

CMP: INR 443

Outlook: Positive

TP: INR 600

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
Mkt Cap (INR cr)	7,283
52w H/L (INR)	469/ 269
Avg Yearly Volume (in 000')	246

Shareholding Pattern %

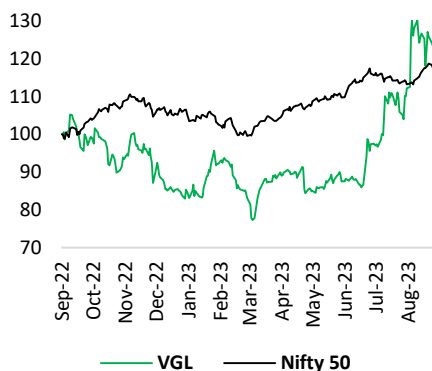
(As on June, 2023)

Promoters	57.21
FII	21.89
DII	6.24
Public & Others	0.06

Stock Performance (%)

	1m	3m	12m
Vaibhav Global	20.8	40.8	22.5
Nifty 50	2.1	5.4	13.5

VGL Vs Nifty 50



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Vaibhav Global Limited (VGL) is a global TV retailer across the value segment present in jewelry, accessories, and lifestyle product segments in the US, Germany, and the UK with an omnichannel reach. They have direct access to 141mn households (+11% YoY) through their home shopping networks. The company owns Shop LC for the USA, Shop TJC for the UK, and ShopLC for Germany which are 24-hour live shopping channels. It also owns proprietary web platforms tjc.co.uk, shoplc.com & shoplc.de to deepen customer engagement. It has also launched applications for retail platforms on smartphones. VGL has manufacturing units in India and China. Shop TJC, a wholly owned step-down subsidiary of the company, entered into an Agreement on 22nd September 2023 to acquire assets of Ideal World Ltd via an Asset Sale Agreement. Ideal World, with its proprietary TV shopping channel, is into teleshopping and digital retail of lifestyle products. With a legacy of 20+ years, it is one of the major teleshopping brands in the UK. Shop TJC will acquire Ideal World's IP rights, broadcasting rights, studio equipment, and other intangible assets. The transaction will be funded through internal accruals and will be consummated within the next 2 weeks.

Improving customer sentiment across key markets: In the US and UK, consumer sentiments remain muted but are showing obvious signs of improvement. The company continuously endeavors to improve customer outreach and household expansion continues in these markets by adding more TV cable and OTA households. **This acquisition was undertaken for the same reason.** The current opportunity size of the UK market is USD 2-2.5 bn.

Consistently gaining market share in the UK: In FY17 the company's market share in the UK was 4.8%, which went up to 10.1% by FY22. **VGL continued to grow in the UK through the pandemic and with the acquisition of the assets of Ideal World, this is only expected to go up drastically.**

Profitability position ahead of the market: VGL boasts an industry-leading gross margin of 60%. Part of this is due to the company's focus on increasing the share of B2C revenues which are currently 29% vs. the target 50% by FY25. It also has a robust brand portfolio of 31 brands across the value chain, but mostly in the value segment. **This acquisition will aid in further widening their customer reach and lead to possible margin expansion from the synergies and efficiencies that will arise from it.**

Outlook: VGL's growth prospects are expected to improve significantly post this acquisition, beating our previous expectations of an 8-10% revenue growth in FY24, and mid-teens revenue growth from FY25 onward. We are positive on the stock given growing registrations, future inorganic opportunities, improving customer retention, and repeat sales- all of which will create long-term value for shareholders. So far, they do not plan to enter any new markets and will instead focus on growing in existing markets, improving balance sheet health, as well as cost and price management. Ideal Shop clocked in a revenue of GBP 151 mn in FY20 (+16% YoY), EBITDA of GBP 13 mn (8.6%). Both of these factors have the potential to scale up significantly. It could add revenues of about GBP 65 mn to VGL. The company is currently valued at a P/E multiple of 64x the TTM EPS of INR 6.97. We are waiting on further details from the management post which we will update our rating. Currently we have a target price of INR 600 on the stock.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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