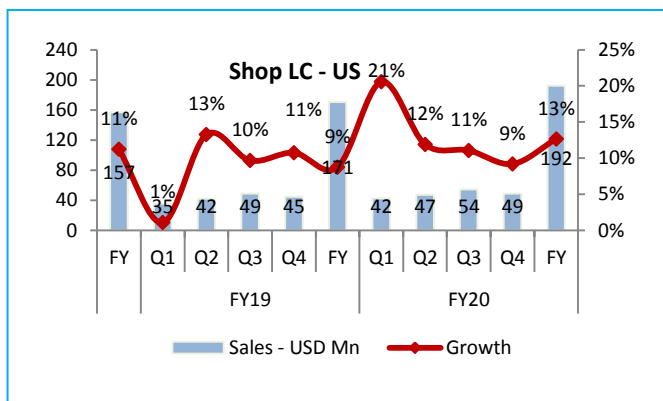
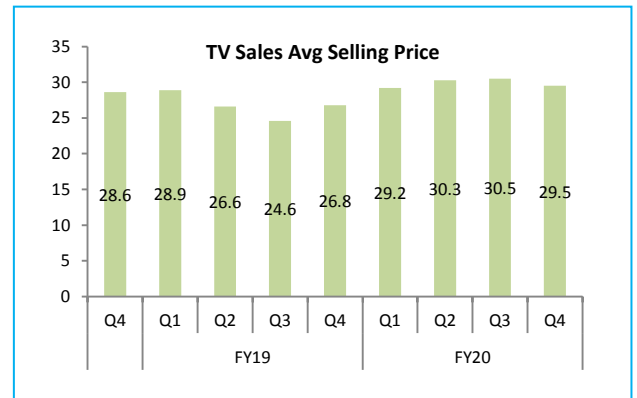
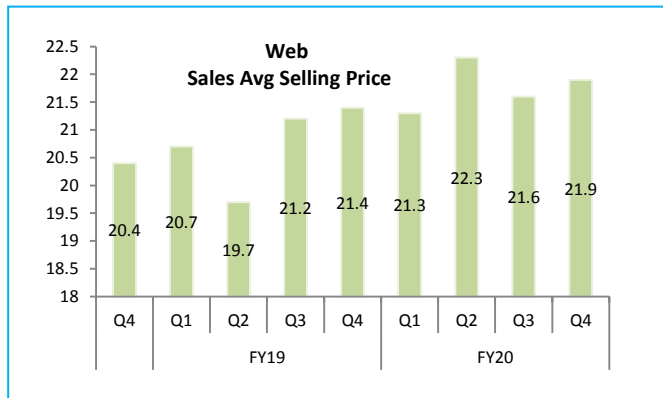
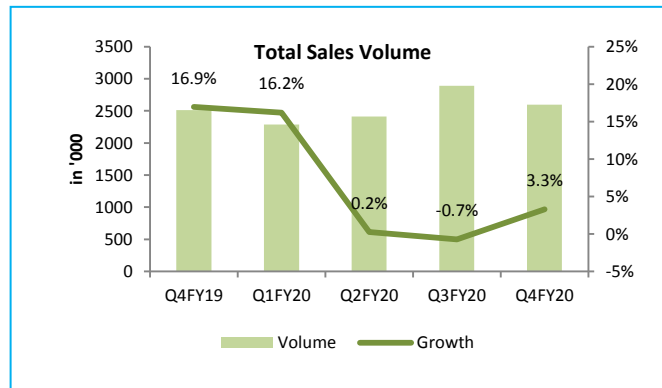
**Valuations and Recommendations**

The stock has risen 49% in last one year following the strong results shown by the company. We remain positive on the company for coming period. Going forward, we are projecting 14.5% CAGR in sales between FY20-FY22E however expects EBITDA/PAT to grow higher at 25.6%/22.6% during the same period. We expect EBITDA margins to remain steady at around 13.5% in FY21E/FY22E from 13.2% in FY20. The stock is currently trading at 16.7x on our FY21E earnings. **We recommend HOLD on the stock with a target price of Rs 1381 (17x FY22E).**

Year	Net Sales (Rs. cr)	Growth %	EBIDTA	EBIDTAM (%)	APAT	PATM (%)	EPS (Rs.)	P/E (x)	EV/Sales (x)	ROE
FY19A	1814.0	15.1%	203.3	11.2%	154.2	8.5%	47.8	25.1	2.05	24.7%
FY20A	1986.5	9.5%	261.8	13.2%	190.3	9.6%	58.9	20.4	1.90	26.3%
FY21E	2376.8	19.6%	320.9	13.5%	231.9	9.8%	71.8	16.7	1.56	27.5%
FY22E	2708.1	13.9%	365.6	13.5%	262.2	9.7%	81.2	14.8	1.32	25.2%

## Vaibhav Global Ltd

### Segmental Breakup:



## Vaibhav Global Ltd

## Quarterly Table

Particulars (Rs Cr)	Q4FY20	Q4FY19	yoy	Q3FY20	qoq	FY20	FY19	yoy
<b>Total Revenues</b>	<b>498.1</b>	<b>461.5</b>	<b>7.9%</b>	<b>563.3</b>	<b>-11.6%</b>	<b>1986.5</b>	<b>1814.0</b>	<b>9.5%</b>
Cost of materials	102.5	78.6	30.4%	64.9	57.8%	273.4	253.2	8.0%
Purchase and Mfg	94.6	93.5	1.2%	150.0	-36.9%	423.3	351.1	20.6%
Employees Cost	92.4	86.0	7.5%	94.7	-2.3%	358.5	336.9	6.4%
Other exps	152.1	161.7	-5.9%	165.3	-8.0%	669.2	669.5	0.0%
<b>EBITDA</b>	<b>56.4</b>	<b>41.7</b>	<b>35.2%</b>	<b>88.3</b>	<b>-36.2%</b>	<b>262.0</b>	<b>203.3</b>	<b>28.9%</b>
<i>margins</i>	<i>11.3%</i>	<i>9.0%</i>		<i>15.7%</i>		<i>13.2%</i>	<i>11.2%</i>	
Depreciation	7.8	6.3		7.6		31.4	24.6	
<b>EBIT</b>	<b>48.6</b>	<b>35.4</b>	<b>37.1%</b>	<b>80.8</b>	<b>-39.9%</b>	<b>230.7</b>	<b>178.6</b>	<b>29.1%</b>
Interest	4.1	1.3	230.0%	2.5	62.7%	8.6	4.7	85.7%
Other Income	4.0	5.1		3.6		14.5	14.2	
<b>PBT</b>	<b>48.4</b>	<b>39.3</b>	<b>23.3%</b>	<b>81.8</b>	<b>-40.8%</b>	<b>236.5</b>	<b>188.2</b>	<b>25.7%</b>
Tax	8.7	6.8	27.5%	16.3	-46.6%	46.1	34.0	35.6%
<i>Tax rate</i>	<i>17.9%</i>	<i>17.4%</i>		<i>19.9%</i>		<i>19.5%</i>	<i>18.1%</i>	
EO items	0.0	0.0		0.0		0.0	0.0	
<b>PAT reported</b>	<b>39.7</b>	<b>32.5</b>	<b>22.4%</b>	<b>65.6</b>	<b>-39.4%</b>	<b>190.3</b>	<b>154.2</b>	<b>23.5%</b>
<b>EPS</b>	<b>12.31</b>	<b>10.06</b>	<b>22.4%</b>	<b>20.31</b>	<b>-39.4%</b>	<b>58.95</b>	<b>47.77</b>	<b>23.5%</b>

## Vaibhav Global Ltd

## Consolidated Financials

P&L (Rs. Cr)	FY19A	FY20A	FY21E	FY22E	Balance Sheet (Rs Cr)	FY19A	FY20A	FY21E	FY22E
<b>Net Sales</b>	<b>1814.0</b>	<b>1986.5</b>	<b>2376.8</b>	<b>2708.1</b>	Share Capital	32.7	32.3	32.3	32.3
% change	15.1%	9.5%	19.6%	13.9%	Reserves & Surplus	664.0	719.0	900.6	1112.4
<b>EBITDA</b>	<b>203.3</b>	<b>261.8</b>	<b>320.9</b>	<b>365.6</b>	<b>Net Worth</b>	<b>696.7</b>	<b>751.3</b>	<b>932.8</b>	<b>1144.7</b>
EBITDA margin (%)	11.2%	13.2%	13.5%	13.5%	Total Borrowings	66.4	64.4	71.3	81.2
Depn & Amort	24.6	31.4	40.3	46.3	Other Non-Current Lia	0.0	25.2	25.2	25.2
<b>Operating income</b>	<b>178.6</b>	<b>230.5</b>	<b>280.5</b>	<b>319.3</b>	Trade Payables	123.0	143.1	161.2	183.7
Interest	4.7	8.6	5.7	6.5	Provisions	25.9	23.3	23.3	23.3
Other Income	14.2	14.5	15.0	15.0	Other CL	30.6	83.6	83.6	83.6
<b>PBT</b>	<b>188.2</b>	<b>236.3</b>	<b>289.8</b>	<b>327.8</b>	<b>Total Liabilities</b>	<b>943</b>	<b>1091</b>	<b>1297</b>	<b>1542</b>
Tax	34.0	46.1	58.0	65.6	Net Fixed Assets	117.3	162.7	158.8	152.5
EO	0.0	0.0	0.0	0.0	Other non current ass	31.2	41.9	41.9	41.9
<b>Adj PAT</b>	<b>154.2</b>	<b>190.3</b>	<b>231.9</b>	<b>262.2</b>	Inventories	396.1	420.2	528.2	601.8
PAT margin (%)	8.5%	9.6%	9.8%	9.7%	Debtors	117.8	134.8	198.1	225.7
Sh o/s - Diluted	3.2	3.2	3.2	3.2	Cash & Bank	226.0	175.4	237.4	380.2
Adj EPS	47.8	58.9	71.8	81.2	Other Current Assets	54.1	155.9	133.1	139.7
EPS growth (%)	37.1%	23.4%	21.9%	13.1%	<b>Total Assets</b>	<b>943</b>	<b>1091</b>	<b>1297</b>	<b>1542</b>
Cash EPS	55.4	68.7	84.3	95.6	<b>Cash Flow (Rs. Cr)</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21E</b>	<b>FY22E</b>
<b>Quarterly (Rs Cr)</b>	<b>June.19</b>	<b>Sept.19</b>	<b>Dec.19</b>	<b>Mar.20</b>	Op CF before tax & WC	203.3	261.8	320.9	365.6
<b>Net Sales</b>	<b>440.0</b>	<b>485.2</b>	<b>563.3</b>	<b>498.1</b>	Change in WC	-4.8	-19.0	-130.4	-85.4
<b>EBITDA</b>	<b>50.8</b>	<b>66.3</b>	<b>88.3</b>	<b>56.4</b>	Tax	-34.0	-46.1	-58.0	-65.6
Dep & Amorz	8.4	7.6	7.6	7.8	<b>CF from Operation</b>	<b>164.5</b>	<b>196.8</b>	<b>132.5</b>	<b>214.6</b>
<b>Operating Income</b>	<b>42.5</b>	<b>58.7</b>	<b>80.8</b>	<b>48.6</b>	<b>Investing Activities</b>				
Interest	1.0	1.1	2.5	4.1	Capex	-34.5	-39.8	-36.4	-40.0
Other Inc.	3.7	3.2	3.6	4.0	Inv & Oth Income	7.7	-49.2	15.0	15.0
<b>PBT</b>	<b>45.2</b>	<b>60.9</b>	<b>81.8</b>	<b>48.4</b>	<b>CF from Investing</b>	<b>-26.8</b>	<b>-89.0</b>	<b>-21.4</b>	<b>-25.0</b>
Tax	9.1	12.0	16.3	8.7	<b>Financing</b>				
EO	0.0	0.0	0.0	0.0	Sh Capital	3.2	-71.5	0.0	0.0
<b>PAT</b>	<b>36.0</b>	<b>49.0</b>	<b>65.6</b>	<b>39.7</b>	Loans	-0.2	-2.0	6.9	9.9
EPS (Rs.)	11.2	15.2	20.3	12.3	Interest Paid	-4.7	-8.6	-5.7	-6.5
<b>Ratios</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21E</b>	<b>FY22E</b>	Dividend	-19.7	-130.7	-50.3	-50.3
EBITDA margin (%)	11.2%	13.2%	13.5%	13.5%	Others	42.1	54.5	0.0	0.0
PAT margin (%)	8.5%	9.6%	9.8%	9.7%	<b>CF from Financing</b>	<b>20.8</b>	<b>-158.3</b>	<b>-49.2</b>	<b>-46.9</b>
PAT Growth (%)	37.1%	23.4%	21.9%	13.1%	Net Chg. in Cash	<b>158.5</b>	<b>-50.5</b>	<b>62.0</b>	<b>142.7</b>
Price Earnings (x)	25.1	20.4	16.7	14.8	Cash at beginning	67.5	226.0	175.4	237.4
ROE (%)	24.7%	26.3%	27.5%	25.2%	Cash at end	226.0	175.4	237.4	380.2
ROCE (%)	25.9%	29.2%	30.8%	28.6%	<b>Per Share Data</b>	<b>FY19A</b>	<b>FY20A</b>	<b>FY21E</b>	<b>FY22E</b>
Debt/Equity Ratio (x)	0.10	0.09	0.08	0.07	Adj EPS	47.8	58.9	71.8	81.2
Price/BV (x)	5.6	5.2	4.2	3.4	BV per share	215.9	232.8	289.0	354.7
EV / Sales	2.0	1.9	1.6	1.3	Cash per share	70.0	54.4	73.6	117.8
EV / EBITDA	18.3	14.4	11.6	9.8	Dividend per share	6.1	33.7	13.0	13.0

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