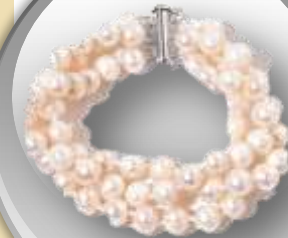


# Vaibhav Global Limited

Global Retailer of Fashion and Lifestyle Accessories  
on Home TV and e-Commerce Platforms

Financial Results Presentation  
Q3 & 9M FY2017

February 2017



# Safe Harbor

*Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements.*

*Vaibhav Global Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

# Vaibhav Global – An Overview

## Vertically-integrated fashion retailer on electronic retail platforms

- End-to-end B2C business model for fashion and lifestyle accessories
- Proprietary TV home-shopping and e-commerce platforms

## Shop LC and TJC are brands with strong customer visibility

- 111 million (FTE) households on TV shopping in the US and UK; expanding online presence
- Positive customer engagement metrics – customer base, retention rate, repeat purchases

## Robust customer engagement

- Sizeable B2C franchise in developed markets – unique achievement for an Indian Company
- Growing recognition of deep value fashion products enables scaling to adjacent categories

## Hybrid supply chain infrastructure

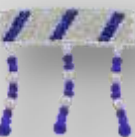
- Established and efficient manufacturing operations in Jaipur, India
- Outsourcing from China, Thailand, Indonesia and India; aggressive trend spotting initiatives

## Solid infrastructure backbone

- Investments in customer interface, production, warehousing facilities, supply chain and CRM
- Scalable model with limited capex requirement

## Strong management team

- Professional, experienced management team having in-depth knowledge and industry experience
- Talent pool across marketing, merchandising, operations, technical and strategy functions



# Vaibhav Global – Reach

## Shop LC, USA

- TV channel retail
- E-commerce website



## STS USA

- B2B Wholesale distribution



## VGL India

- Group HQ
- Gemstones & jewelry manufacturing
- Product Development



## The Jewellery Channel, UK

- TV channel retail
- E-commerce website



## STS China, Hong Kong

- Sourcing Gemstones



## STS Thailand

- Sourcing Gemstones



## STS Bali

- Sourcing Gemstones



# Table of Contents

<b>Q3 &amp; 9M FY17 Financial Performance</b>	<b>5</b>
Financial Performance Trends	12
Business Background Details	20



# Key Highlights for Q3 & 9M FY17

## Home TV Network Reaches 111 Mn Households, FTE Coverage Increases 2.4% YoY

- 111 million households on full time equivalent (FTE) basis
- 86 million households in the US
- 25 million households in the UK

## Q3FY17 Retail Volumes at 2.4 Million Units, up 12% YoY

- Home TV shopping volumes at 1.79 million units
- Web shopping volumes at 0.61 million units
- Resumption of positive volume growth on both platforms
- Deep customer engagement drives repeat purchases

## Q3FY17 - Financial Performance

- Total Revenue at Rs. 405 crore, up 14.6%
- EBITDA at Rs. 36 crore, up 49.1%
- Gross Margin stood at 58.3%
- PAT at Rs. 23 crore, up 87%

## Operating Highlights

- Presence in **86 million (FTE)** households in the US (out of 125 million total households)
- Focus on strengthening in-house brands, improve programming via engaging storytelling and on-air guest experts to improve customer experience
- Liquidation Channel re-branded Shop LC in the US
- Budget Pay launched on TjC UK TV channel in Oct'16
- Mobile App launched for Shop LC, USA
- Budget Pay launched for website ShopLC.com in the US

# Chairman's Message

Commenting on Q3 & 9M FY17 performance, Mr. Sunil Agrawal, Chairman and Managing Director, Vaibhav Global said:



*“Our third quarter financial performance demonstrates accelerating growth momentum with revenues expanding by **14.6%** YoY on net basis. We have witnessed encouraging expansion in volumes which grew **12%** YoY as per guidance. Gross margins were impacted due to higher B2B sales contribution and the devaluation of GBP which affected UK revenues for the first 9 months of this year. However, core retail business margins are stable and per unit contribution remains significant, based on our low cost manufacturing / procurement capabilities which is a key differentiator for the Company.*”

*We continue on the path of evolution and successfully undertook the rebranding of Liquidation Channel to Shop LC. Over the years, we have expanded our offerings to include a range of lifestyle and fashion products and Shop LC more appropriately reflects our current business model with its wide-ranging merchandise offerings. We also recently launched the mobile application for Shop LC which is seeing a good number of downloads and initial sales activity. We have also introduced Budget Pay instalment options for our UK TV customers and US web customers, and expect to offer Budget Pay to UK web customers very soon. Our partnership with ‘Magic Breakfast’ in the UK expanded the TjC One for One program, which has successfully delivered over 7 million meals since its inception in January 2015. This unique program has been very well regarded with our customers in the UK and the encouraging response has helped us tide over the uncertainties witnessed post Brexit. Our ongoing initiatives to engage more deeply with buyers are being widely welcomed and we saw another \$ 1 Million Day performance for Black Friday in the US.*

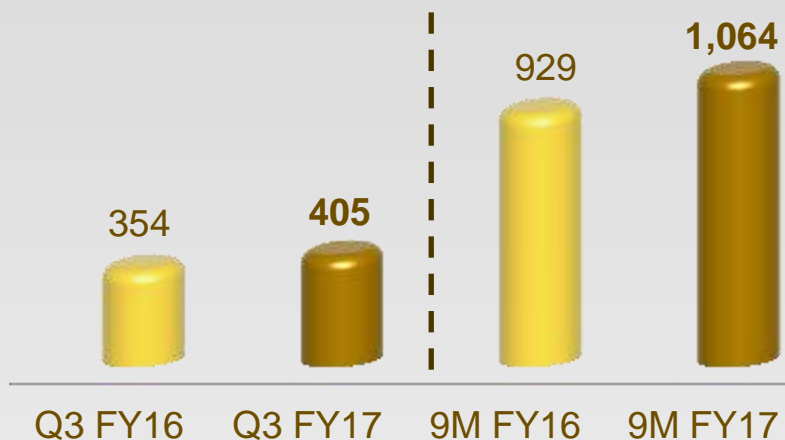
*I would like to reiterate here that we remain extremely confident about the business model as we have already made significant investments in gaining strong customer visibility and look forward to expand our deep value proposition to them and also enhance value to all our other stakeholders.”*



# Financials – Q3 & 9M FY17 Performance

(Revenues)

Revenues (Rs. crore)

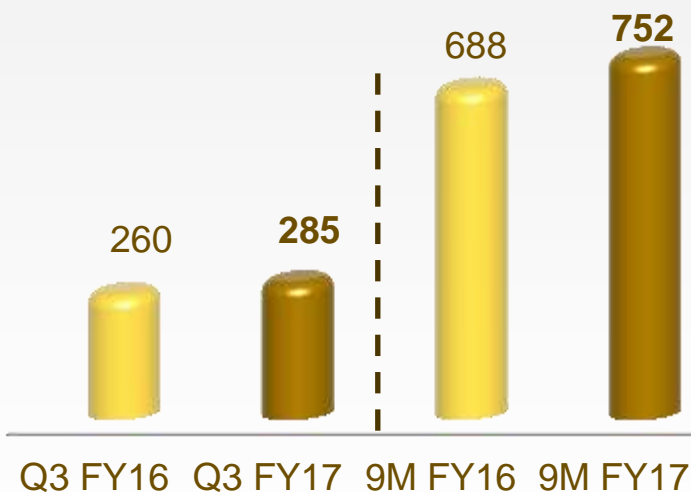


Net Revenue

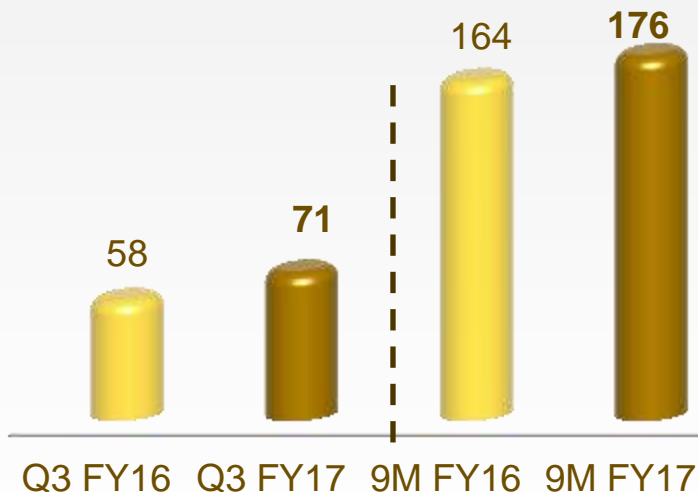
Local Currency	Q3 FY17	Q3 FY16	% Change
LC – USD mn	40.5	34.6	17.3%
UK – GBP mn	9.9	9.1	9.8%

## Jewelry & Lifestyle Products

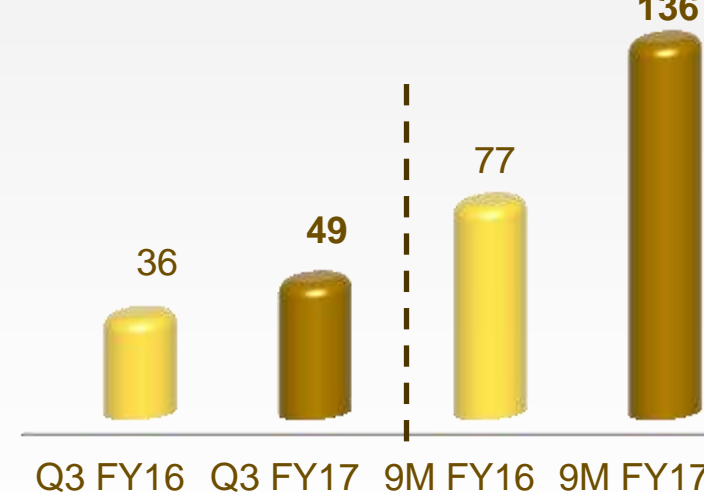
TV Sales Rs. crore



Web Sales Rs. crore



B2B Sales Rs. crore

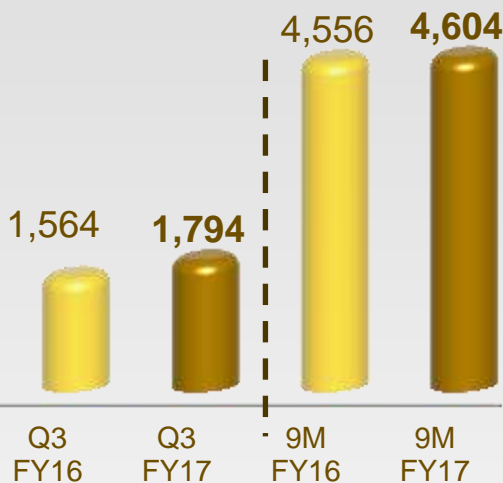




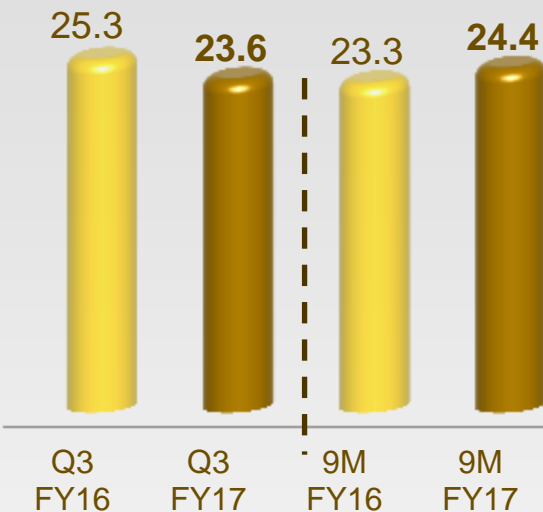
# Retail Performance Trends

## TV Sales

Sales Volumes ('000s)

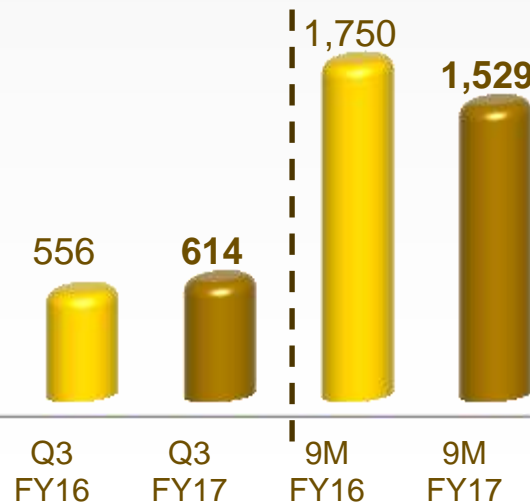


Average selling price US\$

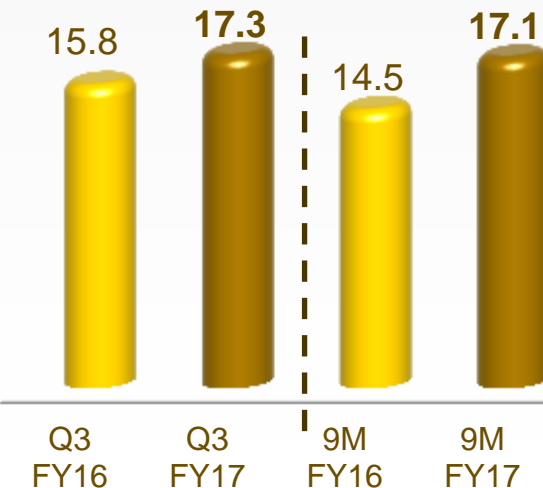


## Web Sales

Sales Volumes ('000s)



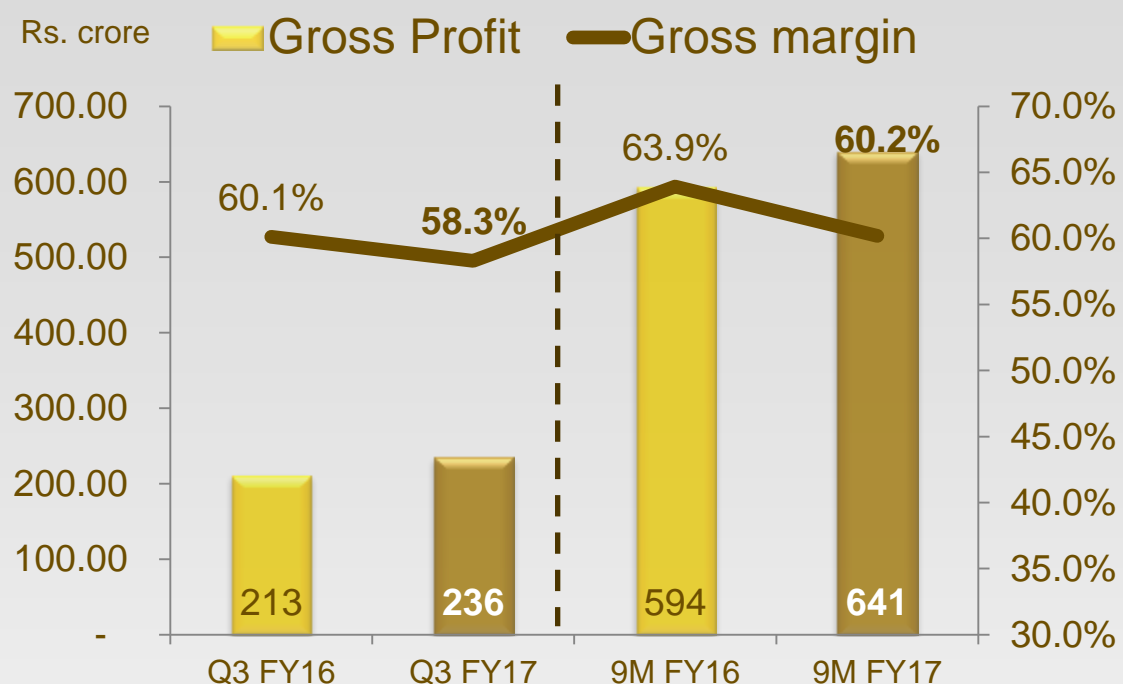
Average selling price US\$



- 'Budget Pay' EMI scheme, in-house brands and easy returns policy led to robust sales growth
- TV volumes grew by 14.7% YoY in Q3FY17
- TV ASP reduced from Q1 \$27 to Q3 \$24
- Web volume growth returned affirming our deeper consumer engagement; growing 10.4% YoY in Q3FY17
- Web ASP went down from Q1 \$18 to Q3 \$17

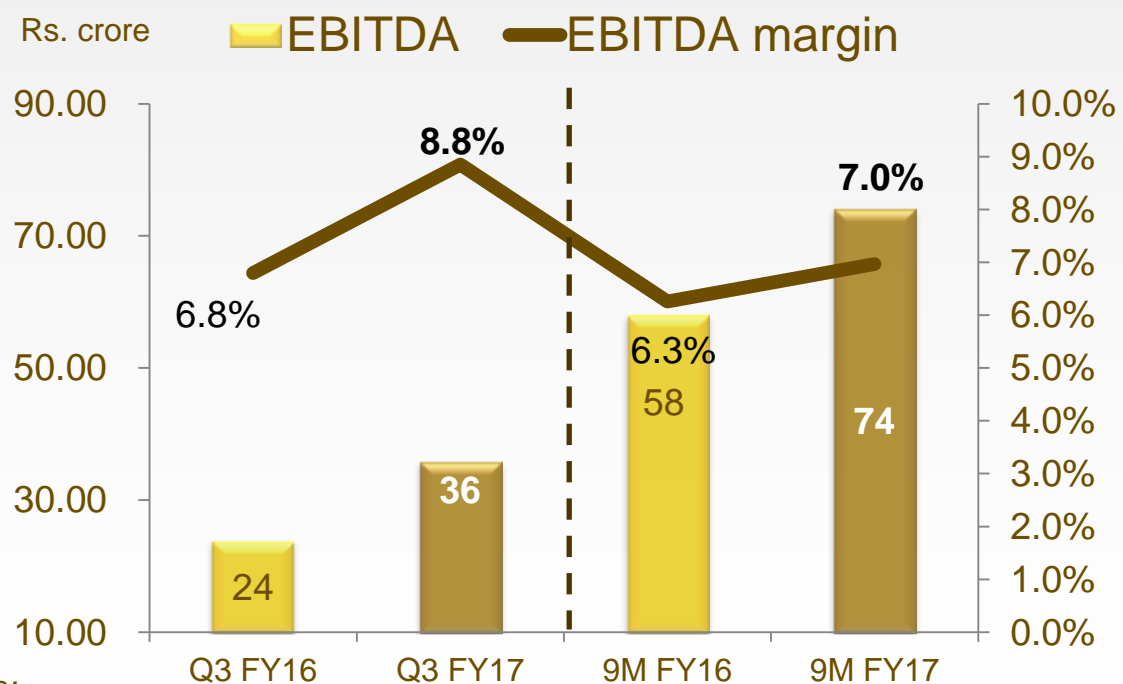
# Financials – Q3 & 9M FY17 Performance

(Margins)



- Q3FY17 gross margin is in line with expectations – decline is due to:
  1. GBP devaluation translation to INR
  2. Higher revenue contribution from opportunistic B2B sales

Note: Direct costs for calculation of gross profit includes material cost, job work charges and manufacturing cost



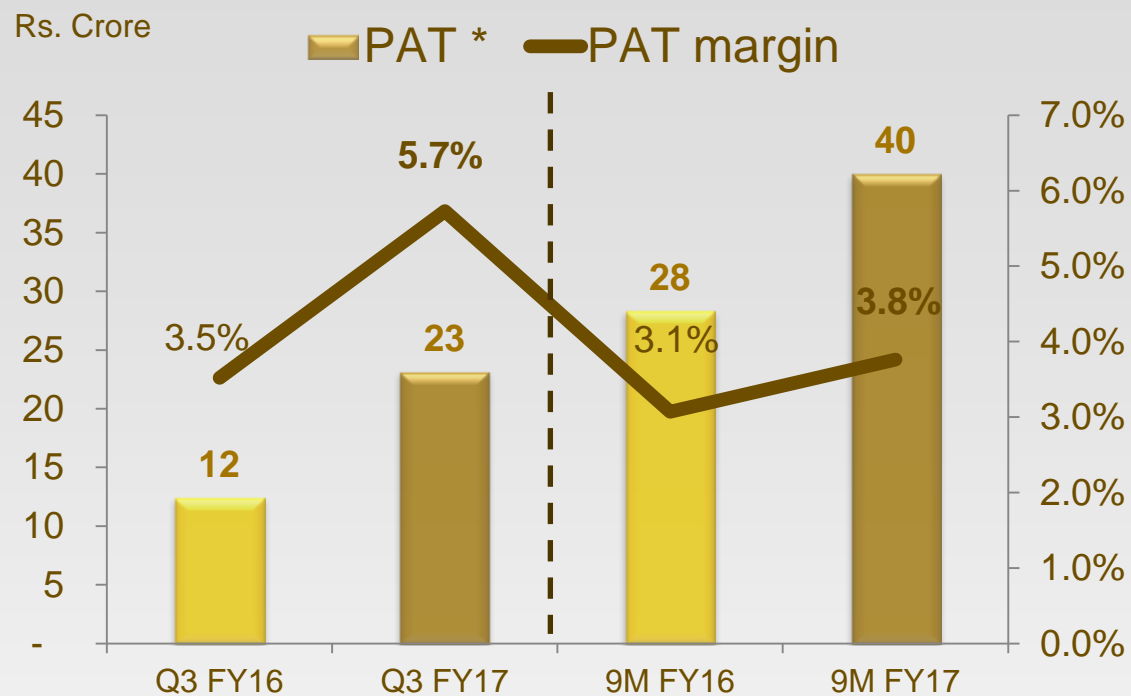
- EBITDA increased aided by higher topline and operating leverage of business

Note:  
 EBITDA excludes exchange gain/loss;  
 EBITDA margin including exchange gain/loss stood at 8.6% in Q3FY17 v/s 6.5% in Q3FY16  
 EBITDA margin including exchange gain/loss stood at 6.8% in 9MFY17 v/s 6.5% in 9MFY16

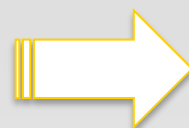


# Financials – Q3 & 9M FY17 Performance

(Profits)



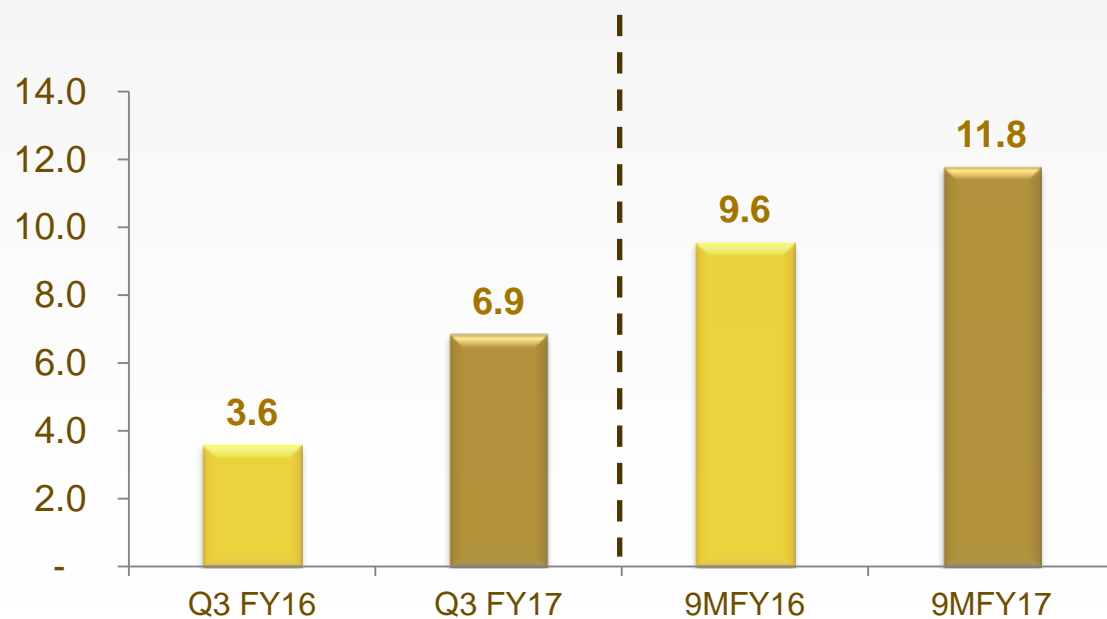
\* Profit after tax without exchange gain(loss) fluctuation.



- Q3FY17 net margin expanded 220 bps to 5.7% as operating profit growth saw strong translation into PAT growth of 93.8%

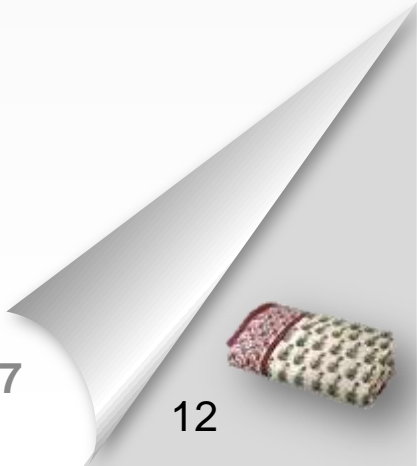
Rs. per share

**EPS**



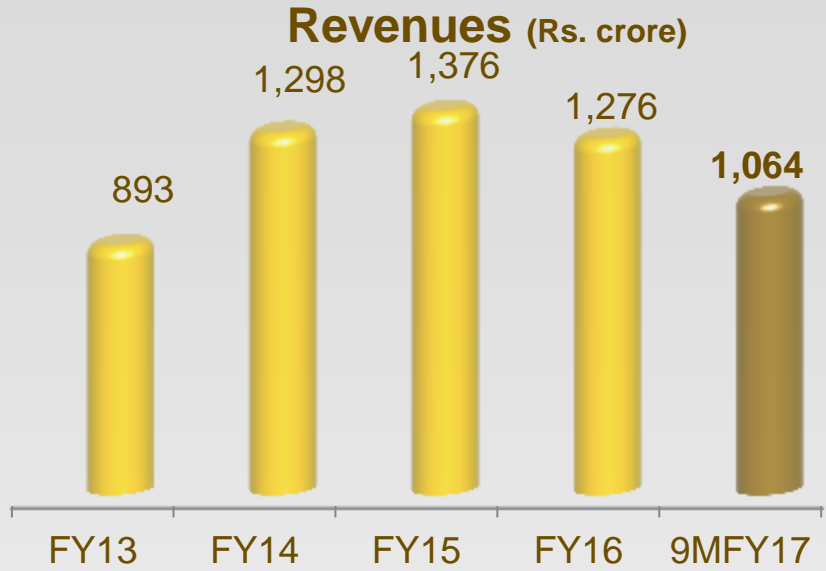
# Table of Contents

Q3 & 9M FY17 Financial Performance	5
<b>Financial Performance Trends</b>	<b>12</b>
Business Background Details	20



# Financials Performance Trends

(Revenues)

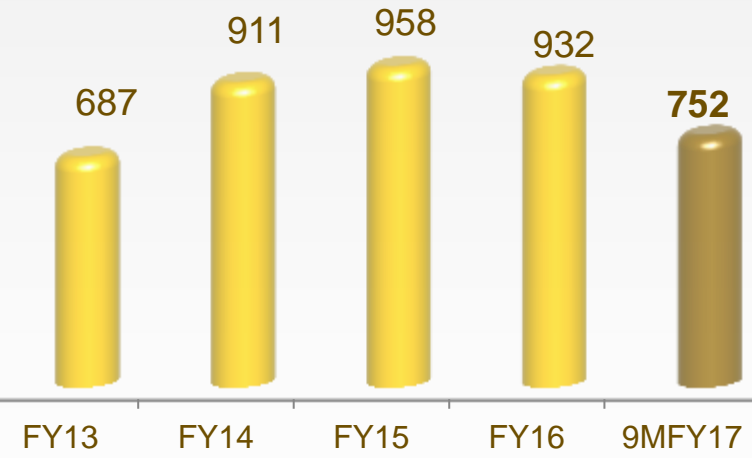


Net Revenue

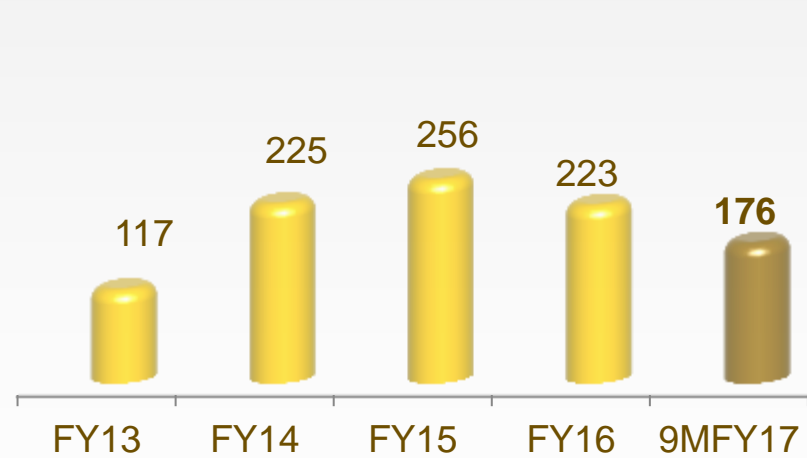
Local Currency	9M FY17	9M FY16	% Change
LC – USD mn	104.5	95.0	10.1%
UK – GBP mn	25.9	23.9	8.3%

**Jewelry & Lifestyle Products**

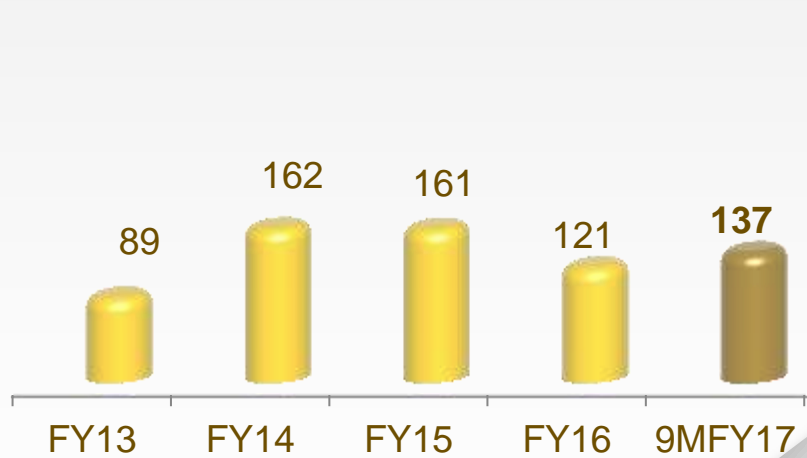
**TV Sales** Rs. crore



**Web Sales** Rs. crore

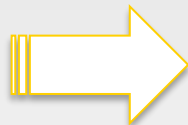
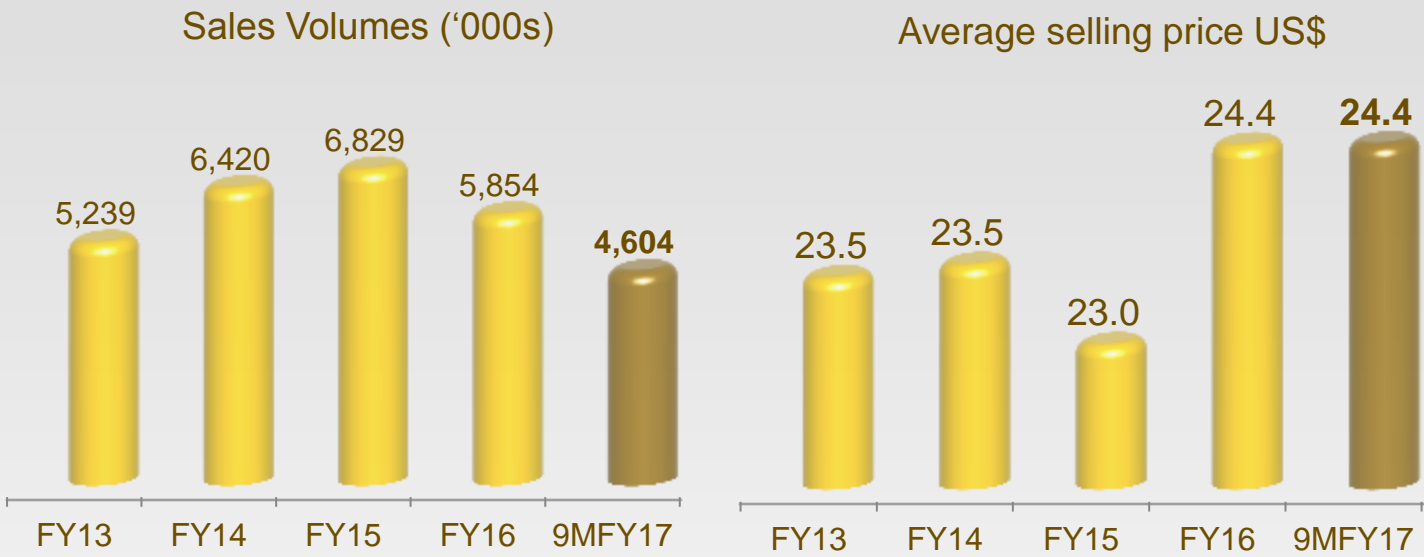


**B2B Sales** Rs. crore



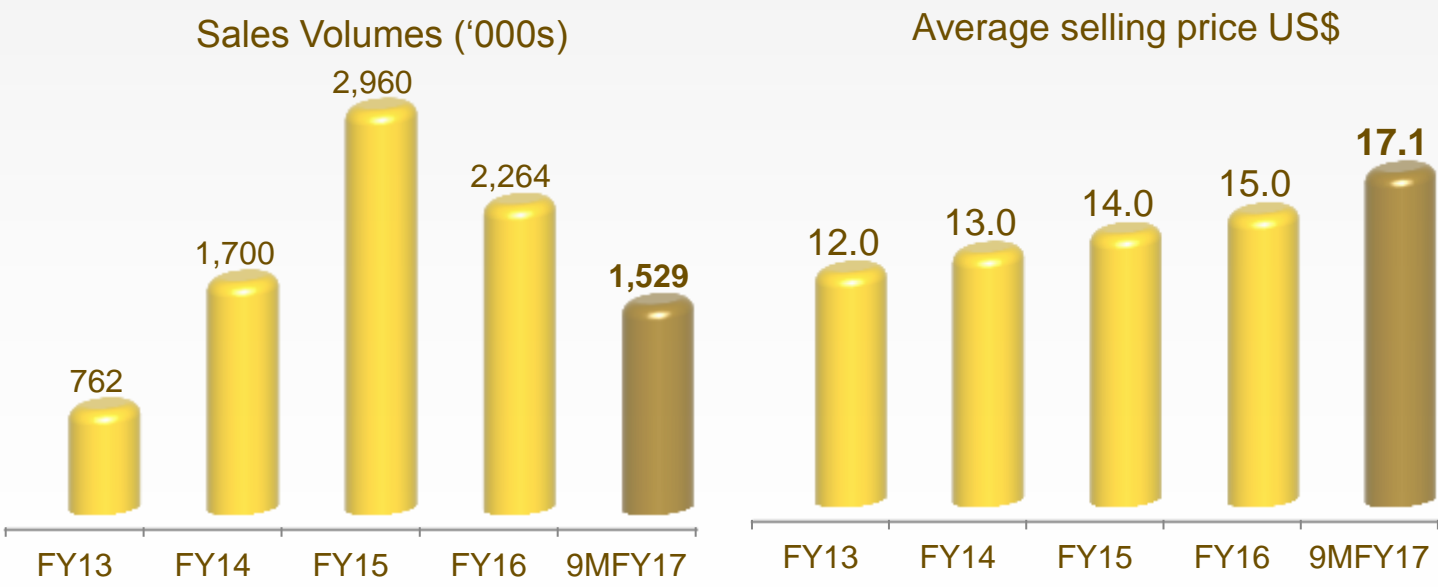
# Retail Performance Trends

## TV Sales



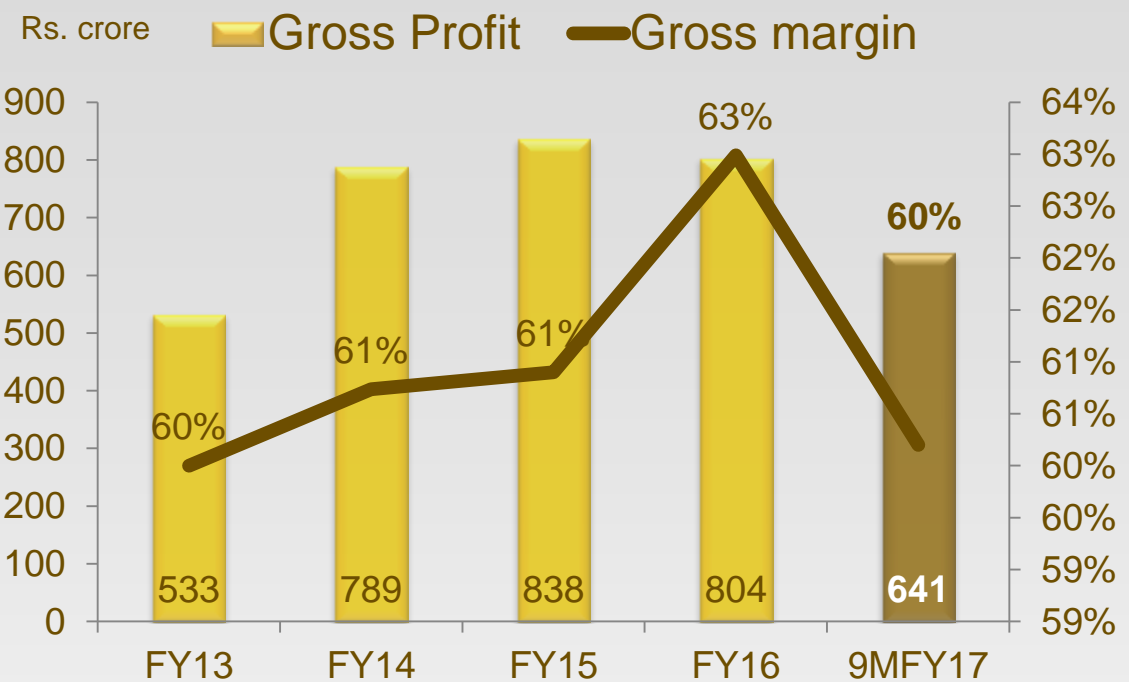
- 'Budget Pay' EMI scheme and easy returns policy led to strong volume growth while keeping realisations stable

## Web Sales



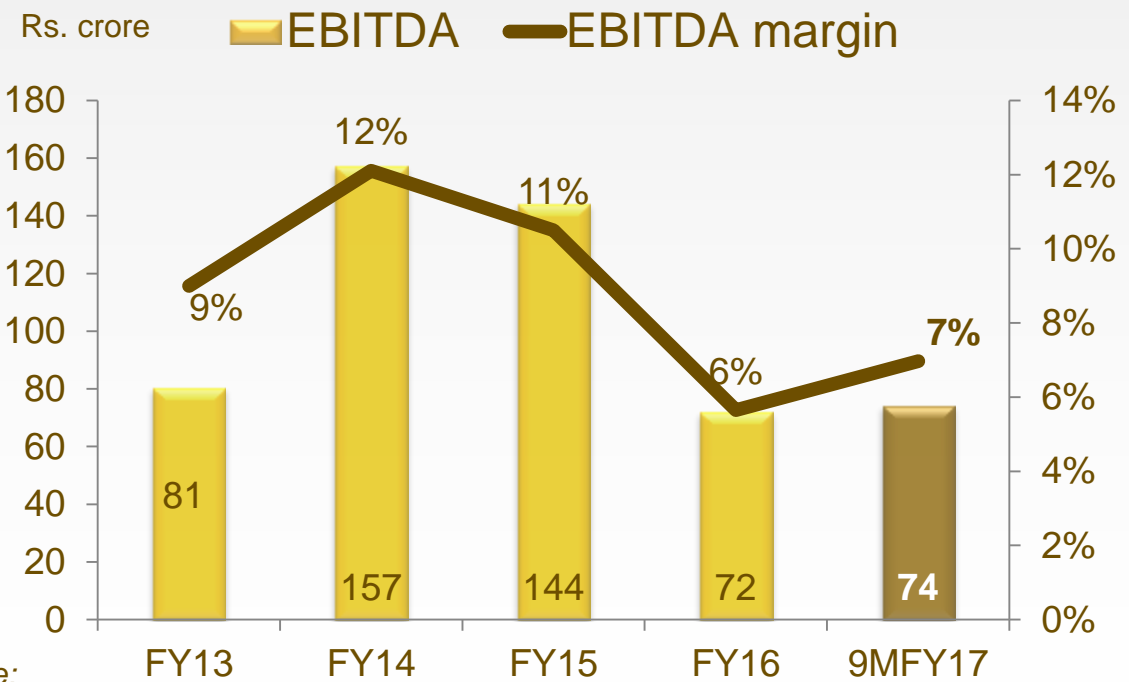
# Financials Performance Trends

## (Margins)



- Retail gross margin is in line with expectations – decline is due to:
  1. GBP devaluation translation to INR
  2. Higher revenue contribution from opportunistic B2B sales

Note: Direct costs for calculation of gross profit includes material cost, job work charges and manufacturing cost



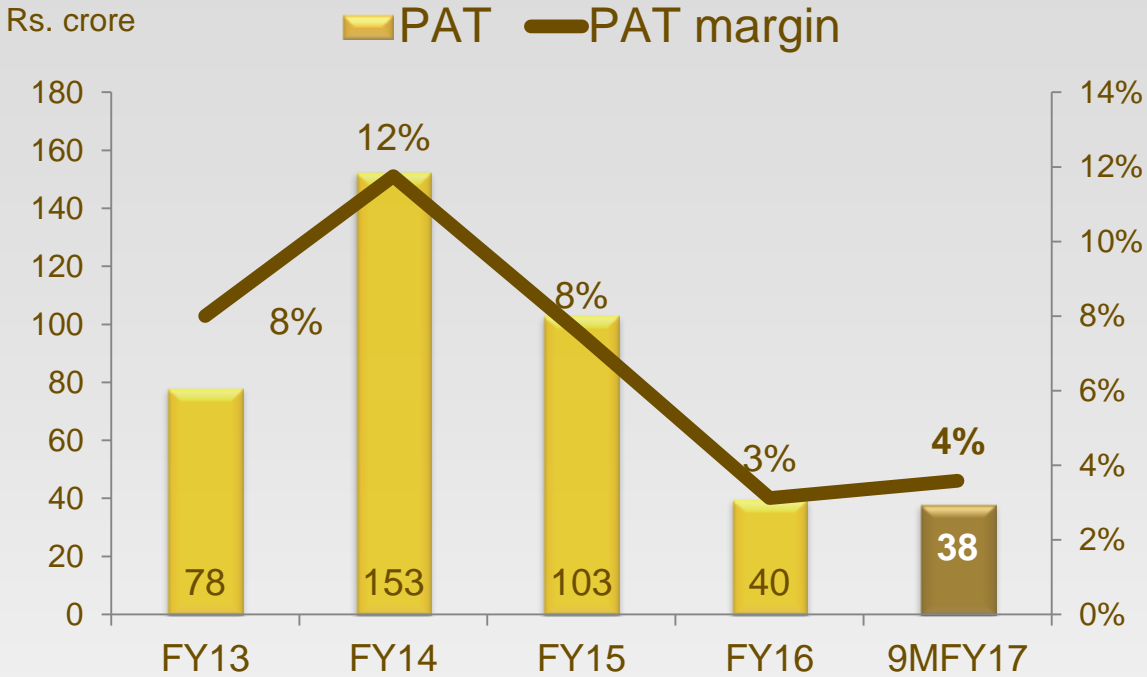
- EBITDA increased aided by higher topline and operating leverage of business

Note: EBITDA excludes exchange gain/loss; EBITDA margin including exchange gain/loss stood at 6.8% in 9MFY17 v/s 6.5% in 9MFY16



# Financials Performance Trends

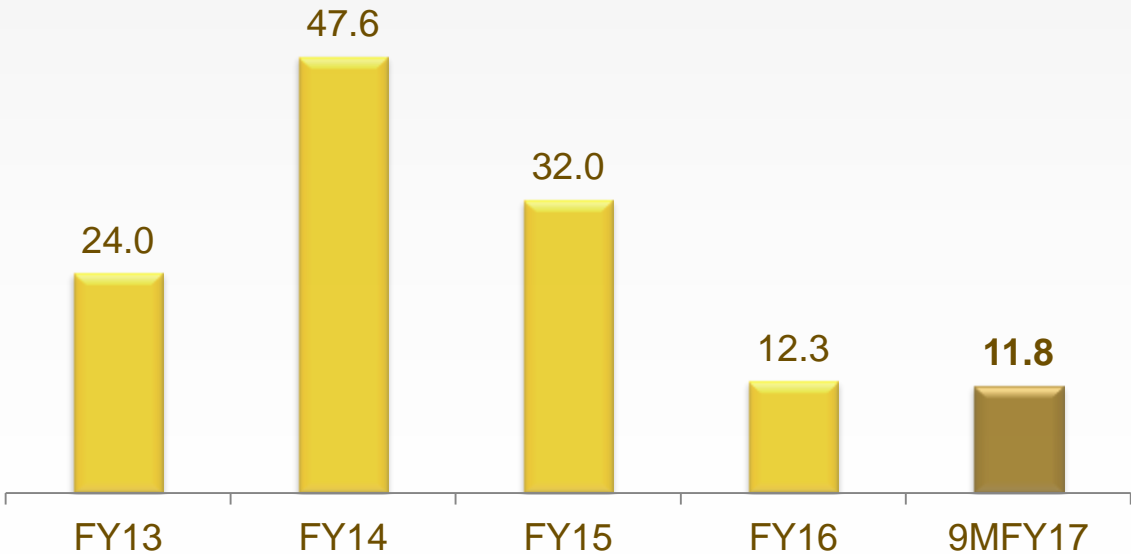
(Profits)



\* Profit after tax including exchange gain(loss) fluctuation.

Rs. per share

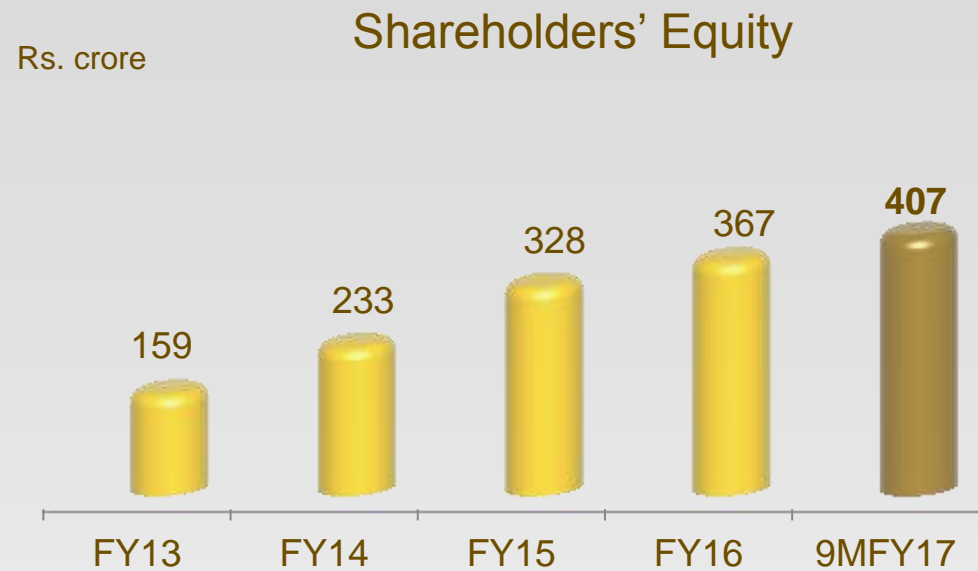
EPS



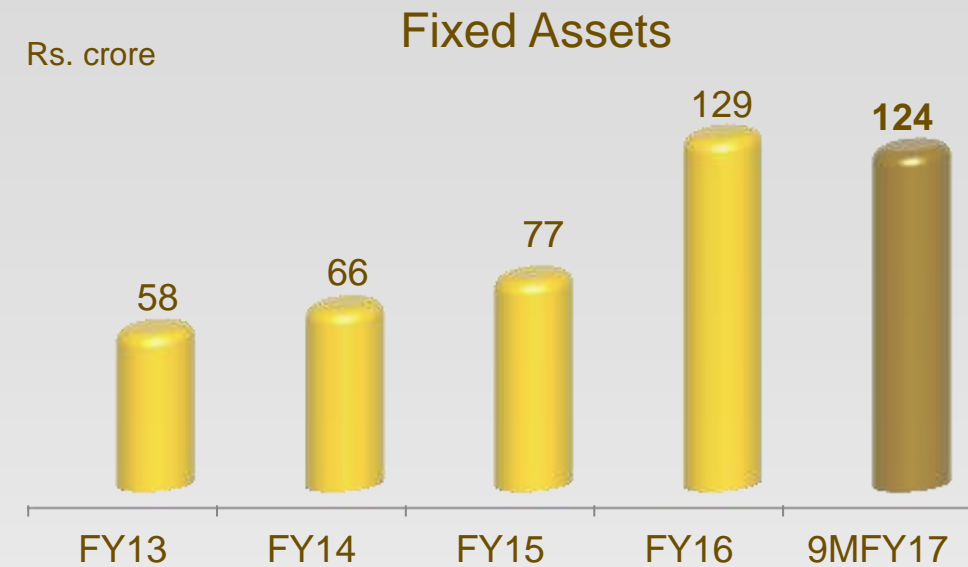
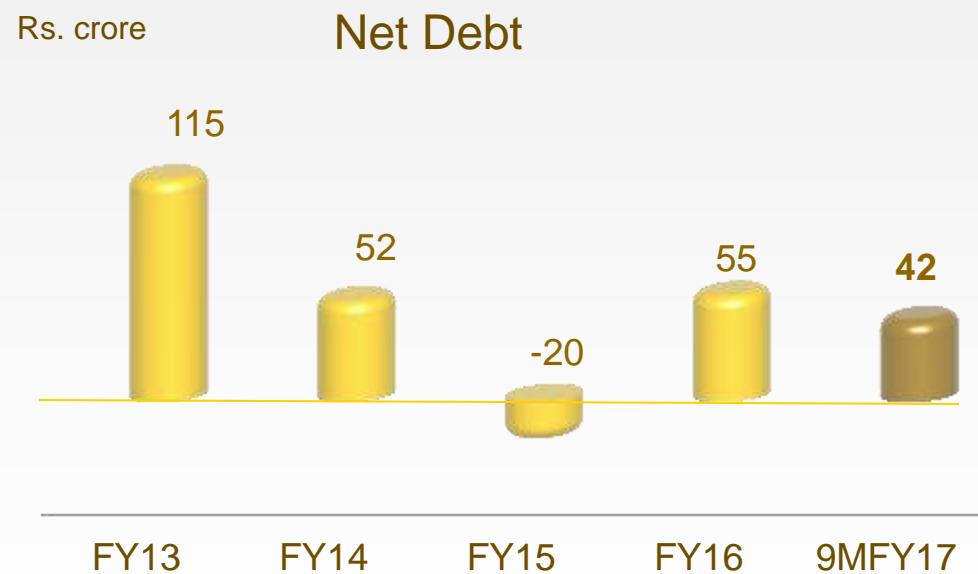


# Financials Performance Trends

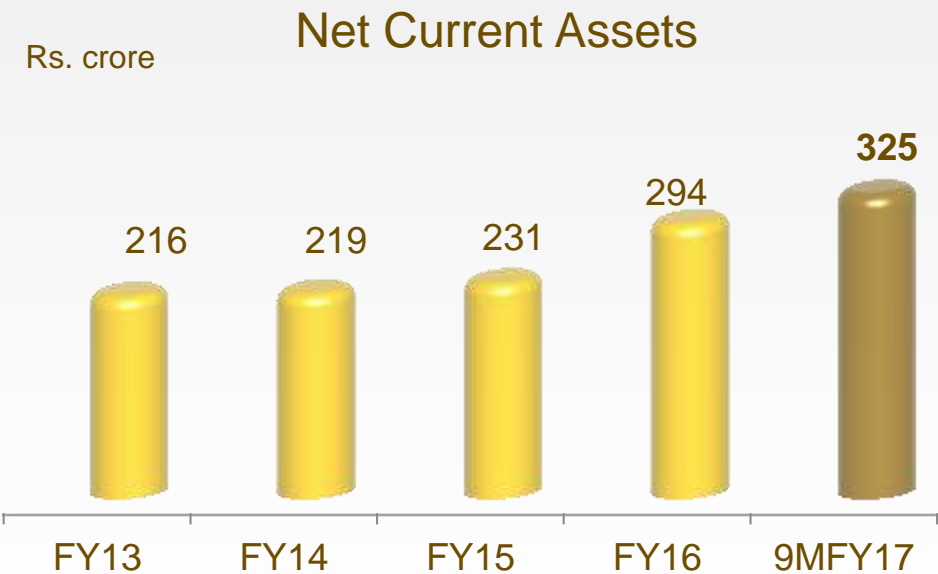
(Balance Sheet)



\* During FY13, Shareholders' Equity was adjusted lower by Rs. 163.7 crore due to goodwill written off (Rs. 151.1 crore), provision for CDR recompense interest (Rs. 11.2 crore) and write off on liquidation of subsidiary (Rs. 1.5 crore)

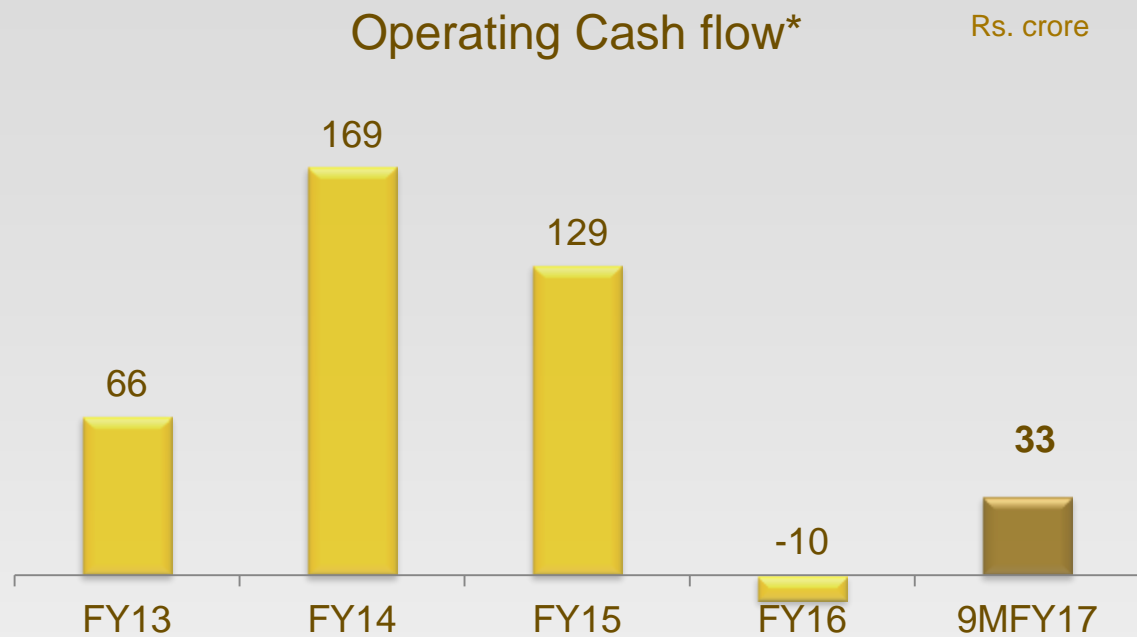


- During FY13 fixed assets were adjusted lower by Rs. 151.1 crore due to goodwill written off
- FY16 includes Rs. 11 crore for new channel in UK and around Rs. 28 crore for HYBRIS, both of which were lying in work in progress

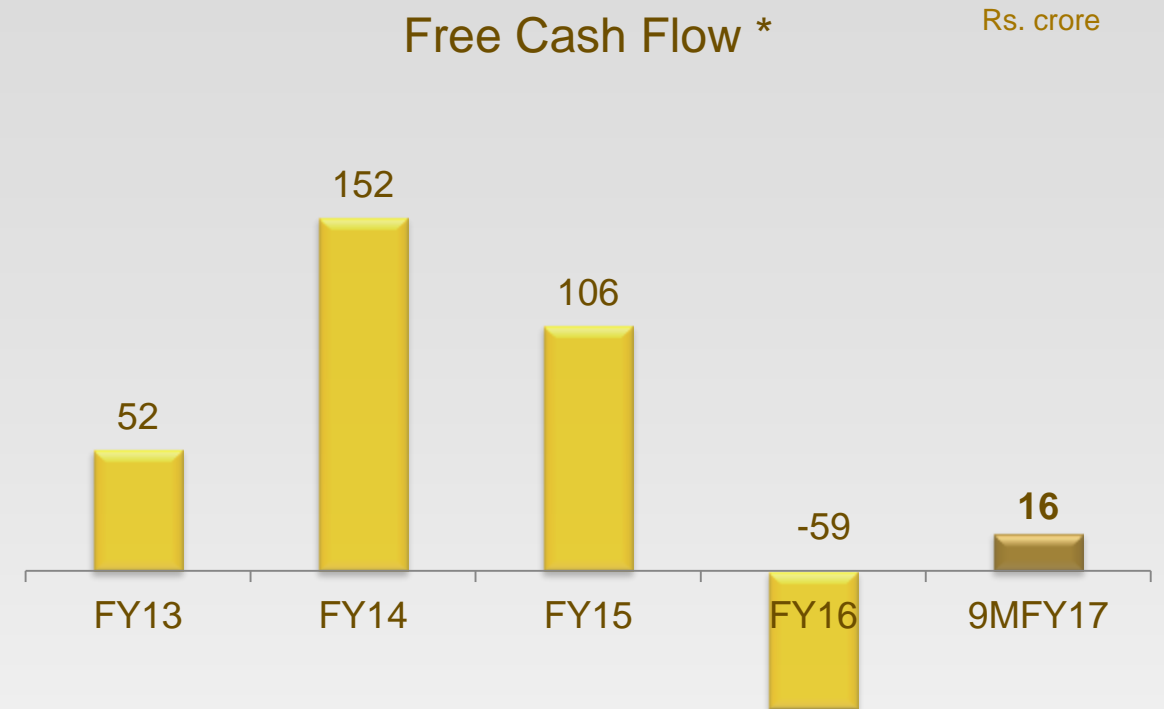


# Financials Performance Trends

(Cash Flow)



*\*Includes Foreign Currency Transaction Reserve*



*\*Includes Foreign Currency Transaction Reserve*

- Positive cash flow has re-emerged as we have almost completed our expansionary CapEx.
- Cash flows have been invested into establishing enhanced manufacturing facilities, more household coverage and towards deeper customer engagement through Budget Pay EMI scheme, returns policy.



# Table of Contents

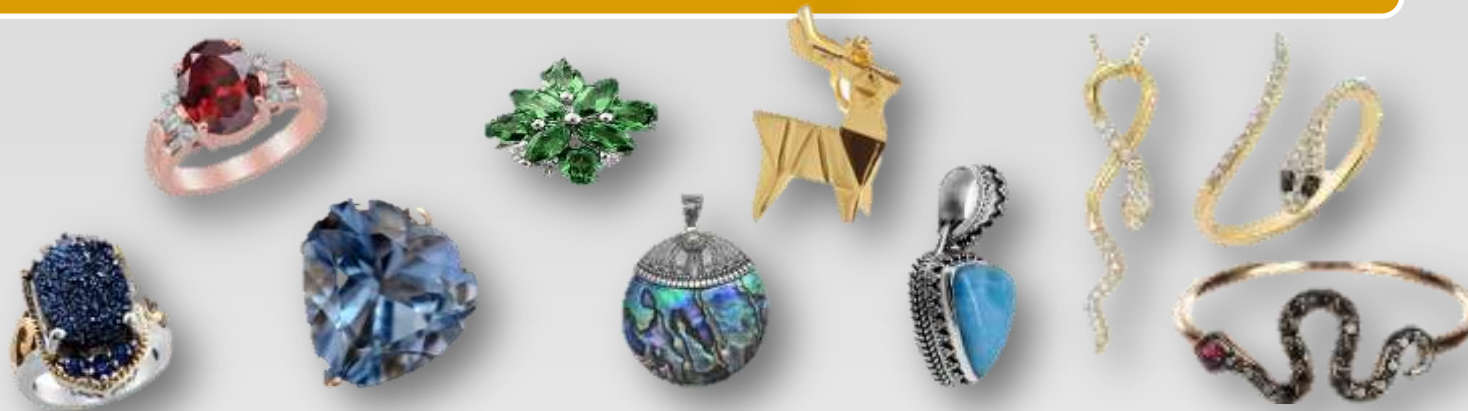
Q3 & 9M FY17 Financial Performance	5
Financial Performance Trends	12
<b>Business Background Details</b>	<b>20</b>



# Product Profile

## FASHION JEWELLERY

- Bracelets
- Bangles
- Earrings
- Studded jewelry, etc.



## FASHION ACCESSORIES

- Watches
- Handbags
- Scarves, etc.

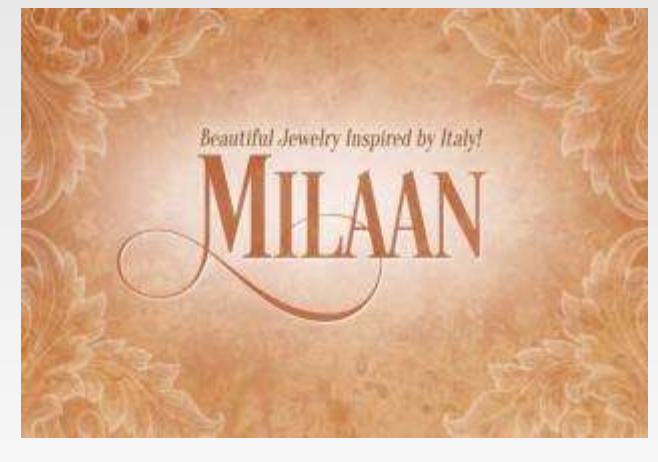


## LIFESTYLE PRODUCTS

- Home Décor
- Bed linens
- Pillow Covers
- Beauty products



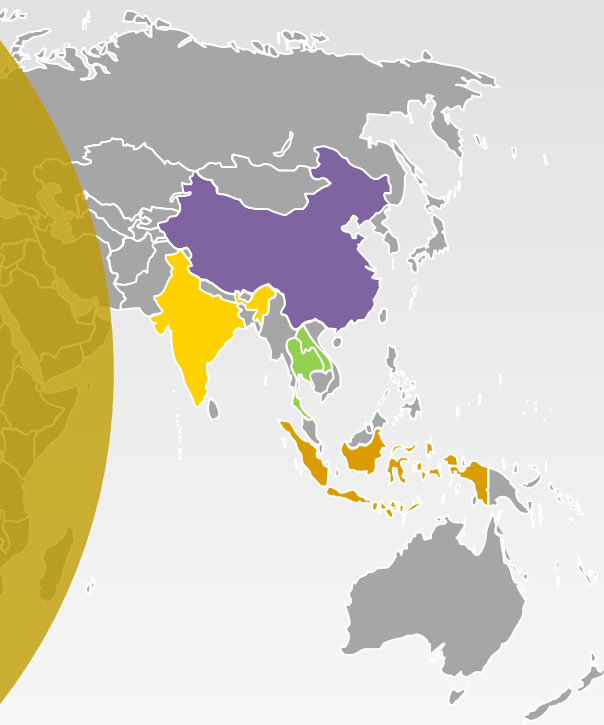
BRANDING INITIATIVE: Developing new In-house brands and brand ambassadors for live presentation of BRANDS



# Sourcing

Global supply chain capability of **12 million pieces**, continuously expanding

In-House designers & craftsmen  
No middlemen  
Access to latest manufacturing technology  
Scale Flexibility  
Low Investment  
Rapid turnaround  
Mapping Latest Fashion  
Competitive Pricing



### India

Noida, Jaipur, Nagaland, Kashmir

### Indonesia

Bali, Yogyakarta, Sumatra, Madura Surabaya

### Thailand

Bangkok, Chang Mai, Mae Sai, Kanchanaburi, Chanthburi

### China

Guangzhou, Haifeng, Hauadu Shenzhen, Dongguan, Zhuji, Wenzhou, Wuzhou, Yiwu, Hunan

• Sourcing from appropriate micro-markets in China/Asia

• Focus on best price to customer through bottom price discovery

• Vendor evaluation process

• Assessing value perception – design / fashion trend / price in target markets



# Manufacturing

- ✓ Four **ISO 9001:2008** facilities in **Jaipur**, with capacity of producing **7 million** annually
- ✓ Commenced operations at new **100,000 sq. ft.**, fully-integrated, LEED certified '**Gold Level**' building at **SEZ, Jaipur**
- ✓ Diamond manufacturing and sourcing unit of the company is also present in **Mumbai**
- ✓ Over **3,000** people in India across corporate, manufacturing, design, sales & marketing, customer service, logistics etc.
- ✓ Low-Cost operations with one of the **lowest levels** of wastages in the industry



# TV Networks – US & Canada (Consumption Markets)



Channel #274



Channel #399  
& 1399

Verizon **FIOS**

Channel #159



Channel #75 &  
226



\*

**ROKU**

\*

**TIME WARNER  
CABLE**

\*

**Charter**

\*

**comcast**

\*



## Shop LC, USA & Canada

- ✓ **86 million** households shopping (FTE, out of 125 mn)
- ✓ Based out of Austin, Texas
- ✓ **Over 500 people** in sales & marketing, customer service, logistics, TV production, e-commerce and support functions
- ✓ **Successfully re-branded Liquidation Channel to Shop LC**
- ✓ **'Deep Discount'**, Auction based retail model
- ✓ **Expert hosts** attract and engage customers, driving repeat sales
- ✓ Improved product presentation by investing in **new Studio facility**
- ✓ **New warehouse facility operationalised**





# TV Networks – UK (Consumption Markets)



Channel #49



Channel #815



Channel #650 &  
#652



Channel #757



## The Jewellery Channel (TJC), United Kingdom

- ✓ 25 million households shopping(FTE, out of 25 mn)
- ✓ Based out of Hampton, Middlesex
- ✓ Over 150 people in sales & marketing, customer service, logistics, TV production, e-commerce and support functions
- ✓ State-of-the-art auction/scheduling system; Launching Budget Pay on TV soon
- ✓ Targeted behavioural marketing through IBM Unica platform
- ✓ TjC live stream available on multiple platforms like Youtube
- ✓ Long standing relations with TV distributors such as SKY, Virgin, FreeView etc.



# E-Commerce (Consumption Markets)



## E-commerce presence in our chosen retail markets...



[www.ShopLC.com](http://www.ShopLC.com) USA

- ✓ Launched Mobile App for Shop LC
- ✓ Launched Budget Pay on web
- ✓ Better website optimization on mobile devices
- ✓ Migration of Web Hosting to Amazon Web Services
- ✓ Enhanced customer engagement on all social platforms; targeted marketing



[www.TjC.co.uk](http://www.TjC.co.uk) UK

- ✓ Latest DemandWare Platform
- ✓ Better Website optimization for all devices
- ✓ Enhanced customer engagement
- ✓ Europe delivery started through E-commerce platform
- ✓ Launched Ebay store recently
- ✓ Aggressive digital marketing campaigns

**Retail Format**

LC US & Canada	TJC UK
Rising Auction	Rising Auction
Catalogue Price	Live TV
Collections	Web Exclusive
Live TV	Sale
Clearance	Outlet



# EARLY ADOPTERS AND CORD CUTTERS

## HIGH DEFINITION AND IP BROADCAST

- **High Definition Broadcast**
  - Charter Communication
  - AT&T
- Adoption of new technology of Broadcasting
  - Reducing dependency on Infrastructure
  - Minimizing downtime as IP would broadcast it via internet

## EXPANSION INTO OVER THE AIR PRESENCE (OTA)

- Cord Cutters don't want to pay for any channel or satellite fees, they can catch the feed directly via antenna
- We are already present part time in some Areas

## SMART TV AND STREAMING DEVICES (IPTV)

- Planning to add Apple TV app
- We already have presence on following Smart TV's:
  - Samsung SMART TV
  - LG Smart TV
  - Android TV
- We also have apps on streaming devices



- ROKU
- Google Chromecast
- Amazon Fire HD



# Management Team

## Sunil Agrawal

### Chairman and Managing Director



- Established Vaibhav in 1980 as a first generation entrepreneur and has led the company's transition into a leading brand for fashion jewelry and lifestyle accessories
- Travels extensively across the world, overseeing operations, sourcing raw material globally and representing the company at major trade shows and jewelry fairs in the US, Europe and Asia

## Puru Aggarwal

### Group CFO



- 24 years of rich experience in business modeling, financial strategy & planning, business development, procurement, supply chain & distribution, budgeting, taxation, cost control, legal compliances and mergers & acquisitions
- Previously worked with Teva Pharmaceuticals India as Director & Country CFO for 11 years. Has also worked with Coca-Cola India and E&Y India

## Kevin Lyons

### President- Shop LC, USA



- 20 years of strong expertise and a proven track record in delivering Omni channel growth in retail and e-commerce
- Previously Senior Vice President of E-Commerce with HH Gregg inc., a \$2 bn, 227 store chain
- Also worked with leading retailers such as Sears and Best Buy in areas like Operations, Merchandising, Loss Prevention, Customer Driven Supply Chain, Customer Centricity and Channel/New Business Innovation

## Vineet Vashist

### Chief Technology Officer



- Previously worked with Aritzia, a leader in women's fashion in Canada, as Director of E-Commerce Technology.
- Prior to Artiza, worked at various roles with Abercrombie & Fitch (A&F) for 8 years, his last role was Director IT eCommerce
- Managed a portfolio with an annual budget of over \$20 million to deliver new strategic capabilities and operational enhancements to Aritzia and A&F.



# Management Team

## Jeff Allar

Senior Vice President, Group HR



- 30 years of work experience at major international companies including IBM, Unilever and the Stonyfield Farm unit of Groupe Danone
- Tremendous Organization development and senior level HR experience having worked with brands like ACS, Stonyfield and Good Humor – Breyers Ice Cream

## Nitin Dugar

Vice President , Strategy – Shop LC, USA



- Over 12 years at VGL, rich experience in business development, customer services and network affiliate management.
- Part of core team that successfully implemented organizational turnaround strategies

## Pushendra Singh

Vice President , Human Resources Asia



- 19 years of experience in HR with a range of Indian companies such as NTPC, Jindal Steel and Power, Kalpataru and Reliance Communications, successfully implementing many talent acquisition, management and retention initiatives

## Koteswara Rao N

General Manager - IT, VGL India



- Over 21 years of IT experience involving Delivery Management, Program Management, Process & Productivity Management, Technical Design & Solutions, Application Development for business applications.
- Before joining VGL, he has gained 11 years of experience with Infosys.



# Contact Information

For more information on Vaibhav Global Limited, please contact:

## **Puru Aggarwal**

Vaibhav Global Limited

+91-141-2770648

Puru.Aggarwal@vglgroup.com

## **Ankit Sahay**

Vaibhav Global Limited

+91-141-2770648

Ankit.Sahay@vaibhavglobal.com

## **Shiv Muttoo / Karl Kolah**

CDR India

+91 22 6645 1207/1220

shiv@cdr-india.com

karl@cdr-india.com





**Thank  
You**