Vaibhav Global Limited

October 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	120.00 (Enhanced from 110.00)	CARE A+; Stable / CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of Vaibhav Global Limited (VGL) continue to derive strength from the vast experience of its promoters in manufacturing of gemstone-studded fashion jewellery & e-retail segment, its end-to-end vertically integrated operations, sustained growth in its scale of operations supported by better sales from the recent acquisitions along with scaling up of operations in its Germany subsidiary in FY25 (refers to the period of April 01 to March 31), moderate profitability, comfortable financial risk profile and strong liquidity.

The ratings, however, continue to remain constrained by geographical concentration of its revenue (mainly dependent on USA and UK markets) and susceptibility of its scale of operations to economic slowdown, local regulations and intense competition. The ratings strengths also continue to be partially offset by working capital intensity of its operations due to high inventory holding requirement, susceptibility of its profitability to volatility in exchange rate as well as raw material prices and the risk of bad debt/write-off on budget pay (EMI scheme) sales.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in total operating income (TOI) to more than ₹5000 crore through greater geographical diversification of its revenue with improvement in its operating profitability (PBILDT) margins on a sustained basis.
- Sustaining the comfortable capital structure and debt coverage indicators at current levels

Negative factors

- Decline in TOI below ₹2500 crore along with reduction in PBILDT margin below existing levels on a sustained basis
- Any major debt funded capex resulting into deterioration in capital structure with overall gearing moderating beyond 0.25 times.
- Significant increase in receivable/inventory level or bad debts affecting cash flows and profitability
- Any regulatory changes or slowdown in key markets (USA, UK & Germany) impacting the business of the company at consolidated level.

Analytical approach: Consolidated

The company has operational and financial synergies with its subsidiaries and hence consolidated approach has been considered. List of subsidiaries and step-down subsidiaries has been attached as Annexure- 6

Outlook: Stable

The Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectation that VGL will benefit from its experienced promoter group, established presence in the markets of USA and UK along with stabilisation of operations in Germany, and its comfortable financial risk profile.

Detailed description of key rating drivers

Key strengths

Experienced promoter group

Mr Sunil Agrawal, Managing Director & Promoter, has around four decades of experience in the gems and jewellery business. He is supported by a team of functional professionals and independent directors, who have vast experience in e-commerce and retail, finance, merchandising, etc. Under their leadership, the company has demonstrated a track record of growth in e-retail of jewellery as well as lifestyle products.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Vertically integrated business model with established presence in USA, UK & Germany

VGL has manufacturing facilities in India for jewellery and strong sourcing arrangements in over 30 countries through wholly owned subsidiaries (WOS) in China, Hong Kong, and Indonesia, amongst others resulting in integrated operations and has helped VGL to reduce delivery time. Furthermore, marketing of products through proprietary channels and increasing presence on web platforms, online marketplaces and social commerce platforms has helped VGL to improve its presence in the e-retail market. Under the retail division, VGL reported TV coverage of around 127 million households on full time equivalent (FTE) basis in UK and US with around 7.1 lakh unique customers and 4.10 lakh new customer registrations in FY25. VGL has achieved CSAT (Customer Satisfaction score) of 96% in both UK and USA market and 97% in Germany market. VGL operates through four proprietary television retail platforms: **Shop LC (USA)**, **Shop TJC and Ideal World (UK)**, and **Shop LC GmbH (Germany)**. Among these, **Shop LC USA contributes the largest share to the company's consolidated revenue**, underscoring its strategic importance within VGL's global operations.

For the FY25, **television-based sales accounted for approximately 59% (PY: 61%) of the company's Total Operating Income (TOI)** and remaining revenue is derived from VGL's digital/web platforms, which continue to gain traction as part of the company's omni-channel strategy.

The diversified geographic presence across key developed markets, coupled with a balanced revenue mix between TV and web platforms, supports VGL's business risk profile.

Sustained growth in scale of operations and moderate profitability

VGL reported y-o-y growth of 11% in its scale of operations to ₹3388.51 crore in FY25 as compared to ₹3050.35 crore in FY24. This growth was primarily driven by resilient performance in the US and UK markets, coupled with strong expansion in Germany. The company's ability to maintain growth momentum amid macroeconomic challenges demonstrates its operational resilience and effective cost management. While USA (the largest market) and UK registered a moderate y-o-y growth of 2% and 10% respectively in TOI in FY25, Germany registered sizeable growth of 21%.

The revenue mix of the company stood at 67% and 33% respectively for jewellery and non-jewellery portfolio in FY25 (PY: 70% and 30%). Further, during FY25, the revenue from B2C segment continued to contribute 95% of the TOI and the balance 5% was from B2B segment (PY: 95% and 5% respectively).

The PBILDT margin has remained largely stable at 9.73% in FY25 as compared to 10.19% in FY24, reflecting disciplined cost management and operational efficiencies, although slightly lower than FY24 due to inflationary pressure, resultant product mix and strategic investments in new markets. These measures have offset the increase in broadcasting expenses while also capitalizing on improvement in sales realization from TV and Web sales.

The average sales realization remained stable in TV sales to ₹3214/piece (PY: ₹3241/piece) and improved by 8% in web sales to ₹2690/ piece (PY: ₹2492/piece) on account of the increase in sale of high margin products. Thus, amidst the changing macro environment the focus of the company was largely on the sale of high value items rather than focusing only on volumes.

As per the provisional financials for Q1FY26 (refers to the period April 01 to June 30), VGL on a consolidated basis reported growth in Total Operating Income (TOI) of 9% to ₹814 crore (PY: ₹746.62 crore) with PBILDT margin of 7.62% (PY: 7.54%).

CARE Edge Ratings expects the TOI growth of 7% to 9% in the projected period supported by operating leverage and continued expansion across key markets. Further, owing to benefits of automation and rationalization of other infrastructure cost and achievement of full-year EBITDA profitability in Germany, the operating margin of VGL is also expected to improve in the medium term.

Scaling up of Germany operations and market penetration with successful acquisitions

VGL, through its wholly owned subsidiary, Shop TJC Ltd (UK), had made two acquisitions, viz. Ideal World (IW) (having prominent presence in UK) and Mindful Souls BV (MSB) (having presence in USA, UK/EU, Canada, and Australia) in FY25. These acquisitions resulted in a notable diversification of VGL's offerings and market, resulting in an increase in its scale of operations.

During FY25, MSB and IW reported substantial growth in its TOI to ₹146 crore and ₹228 crore in FY25 (P.Y.: ₹75.87 crore and ₹71.40 crore respectively). Additionally, IW achieved profitability by H2FY25. Meanwhile, MSB generated healthy profit margin in FY25.

Further, within four years of operations, the revenue from Germany market has also scaled up depicting y-o-y growth of 21% to ₹280.60 crore as compared to ₹232 crores in FY24. Furthermore, the segment achieved breakeven in Q3FY25, contributing positively to the group's scale of operations as well as profitability.

Comfortable capital structure and debt coverage indicators

A healthy net worth base supported by strong cash accruals and lower debt levels resulted in a low overall gearing for VGL at 0.21 times as on March 31, 2025 (P.Y. end 0.22 times). Further, the debt coverage indicators remained comfortable marked by interest coverage and the total debt to GCA of 22.07 times (PY:26.53 times) and 0.96 x (1.00 x) respectively as on March 31, 2025. The total outside liabilities to net-worth stands comfortable at 0.62 rimes (PY:0.63 times) as on March 31, 2025.

Key weaknesses

High geographical concentration with susceptibility of demand to economic slowdown in key markets

VGL generates majority of its revenues and profits from its subsidiaries in USA and UK. Considering demand of jewellery and lifestyle products is largely discretionary in nature, retail demand for the products and in turn VGL's business prospects is directly linked with economic scenario in its key consumer markets. VGL's vertically integrated model and diversified global sourcing have helped maintain operational resilience amid tariff hikes on India exports to USA. The company has pre-shipped inventory to the U.S., enabling gradual price adjustments and preserving competitiveness. Further, to mitigates exposure to trade-related risks, VGL ahs adopted diversified sourcing strategy across tariff-neutral geographies such as Thailand, Indonesia, Europe, Turkey, the UK, Middle East, and Mexico. And in jewellery segment, VGL has adopted a hybrid manufacturing model, initiating casting operations in the U.S. with final processing in India. This approach enables partial localization, reducing tariff liability while maintaining cost efficiency and product quality.

CARE Edge Ratings expects Germany operations to further scale up in the near term, providing necessary diversification to its revenue stream and contribute to VGL's profitability.

Susceptibility of profit margin to exchange rate fluctuation and raw material prices

Being a 100% Export Oriented Unit, VGL's profitability is susceptible to exchange rate movements. While the risk on unhedged net receivables is mitigated to a certain extent by availing working capital borrowings in foreign currencies, the group's profitability remains susceptible to timing differences.

Moreover, VGL's profitability is also vulnerable to high volatility in the prices of key raw materials for VGL's gems and jewellery products (gemstones, gold and silver).

Intense competition with operations susceptible to strict laws and regulations

VGL's operations in USA, UK and Germany are subject to strict laws and regulations applicable to television and e-commerce business. Moreover, e-commerce retail business is highly competitive and VGL faces direct competition from other established television shopping and ecommerce retailers, traditional brick and mortar stores, discount stores, warehouse stores and speciality stores, catalogue and mail order retailers in USA and UK market. VGL would need to continuously improve, upgrade, adapt and expand technology systems and infrastructure to offer value to its customers with enhanced customer experience in a cost efficient and competitive manner.

Risk of bad debts

A sizeable portion of VGL's revenue is contributed by budget pay EMI scheme, which exposes the company to risks associated with non-receipt of payments from customers. During FY25, VGL's budget pay EMI scheme remained stable and constituted around 39% of total B2C sales (PY: 39%). This scheme (with product return option) allows the customers to pay in interest-free monthly instalments (maximum six instalments, with the first instalment being paid upfront). While total bad debts (including b2b business bad debts) written off/provision for bad debts remains low in F25, any increase in bad debts or receivable levels can adversely impact the profitability and liquidity of the company; consequently, the same remains crucial from credit perspective.

High inventory holding

As VGL's business model (on consolidated basis) is largely B2C sales model, the company needs to maintain optimum inventory level of around three months, which exposes the company to risks of obsoletion/ lower profitability; VGL liquidates its slow-moving inventory through rising auctions and clearance sales at a frequent interval. Moreover, increase in scale of operations, expansion of product portfolio and a higher lead time has resulted in increase in VGL's inventory levels in last few years. However, the operating cycle remains moderate and stood stable at 92 days in FY25 (FY24: 92 days).

Further, in Q1FY26 at the consolidated level, the company has demonstrated proactive inventory management in response to anticipated tariff increases in the United States, with tariffs rise to 50%. In anticipation, the company strategically advanced its inventory shipments to the U.S. market.

VGL's receivables level usually remains low since majority of its sales is B2C. Current ratio and quick ratio stood around 2.32 times and 1.12 times (PY: 2.25 times and 1.11 times) as on March 31, 2025, respectively.

Liquidity: Strong

Focus on optimizing inventory levels and collection efficiency has resulted in improvement in VGL's liquidity marked by healthy growth in free cash and bank balance including liquid investments of ₹216.71 crore as on March 31, 2025 (₹194.87 crore as on March 31, 2024) and moderate utilisation of fund-based limits working capital limits at 63% for the trailing 12 months ended August 31, 2025.

VGL generated cash flow from operations of ₹147.29 crore (PY: ₹240.82 crore). The moderation in cash flow is primarily attributable to an increase in inventory levels in the United States, undertaken in anticipation of a potential rise in tariff rates.

Further, the company can receive remittance from its foreign subsidiaries anytime without permission from RBI by receiving advance from its foreign subsidiaries against sale of goods deliverable within 180 days in case of any contingencies.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks

Particulars	***Compliance and action taken by the company***
Environmental	1. Renewable Energy: VGL added 450 kW of solar capacity, taking the total to 3.68 MW. It generated 4.4 million kWh of solar power in FY25 2. Water Conservation: Installed rainwater harvesting tanks with a total capacity of ~10,000 KL near manufacturing and office sites 3. Waste Management: Achieved 100% waste recycling in FY25, up from ~67% in FY24. 4. Emission Reduction: Scope 1 and 2 emission intensity reduced to 5.6 tCO_2e/Rs. 8.10 crore (PY: 9.40 crore). VGL aims for carbon neutrality by FY31 5. Sustainable Sourcing: Introduced a Supplier ESG Ratings Tool to monitor environmental impacts, including biodiversity
Social	1. Mid-Day Meal Programme: Delivered 13 million meals in FY25; cumulative meals crossed 100 million under the "Your Purchase Feeds…" initiative. 2. Employee Welfare: Distributed electric two-wheelers (e2Ws), offered scholarships, mental health support, and career development programs. Attrition rate stood at 13% (PY: 14%) 3. Training & Safety: Training hours declined to 46,636 hours (13 hours/employee), with a slight increase in LTIFR to 1.48 (PY: 1.32) 4. CSR Spending: Increased to ₹2.7 crore, though job creation in rural areas and aspirational districts remains an area for improvement
Governance	1. ESG Governance: ESG oversight through a dedicated sustainability team, governance committee, and sustainability-linked compensation for senior management 2. Board Composition: 8 directors, including 3 independent members. Diversity at board and senior management levels remains limited 3. Transparency & Compliance: Adoption of RegTech systems, internal sustainability targets, and detailed disclosures in the Business Responsibility and Sustainability Report (BRSR).

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Cut and Polished Diamonds
Short Term Instruments
Retail

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Gems, Jewellery And Watches

Incorporated on May 08, 1989, VGL is a 100% Export Oriented Unit (EOU) having manufacturing set-up for gemstone studded jewellery at Sitapura, Jaipur along with diamond sourcing and manufacturing unit at Mumbai. VGL manufactures low-cost gemstone studded jewellery primarily made of silver and other metals. VGL also sells fashion accessories, lifestyle products and textile and home décor products sourced from various micro markets including India, China, Thailand and Indonesia. VGL retails the products through four proprietary 24 hour TV channels [Shop LC in USA & Canada and The Jewellery Channel (TJC) & Ideal world in UK, Shop LC in Germany]
on all the major cable, satellite and DTH platforms. Furthermore, VGL operates e-commerce websites in US (www.shoplc.com) UK (www.tjc.co.uk and www.idealworld.tv) and Germany (www.shoplc.de) and mobile applications, which complements VGL's TV coverage, while
diversifying customer engagement.

Consolidated

Particular	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	3050.35	3388.51	814.00
PBILDT	310.81	329.72	62.00
PAT	126.74	153.13	38.00
Overall gearing (times)	0.22	0.21	-
Interest coverage (times)	26.53	22.07	15.50

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Packing Credit in Foreign Currency		-	-	-	120.00	CARE A+; Stable / CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - ST-Bank Guarantee	ST	-	-	-	-	-	1)Withdrawn (02-Sep-22)
2	Fund-based - LT/ ST-Packing Credit in Foreign Currency	LT/ST	120.00	CARE A+; Stable / CARE A1	-	1)CARE A+; Stable / CARE A1 (24-Sep-24)	1)CARE A; Stable / CARE A1 (09-Oct-23)	1)CARE A; Stable / CARE A1 (02-Sep-22)
3	Non-fund-based - ST-Forward Contract	ST	-	-	-	-	-	1)Withdrawn (02-Sep-22)
4	Non-fund-based - ST-Forward Contract	ST	-	-	-	1)Withdrawn (24-Sep-24)	1)CARE A1 (09-Oct-23)	-
5	Fund-based - LT-Cash Credit	LT	-	-	-	1)Withdrawn (24-Sep-24)	1)CARE A; Stable (09-Oct-23)	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Packing Credit in Foreign Currency	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation (As on March 31, 2025)	Rationale for consolidation
1	VGL Retail Ventures Limited, Mauritius	Full	Wholly owned subsidiaries
2	STS Global Limited, Thailand	Full	
3	STS Global Limited, Japan	Full	
4	STS Global Supply Limited, Hong Kong	Full	
5	STS Global Limited, Thailand	Full	
6	STS Jewels Inc., USA	Full	
8	Shop LC GmbH, Germany	Full	
9	Shop TJC Limited, UK	Full	Wholly owned Step-down subsidiaries.
10	Shop LC Global Inc., USA	Full	
11	Pt. STS Bali, Indonesia	Full	
12	STS (Guangzhou) Trading Limited	Full	
13	The Mindful Souls BV, Netherlands	Full	

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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