

July 21, 2025

Vaibhav Global Limited: Ratings upgraded to [ICRA]A+ (Stable)/ [ICRA]A1+

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based Limits	105.00	105.00	[ICRA]A+; upgraded from [ICRA]A and outlook revised to Stable from Positive
Short-term – Non-fund Based Limits	5.00	5.00	[ICRA]A1+; upgraded from [ICRA]A1
Short-term – Interchangeable Limits	(15.00)	(15.00)	[ICRA]A1+; upgraded from [ICRA]A1
Total	110.00	110.00	

*Instrument details are provided in Annexure I

Rationale

The revision in the ratings of Vaibhav Global Limited (VGL) reflects its increasing scale of operations, driven by growth in the base business and the ramp-up of the acquired businesses. Moreover, VGL's German operations¹ achieved OPBDITA² breakeven in H2 FY2025 and is expected to report OPBDITA breakeven for the full year FY2026. Continued improvement in the revenues, coupled with a steady increase in its consolidated operating profit margins (OPM), supported by the benefits of operating leverage, cost savings initiatives and the expected improving profitability from German operations and Ideal World³, will result in an overall rise in its earnings, going forward. The financial risk profile of the company remains healthy, characterised by strong liquidity position and comfortable capital structure with below unity gearing and robust debt coverage indicators.

The ratings continue to factor in the extensive experience of over three decades of VGL's promoters in the e-retail business and its end-to-end vertically integrated business model with an established supplier network. Focus on increasing the share of in-house brands as well as attractive value positioning of its products helped VGL generate consistent high gross profit margin of over 60%. The ratings also favourably factor in the extensive coverage of the company-operated television channels with a reach of 127 million households across the US, the UK and Germany, as on March 31, 2025.

ICRA notes the regular investments undertaken by VGL towards broadcasting and content charges, airtime cost and digital marketing, which exert pressure on its OPM. These investments are being undertaken to increase household coverage, geographical reach and strengthen digital businesses of VGL. The company's ability to generate adequate returns on these investments will be critical determinants of OPM and will remain a key monitorable.

VGL's exposure to geographical concentration risk remains high as over 80% of its sales emanate from the US and the UK regions, where the company directly competes with other established players in the TV home shopping segment and other e-commerce players. VGL's operations also remain susceptible to local regulations as well as demand prospects in these countries. Around 39% of the company's sales (in FY2025) came through budget pay schemes, which expose VGL's OPM and cash flows to the risk of bad/doubtful debts. The company's profitability also remains susceptible to foreign exchange fluctuations on account of its overseas operations. However, the risk is mitigated to a large extent as it hedges a major portion of its exposure through forward contracts. ICRA notes the near-term uncertainties posed by the proposed US tariffs on imports

¹ In FY2022, the company started its operations in Germany with access to 24 million households, which increased to 40 million households in FY2025

² Operating profit before depreciation, interest, tax and amortisation

³ VGL, through its wholly owned subsidiary, Shop TJC Limited (UK), acquired UK-based Ideal World in September 2023

from India and also the medium-term opportunities for the industry, including VGL, from the India-UK free trade agreement (FTA).

Key rating drivers and their description

Credit strengths

Extensive experience of the promoters in e-tailing industry – The company continues to benefit from the extensive experience of its promoters spanning over three decades in the fashion jewellery and lifestyle products, e-retail industry as well as its established track record over the years.

End-to-end vertically integrated business; focus on increasing the share of private label sales – VGL has its own manufacturing set-up in Jaipur, Rajasthan, which caters to a large part of its fashion jewellery requirements. The company sources lifestyle products (like watches, hair accessories, etc.) and a part of the jewellery from its established supplier network in over 30 countries, including China, Thailand and Indonesia, among others. It has a vertically integrated supply chain with a low-cost manufacturing base in Asia. It does value sourcing from more than 30 countries and sells in developed markets of the US, the UK and Germany. This has enabled it to maintain a gross margin of more than 60% during the past six years. In FY2025, VGL's gross margin improved to 65.4% from 64.6% in FY2024, led by better pricing and product mix. Over the years, the management has also focused on expanding and strengthening its in-house brand portfolio, where margins are relatively better vis-à-vis third-party brands. The management aims to increase the revenue contribution of its own branded products sales to around 50% in FY2027 from around 32% in FY2025.

Extensive reach to 127 million households in the US, the UK and Germany; strong brand presence of VGL-owned channels in the US and the UK as well as attractive value positioning of products – VGL is an online retailer of fashion jewellery and lifestyle accessories on its proprietary TV home shopping channels (24x7x365 channels) and e-commerce platforms with live telecasts in the US, the UK and Germany. In FY2025, VGL generated 59% of its sales from its TV platforms, and the balance 41% from web platforms. VGL's TV home shopping platforms provide direct customer access to ~127 million households on a full-time equivalent basis. The company offers value proposition to its customers by pricing its products at \$30-40 per piece on an average.

Strong financial profile – The debt profile of the company comprises working capital borrowings. Led by adequate cash flows, VGL's dependence on debt has remained limited, translating into strong financial profile. VGL has a comfortable capital structure with a gearing of 0.2 times as on March 31, 2025. The debt coverage indicators too, have remained robust, as evident from an interest cover of 19.4 and net cash accruals vis-a-vis its total debt of 58% in FY2025. The company continues to maintain its net cash surplus position, with a net cash of Rs. 131 crore as on March 31, 2025.

Credit challenges

Exposed to intense competition – VGL sells its products in the US, the UK and Germany, where it competes with several large and established players like Qurate Retail (QVC), Shop HQ as well as other e-commerce players like Amazon. It also faces stiff competition from traditional retail formats. Besides, the company's business remains exposed to local regulations applicable to online retail industry in these operating countries. The operations of the company are also subject to local laws and regulations applicable to e-commerce business in the US, UK and Germany.

High geographical concentration; given the discretionary nature of spending, demand remains susceptible to economic slowdown in these regions – VGL faces high geographical concentration risk as about 88% of its revenues in FY2025 were derived from the US and the UK regions. Further, given the discretionary nature of spending on fashion jewellery and lifestyle products, its demand prospects remain susceptible to economic slowdown in these markets, as seen in FY2023 and FY2024 when its revenues were impacted due to inflationary pressure and a subsequent decline in discretionary spending of the consumers. In FY2025, the demand conditions in the UK market remained subdued, however, a gradual rebound in consumer demand in the US, coupled with scale-up of German operations and the recently acquired businesses of Ideal World and

Mindful Souls, resulted in a 11% YoY growth in VGL's revenues to Rs. 3,380 crore. The company forayed into the German market in FY2022 to diversify its geographical presence. While the customer traction in Germany has been increasing on a quarter-on-quarter basis, the revenues are yet to pick up meaningfully. However, ICRA draws comfort from the OPBDITA breakeven witnessed by the German operations in H2 FY2025 with FY2026 expected to achieve OPBDITA breakeven on full-year basis. The company's ability to profitably ramp up German operations and that of the acquired businesses and further diversify its operations are key rating factors.

Vulnerability of profit margins to risk of bad debt from budget pay schemes as well as foreign currency fluctuations; company's hedging policy limits the foreign currency risk to a large extent – Around 39% of the company's sales in FY2025 were made through budget pay schemes, which expose VGL's profitability to the risk of bad/doubtful debt. The budget-pay scheme allows VGL's customers to pay the dues in two to five instalments, with the first one getting paid immediately and the remaining amount getting paid in monthly instalments as per the number of instalments offered. In FY2025, the company wrote off doubtful debts and advances of ~Rs. 30.9 crore, against Rs. 32.9 crore in FY2024 (which translates into ~1% of consolidated revenues). Any significant increase in bad debt/doubtful debt write-offs can adversely impact the profit margins and liquidity of the company and remains a key rating sensitivity. The OPM of the company also remains susceptible to foreign exchange rate fluctuations on account of its overseas operations, though the risk is mitigated to a large extent owing to hedging of a major portion through forward contracts.

Environmental and social risks

Environmental considerations: VGL has low exposure to environmental risks. The sector does not face any major physical climate risk. The environmental risks are mainly related to responsible sourcing (including products and packaging), given its dependence on external suppliers as well.

Social considerations: VGL is exposed to privacy and legal risks as it is present in the e-tailing sector involving large access to customers' data. Being a manpower intensive segment, retail entities are exposed to the risks of disruptions due to inability to properly manage human capital in terms of their safety and the overall well-being. The company is also accountable for product and supply chain sustainability, given the high reliance on external suppliers.

Liquidity position: Strong

VGL's liquidity position is strong, supported by free cash and bank balance and liquid investments of Rs. 245 crore as on March 31, 2025. The company does not have any major debt repayment. Cash flow from operations has remained strong in the range of Rs. 100-200 crore in the last three years, driven by increasing scale of operations with limited dependence on external debt and efficient working capital management. Going forward, the cash flows are likely to improve as VGL expands its household coverage, improve products offerings along with the benefits of operating leverage and profitable ramp-of operations of the acquired entities and German operations. Additionally, it does not have any major capex plan in the near term. The company has sanctioned fund-based working capital limits of Rs. 113 crore where the average utilisation stood at 64% during the last 12 months ended in April 2025, which provides additional liquidity cushion.

Rating sensitivities

Positive factors – The long-term rating may be upgraded if the company is able to demonstrate a material improvement in revenues amid a diversified business profile, along with an increase in profitability while maintaining a comfortable liquidity position.

Negative factors – ICRA may revise the ratings downward if any sharp weakening in demand conditions in the company's key markets results in a significant decline in revenues and profitability on a sustained basis. Any major debt-funded capex/acquisition or an increase in the working capital intensity that results in a moderation in debt coverage indicators or liquidity position of the company on a sustained basis may also trigger a negative rating action.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Retail
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of VGL. As on March 31, 2025, the company had nine subsidiaries and five step-down subsidiaries, which are enlisted in Annexure-2.

About the company

Incorporated in 1989, VGL is involved in e-retailing of fashion jewellery, gemstones jewellery, fashion accessories and lifestyle products like watches, hair accessories, beauty and home décor products sourced from across the globe. VGL has nine direct subsidiaries and five step-down subsidiaries, through which it operates 24-hour TV channels (Shop LC in the US, Shop TJC and Ideal World in the UK, and Shop LC in Germany) and e-commerce websites (shoplc.com, tjc.co.uk, www.idealworld.tv, www.mindfulsouls.com and shoplc.de) that complement the company's TV-based operations. VGL is promoted by Mr. Sunil Agrawal, who is the Managing Director of the company.

In September 2023, Shop TJC Limited, UK (a wholly-owned subsidiary of VGL) acquired Ideal World for 1.125 million pound (Rs. 12 crore approximately). Additionally, in September 2023, Shop TJC Limited acquired a 100% stake in Mindful Souls for a total consideration of 12 million euro (Rs. 105 crore approximately).

Key financial indicators (audited)

VGL (consolidated)	FY2024	FY2025*
Operating income	3,041	3,380
PAT	127	153
OPBDIT/OI	8.8%	8.6%
PAT/OI	4.2%	4.5%
Total outside liabilities/Tangible net worth (times)	0.5	0.5
Total debt/OPBDIT (times)	0.8	0.8
Interest coverage (times)	22.9	19.4

Source: Company, ICRA Research; * As per BSE release; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	Jul 21, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based Limits	Long term	105.00	[ICRA]A+ (Stable)	Oct-28-24	[ICRA]A (Positive)	Dec-04-23	[ICRA]A (Stable)	Oct-07-22	[ICRA]A (Stable)
Non-fund Based Limits	Long term	5.00	[ICRA]A1+	Oct-28-24	[ICRA]A1	Dec-04-23	[ICRA]A1	Oct-07-22	[ICRA]A1
Interchangeable Limits	Short term	(15.00)*	[ICRA]A1+	Oct-28-24	[ICRA]A1	Dec-04-23	[ICRA]A1	Oct-07-22	[ICRA]A1

*Sublimit of fund-based limits

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term - Fund Based Limits	Simple
Short Term - Non-Fund Based Limits	Very Simple
Short Term - Interchangeable Limits	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fund-based limits	-	-	-	105.00	[ICRA]A+ (Stable)
NA	Non-fund-based limits	-	-	-	5.00	[ICRA]A1+
NA	Short Term - Interchangeable Limits	-	-	-	(15.00)*	[ICRA]A1+

Source: Company; *Interchangeable

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company name	ownership	Consolidation approach
Vaibhav Global Limited	Rated Entity	Full Consolidation
VGL Retail Ventures Limited, Mauritius	100.00%	Full Consolidation
STS Jewels Inc., USA	100.00%	Full Consolidation
STS Global Supply Limited (formerly STS Gems Limited), Hong Kong	100.00%	Full Consolidation
STS Global Limited (Formerly STS Gems Thai Limited), Thailand	100.00%	Full Consolidation
STS Global Limited (Formerly STS Gems Japan Limited), Japan	100.00%	Full Consolidation
Vaibhav Vistar Limited^^	100.00%	Full Consolidation
Vaibhav Lifestyle Limited	100.00%	Full Consolidation
Shop LC GmbH, Germany	100.00%	Full Consolidation
Encase Packaging Private Limited**	60.00%	Full Consolidation
Shop TJC Limited, UK^	-	Full Consolidation
Shop LC Global Inc., US^	-	Full Consolidation
Mindful Souls BV	100.00%	Full Consolidation
PT. STS Bali^	-	Full Consolidation
STS (Guangzhou) Trading Limited^	-	Full Consolidation

Source: As per BSE release for Q4 FY2025, ^ step-down subsidiaries of VGL

^^ Ceased to be subsidiary of Vaibhav Global Limited wef 18 January 2025

** Ceased to be subsidiary of Vaibhav Global Limited wef 30 September 2024

ANALYST CONTACTS

Jitin Makkar

+91 124 4545368

jitinm@icraindia.com

Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Sakshi Suneja

+91 22 61693345

sakshi.suneja@icraindia.com

Taanisha Sharma

+91 22 6169 3344

taanisha.sharma@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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