

# Vaibhav Global Limited

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

Financial Results Presentation  
Q3 & 9M FY2018

January 2018



# 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

- 101 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

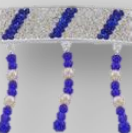
- Established and efficient manufacturing operations in Jaipur, India
- Outsourcing from China, Thailand, Indonesia and India; aggressive trend spotting initiatives

## 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



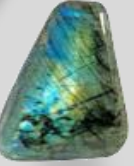
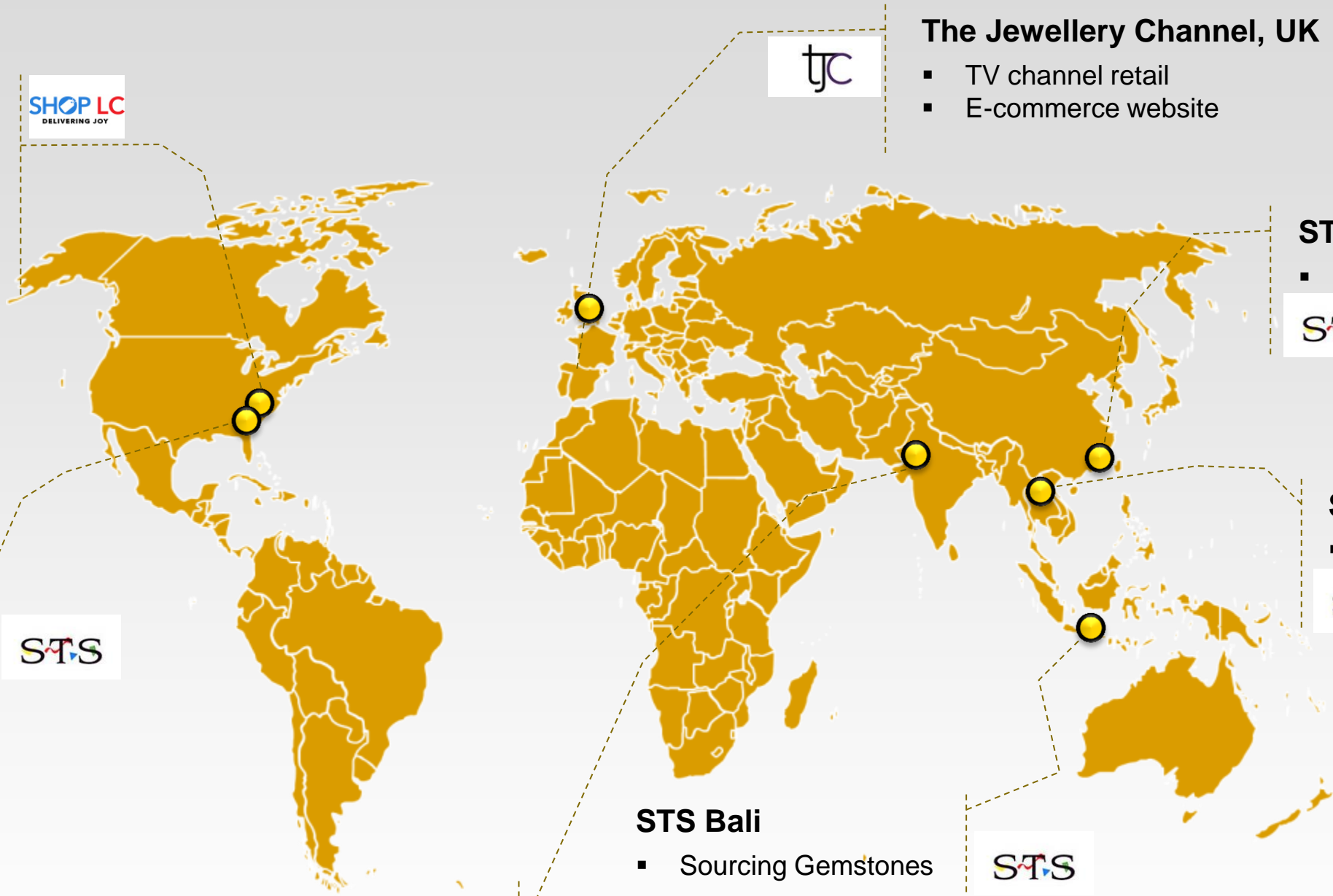
## STS Thailand

- Sourcing Gemstones



## STS Bali

- Sourcing Gemstones



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# Key Highlights for Q3 FY18

## Home TV Network Reach in 101 Mn Households across US and UK

- 101 million households on full time equivalent (FTE\*) basis
- 76.5 million households in the US
- 25 million households in the UK

## Q3 FY18 Retail Volumes at 2.5 Million Units, up 4.6% YoY and overall ASP\* at \$24.7\*, up 10% YoY

- Home TV shopping volumes at 1.7 million units
- Web shopping volumes at 0.8 million units
- Resumption of positive volume growth on both platforms
- Deep customer engagement drives repeat purchases

## Q3 FY18 - Financial Performance

- Total Revenue at Rs. 460.2 crore, up 13.6% YoY
- B2C\* Retail revenue up 10% YoY
- EBITDA(with exchange) at Rs. 61.7 crore, up 66% YoY
- Gross Margin stood at 57.3%
- PAT(with exchange) at Rs. 45.5 crore, up 77% YoY

## Operating Highlights

- Shop LC Operational improvements and Technology to Increase WHSE productivity
- Director of Marketing Hired to Improve Brand and Marketing Processes at Shop LC
- Offering select products on various online marketplaces (e-bay, Amazon etc.) through Channel Advisor
- Mobile Apps for Shop LC and TjC garnering good response from customers
- One for One Program – over 10 Million Meals have been delivered since the Launch of the program in UK
- started the program for Shop LC USA – 2 Million meals delivered since launch in Oct '17

\* ASP = Average Selling Price; B2C = Business to Consumer; FTE = Full Time Equivalent





# Chairman's Message

**Commenting on Q3 FY18 performance, Mr. Sunil Agrawal, Chairman and Managing Director, Vaibhav Global said:**



*“During Q3 we delivered strong growth in the holiday season and maintained the positive growth momentum of the year. This is in line with our stated expectation of continued double-digit constant currency growth, which came in at 11% in US operations and 23% in UK operations. Overall, Q3 revenue growth was 14% at Rs. 460 crore with healthy gross margins of 57%, while EBITDA margins expanded 400 bps to 13% and PAT increased 77% to Rs. 46 crore. Underlying our strong growth in profits is our ability to grow by utilizing our existing cost base that results in significant operating leverage.*”

*We continue to judiciously invest in the business to enhance performance and improve productivity. Some of our initiatives include optimizing product mix to include more lifestyle products, increasing operational efficiencies and timely technology upgrades. Further, we continue to improve the overall customer experience with initiatives such as improved programming and studios, a simplified website user interface, longer customer care hours, enhanced logistics and on-air guest experts. With the objective of enhancing our brand and marketing processes, we have recently hired a new Director of marketing at Shop LC. TjC, our UK TV channel, is now available 24 hours on Freeview, a popular distribution network. All our initiatives are aimed at increasing brand awareness and expanding market share in the developed markets we operate within. Our success is visible in the four million-dollar days delivered by ShopLC in Q3 compared to just one in the same period last year.*

*Care for society adds to our focus on maximizing shareholder value and we hope to give back to the best of our ability to help build a sustainable future for the communities we operate in. We have been supporting the One for One Program in TjC UK, donating a meal for every product sold, and have donated over 10 million meals. Having recently extended this program to Shop LC US operations, we have successfully delivered over 2 million meals in Q3.*

*To conclude, we continue to undertake several initiatives and upgrades which have led to a strong profit momentum. We are confident that our robust business model will continue to deliver double-digit growth with margin expansion, leading to sustainable long term value enhancement for all our stakeholders.”*

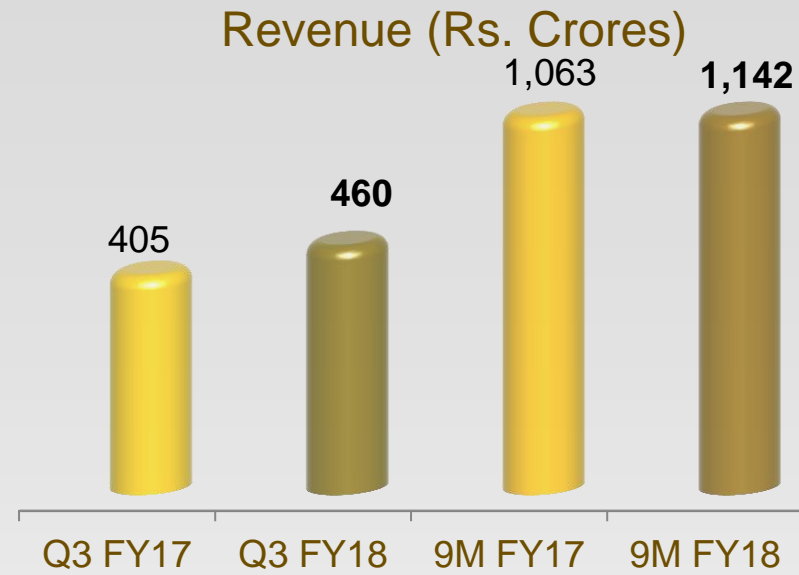


# Financials – Q3 & 9M FY18 Performance (Revenue Breakdown)

Local currency	Q3 16-17	Q3 17-18	% change
LC - USD Mn	40.25	44.71	11.1%
UK - GBP Mn	9.92	12.17	22.6%

Local currency	9M 16-17	9M 17-18	% change
LC - USD Mn	104.1	116.60	12.0%
UK - GBP Mn	25.75	30.67	19.1%



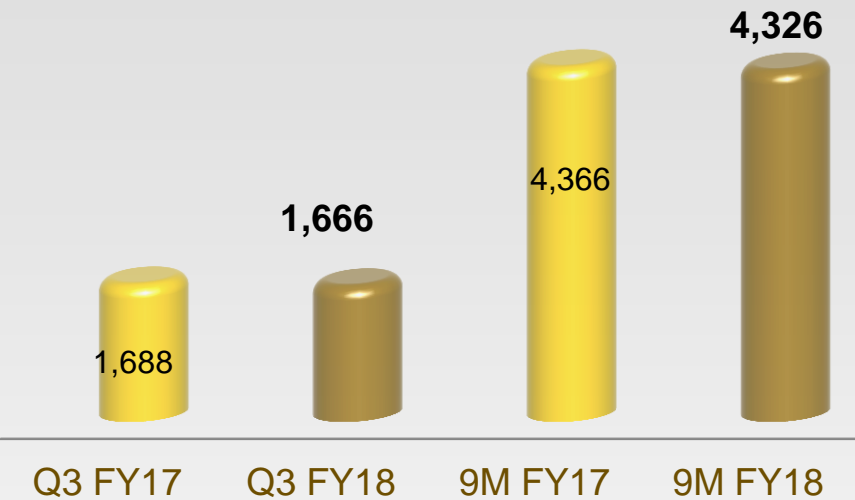


# Retail Performance Trends – Q3 & 9M FY18

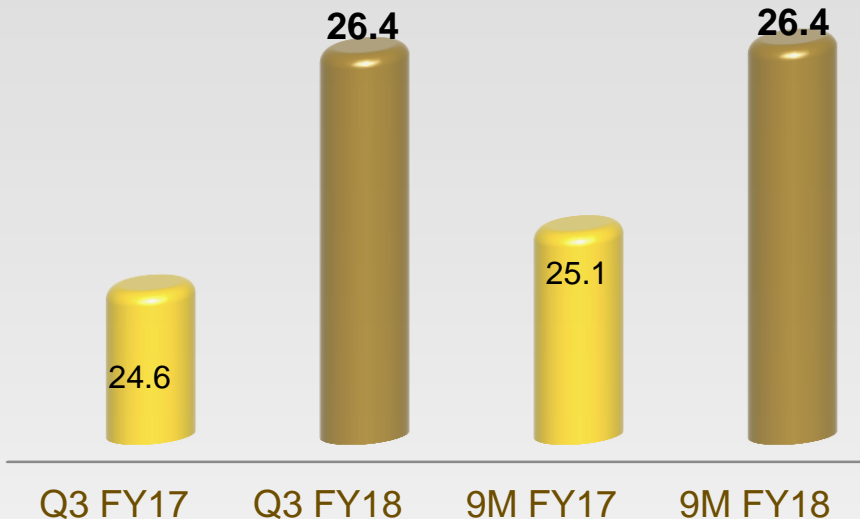
(Volume and ASP)

## TV Sales

Sales Volume ('000s)

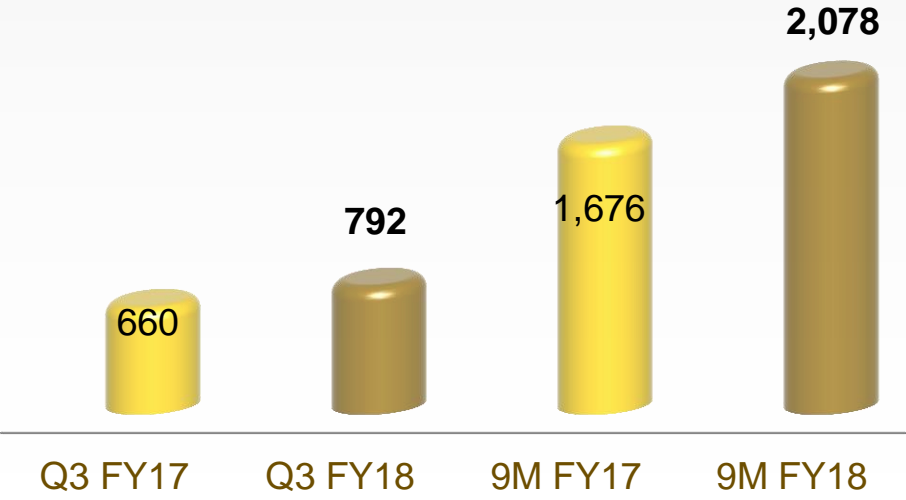


Average Selling Price US\$

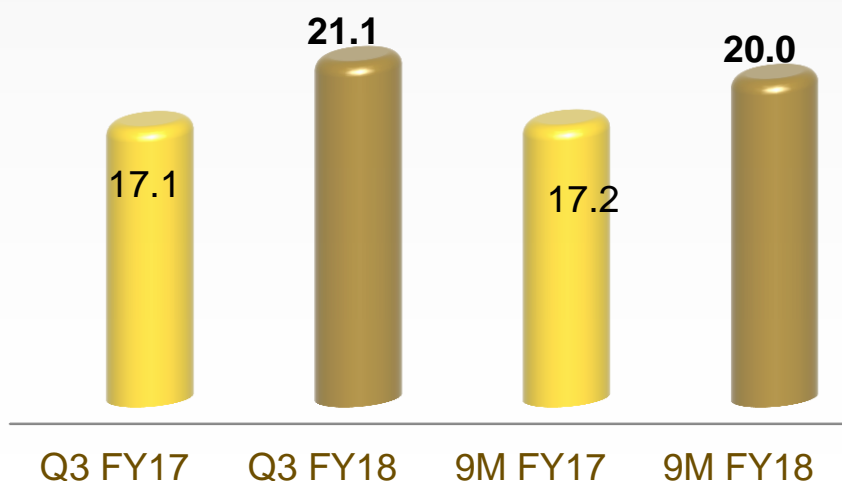


## Web Sales

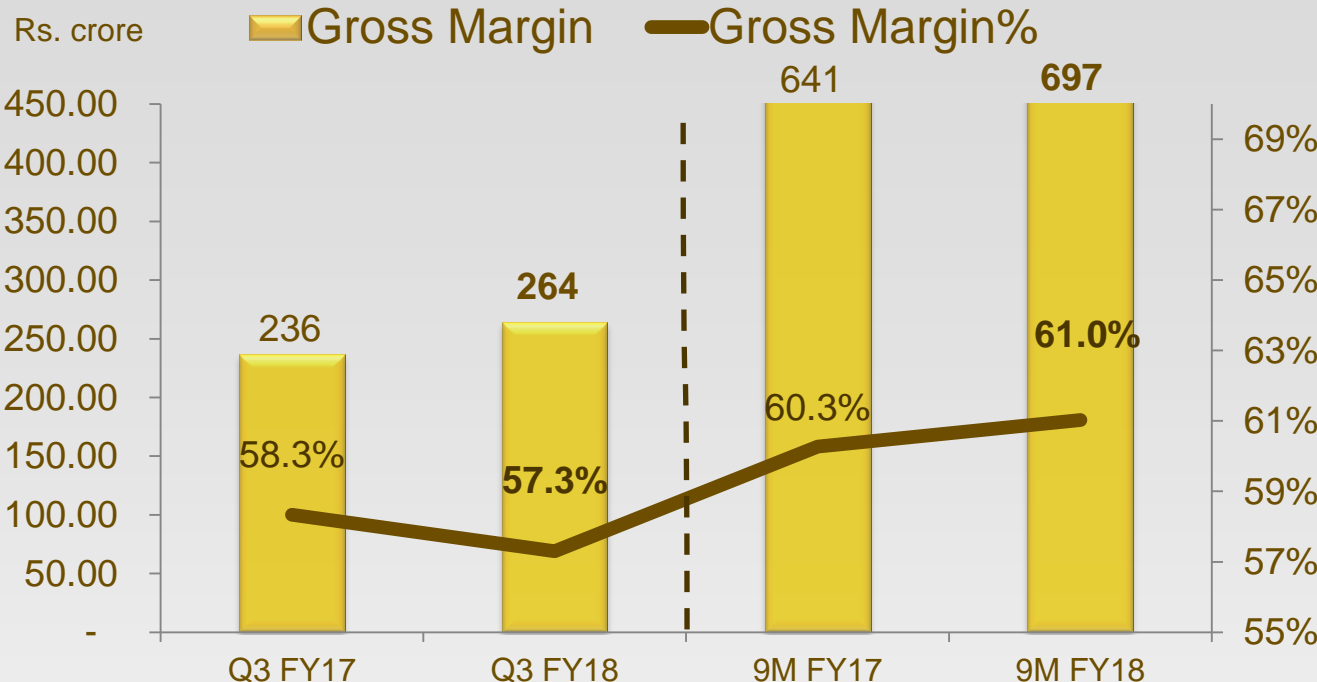
Sales Volume ('000s)



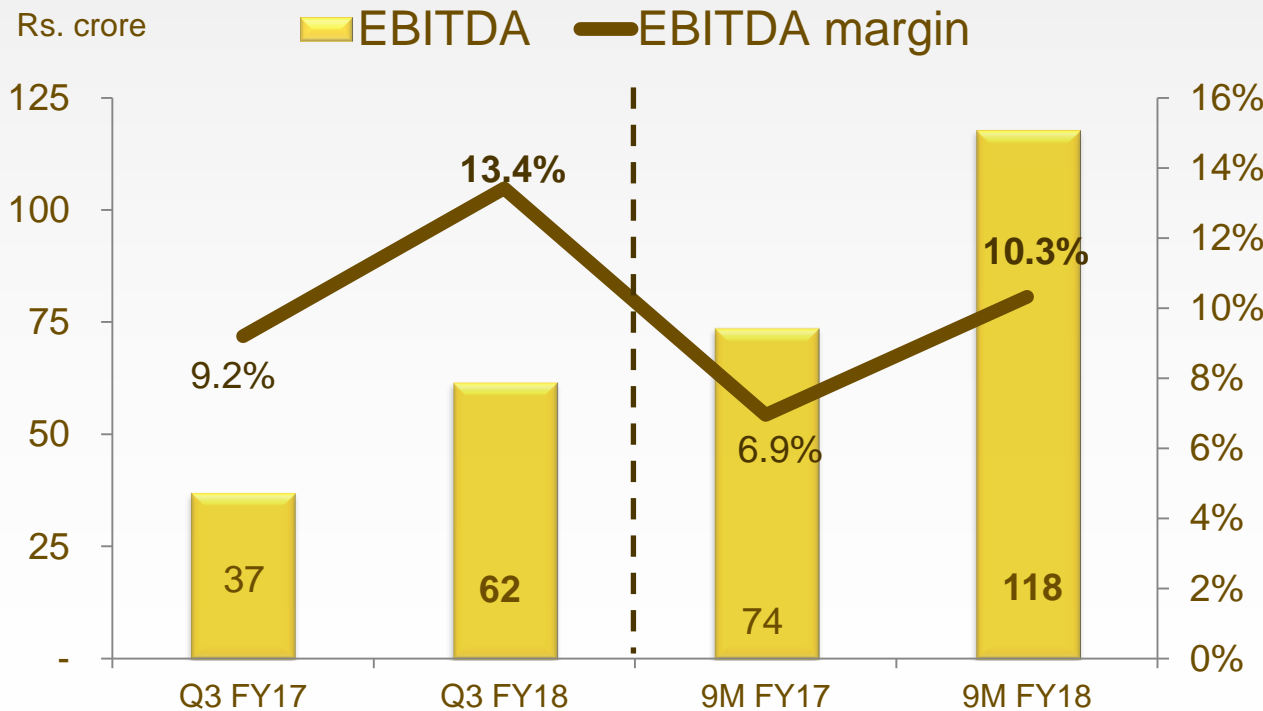
Average Selling Price US\$



# Financials – Q3 & 9M FY18 Performance (Margins)



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

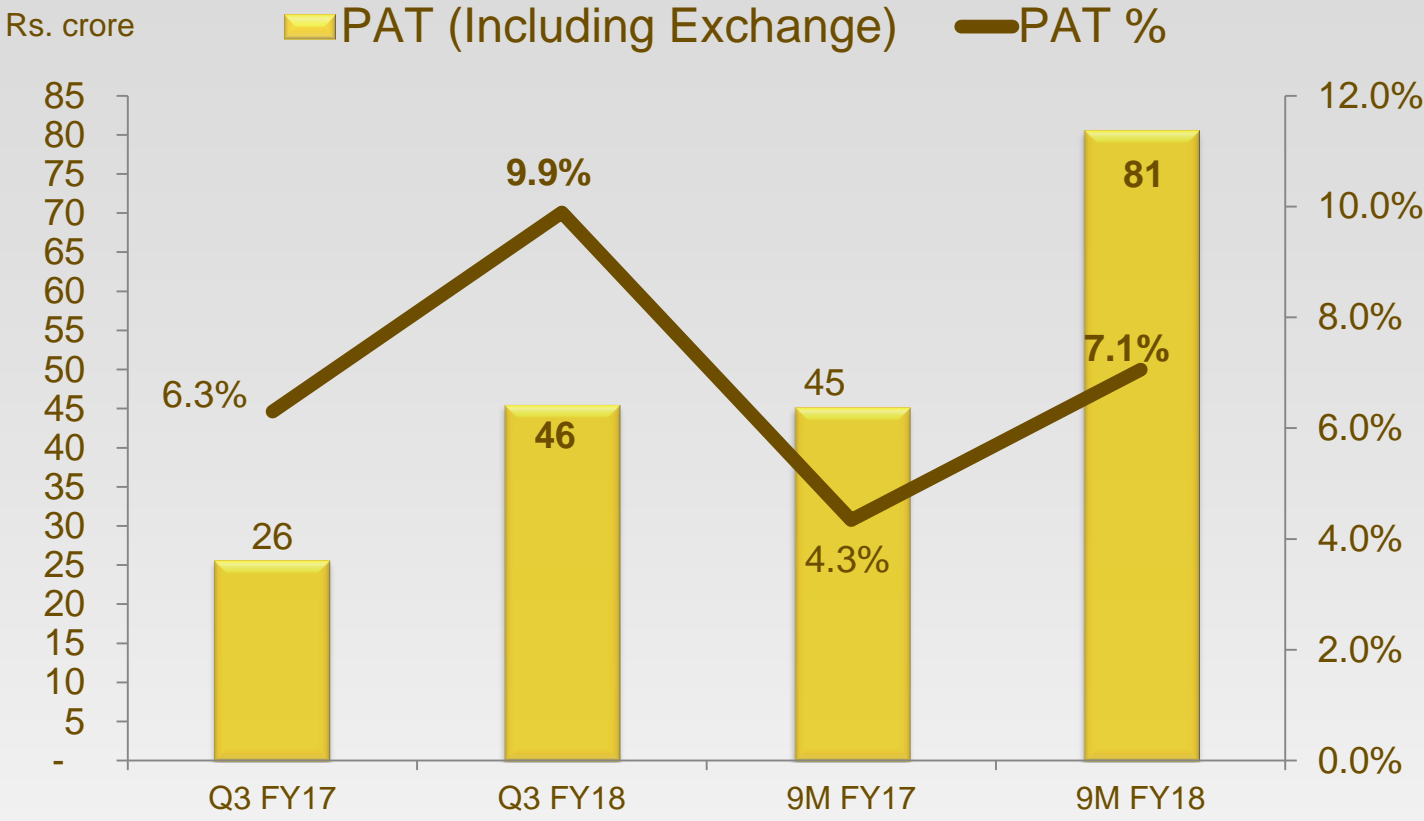


Note: EBITDA includes exchange gain/loss;



# Financials – Q3 & 9M FY18 Performance

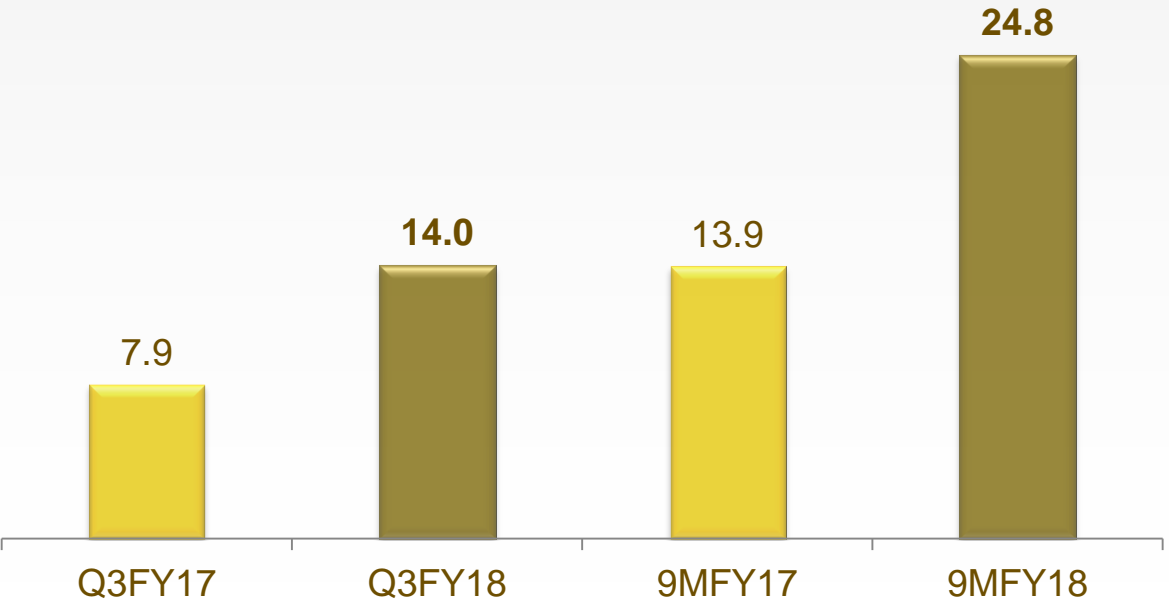
## (Profits)



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

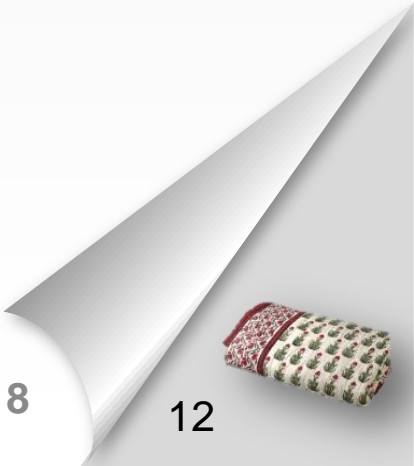
### EPS

Rs. per share



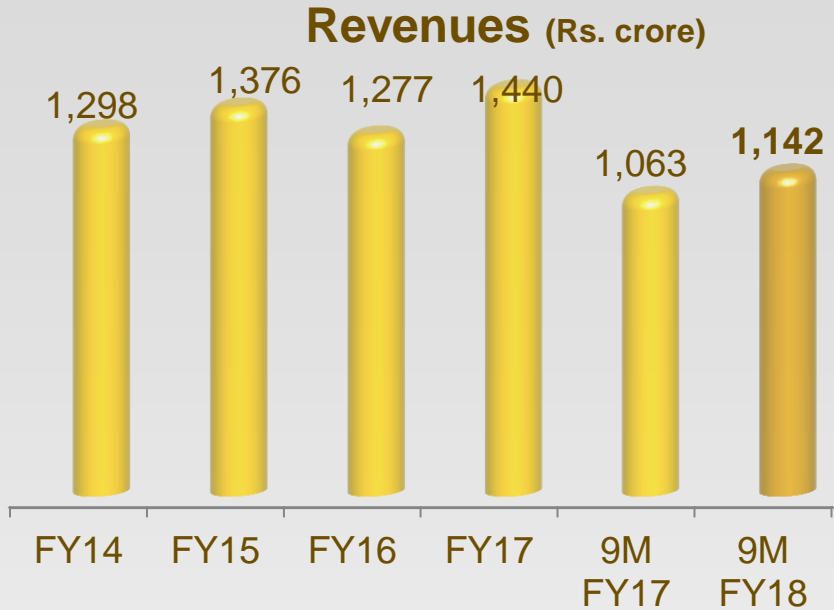
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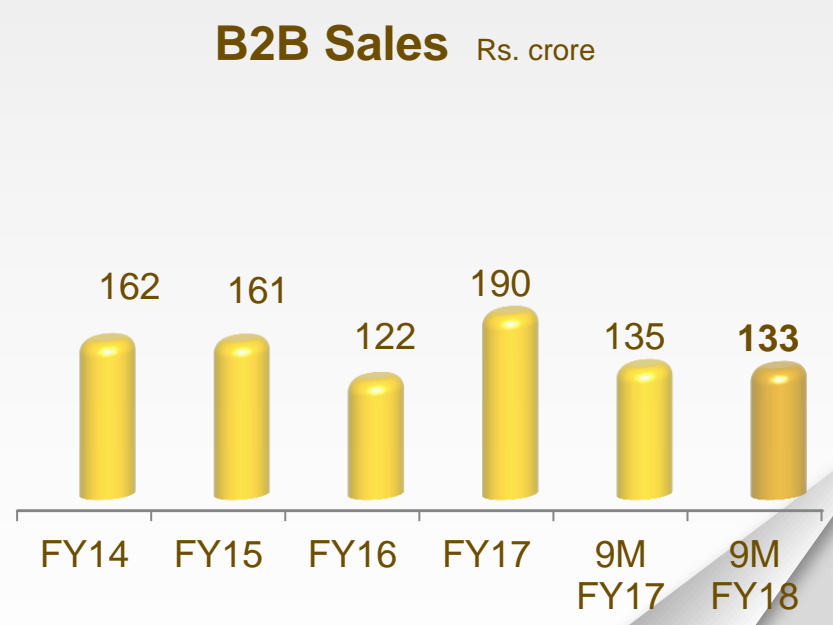
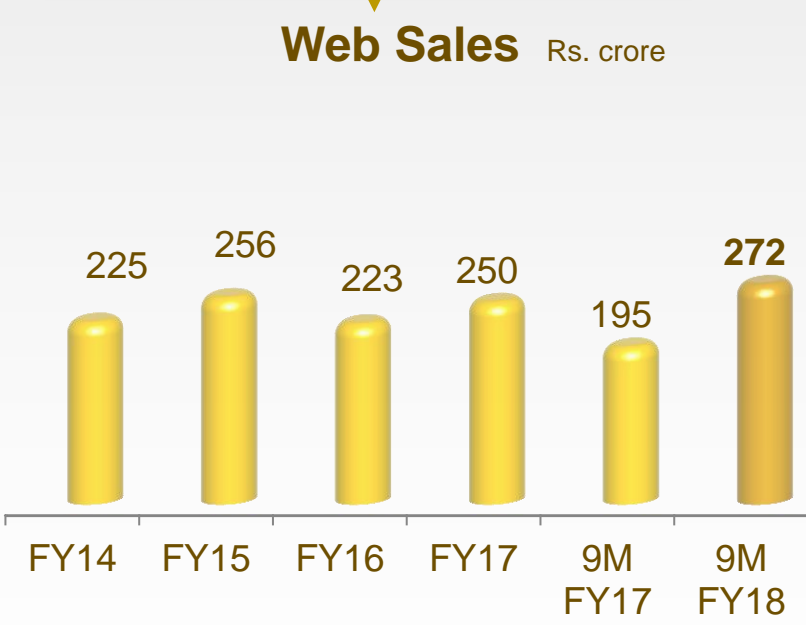
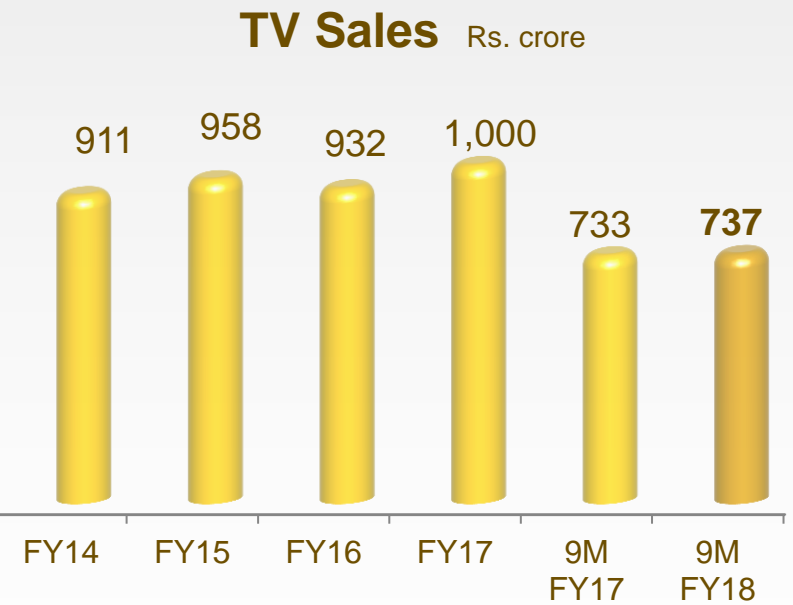


# Financials Performance Trends

(Revenues)



## Jewelry & Lifestyle Products

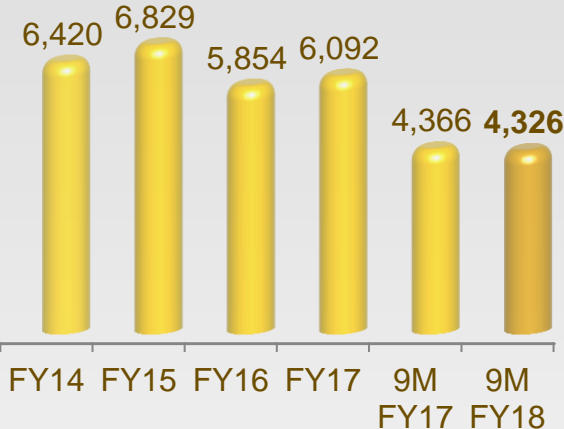




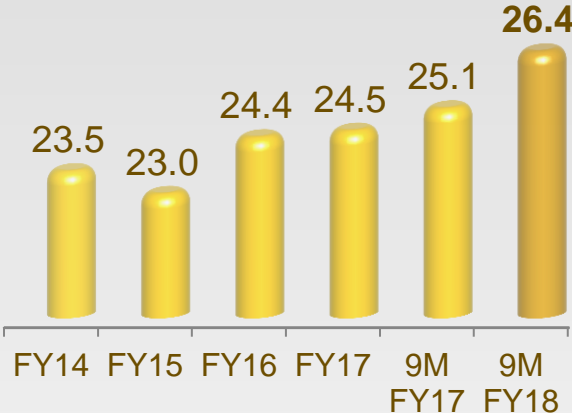
# Retail Performance Trends

## TV Sales

Sales Volumes ('000s)

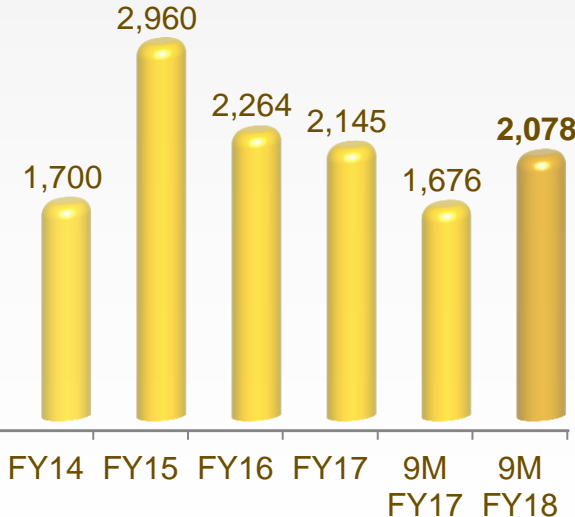


Average selling price US\$

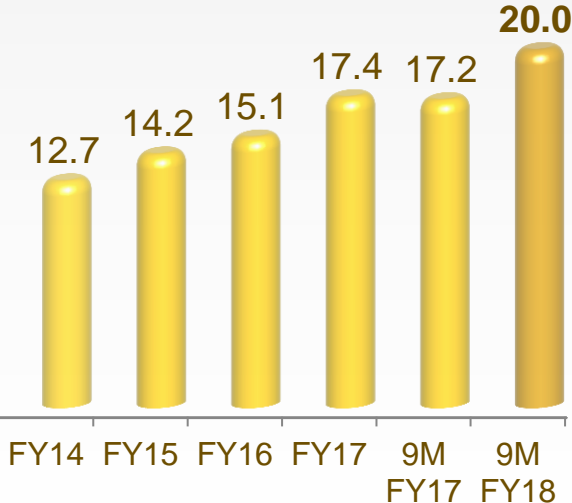


## Web Sales

Sales Volumes ('000s)

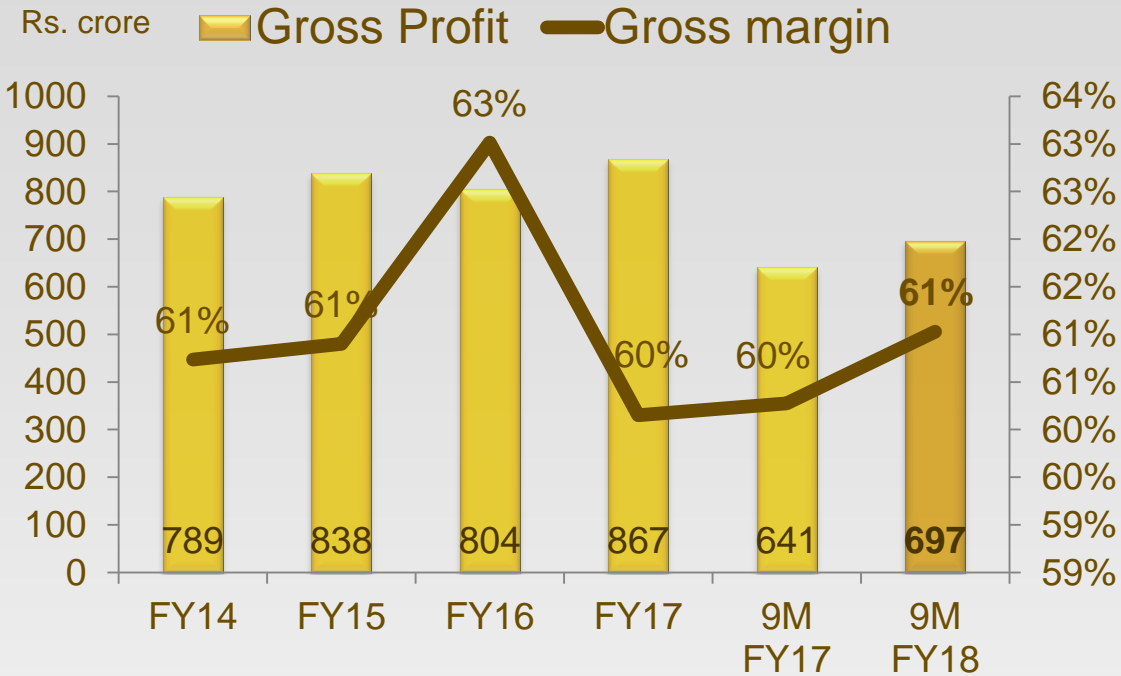


Average selling price US\$

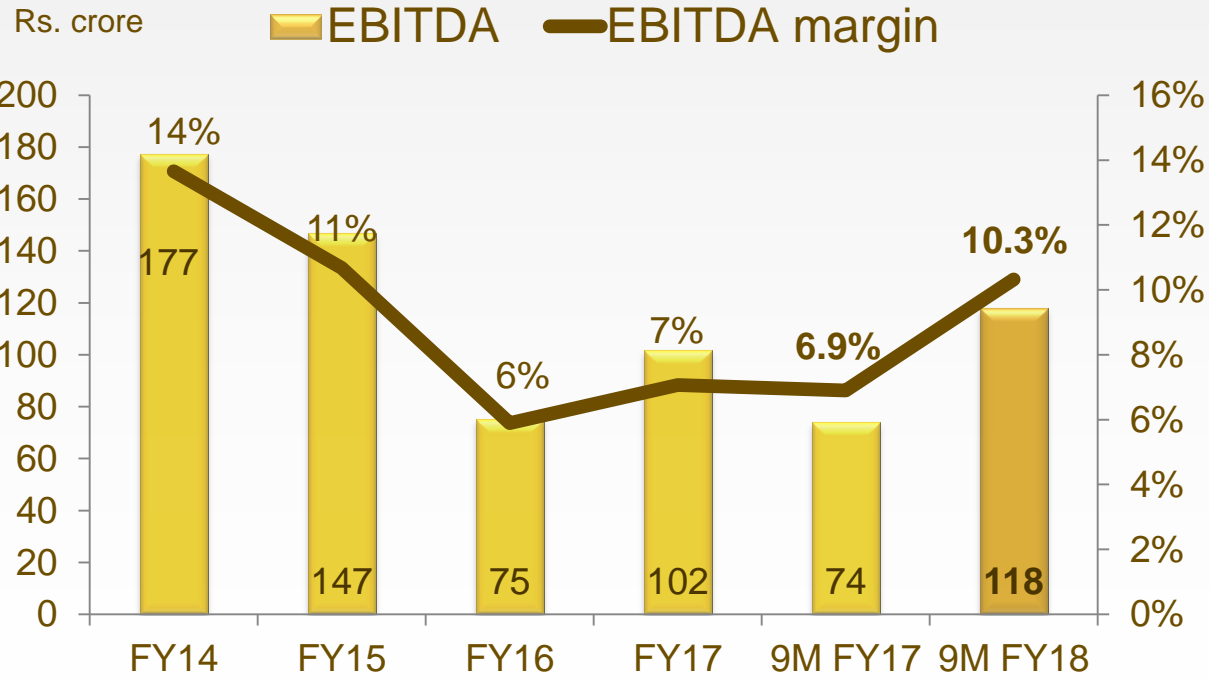


# Financials Performance Trends

## (Margins)



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

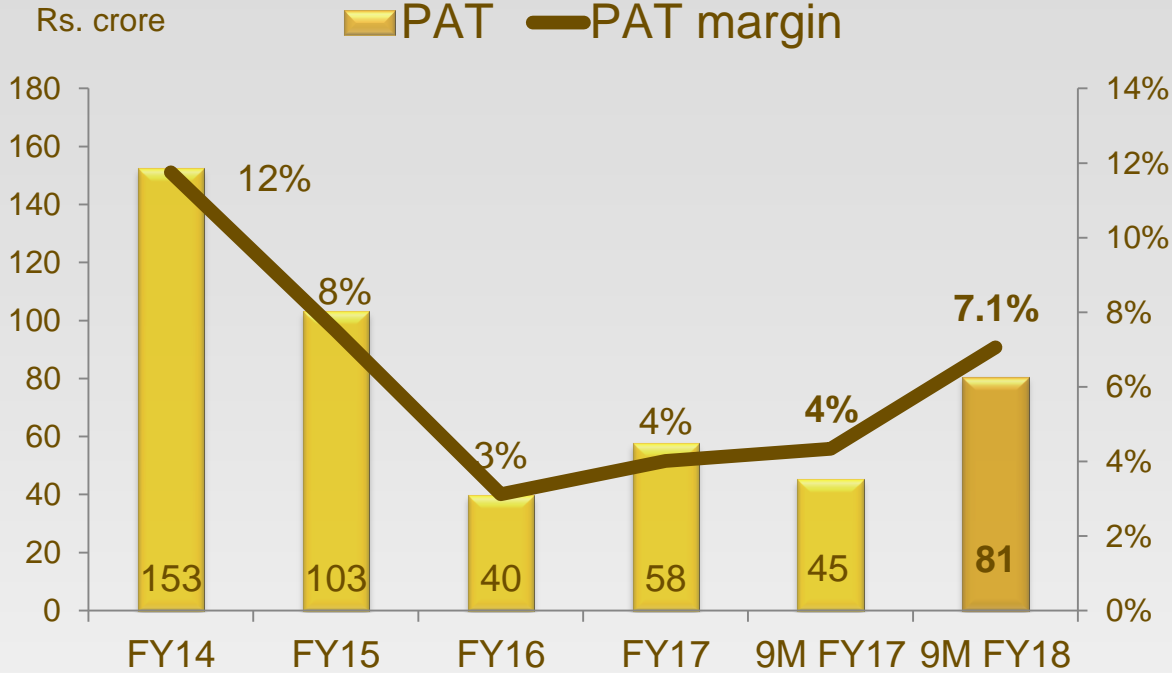


Note: EBITDA including exchange gain/(loss) fluctuation

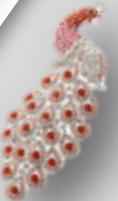
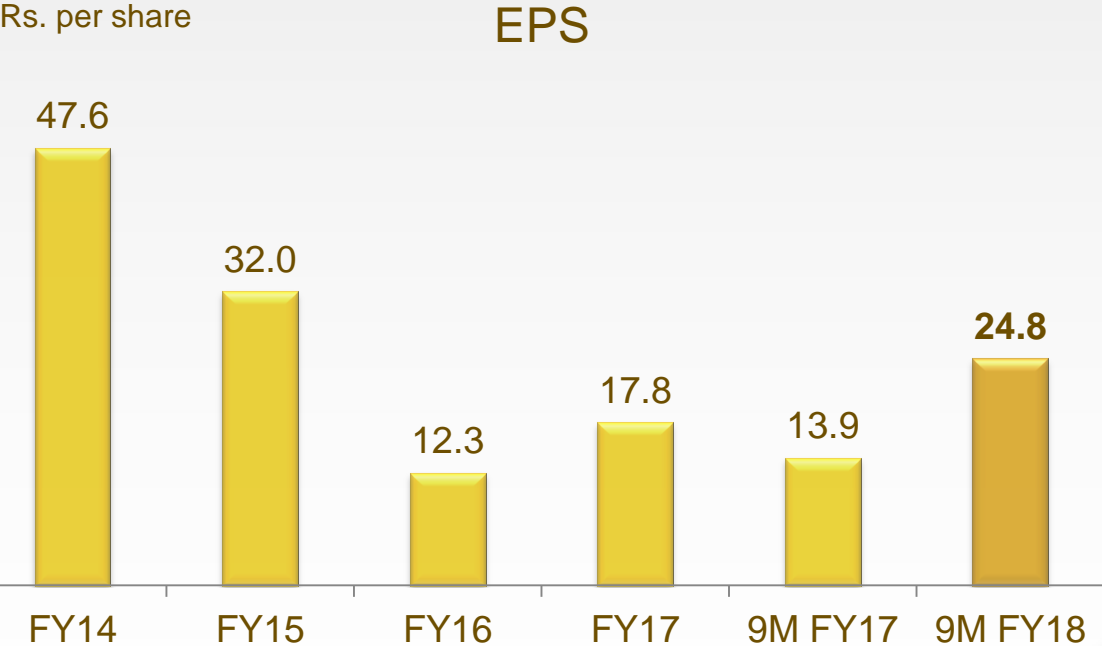


# Financials Performance Trends

(Profits)



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

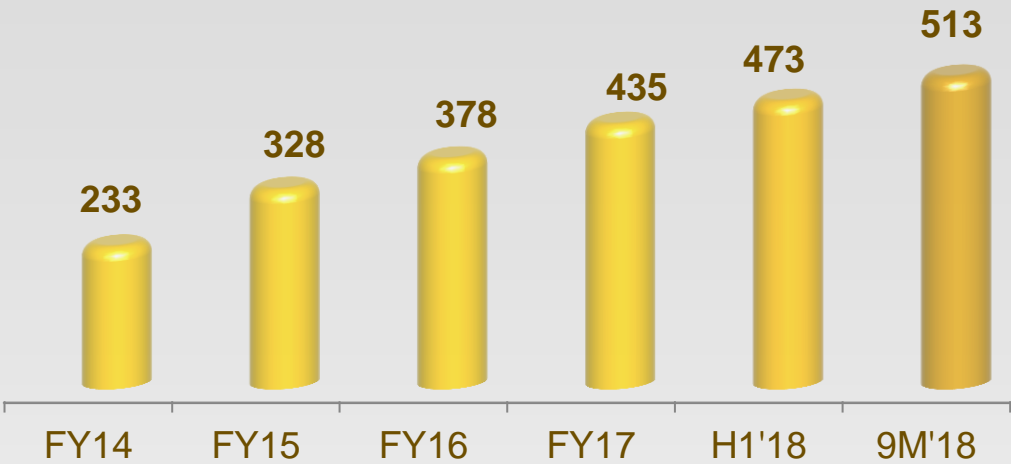


# Financial Performance Trends

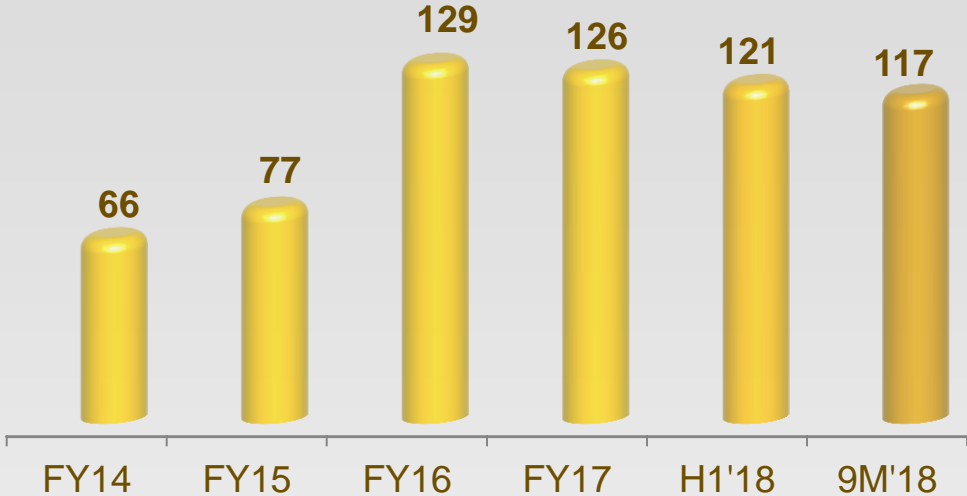
## (Balance Sheet)

Rs. crore

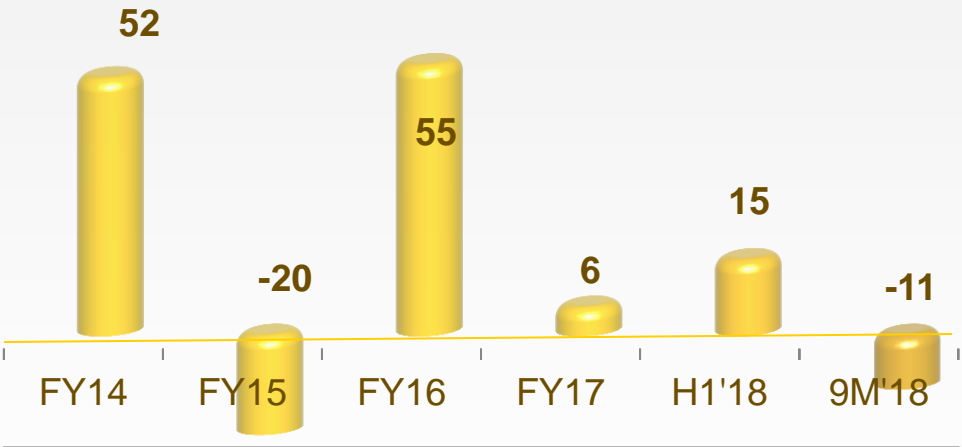
Shareholders' Equity



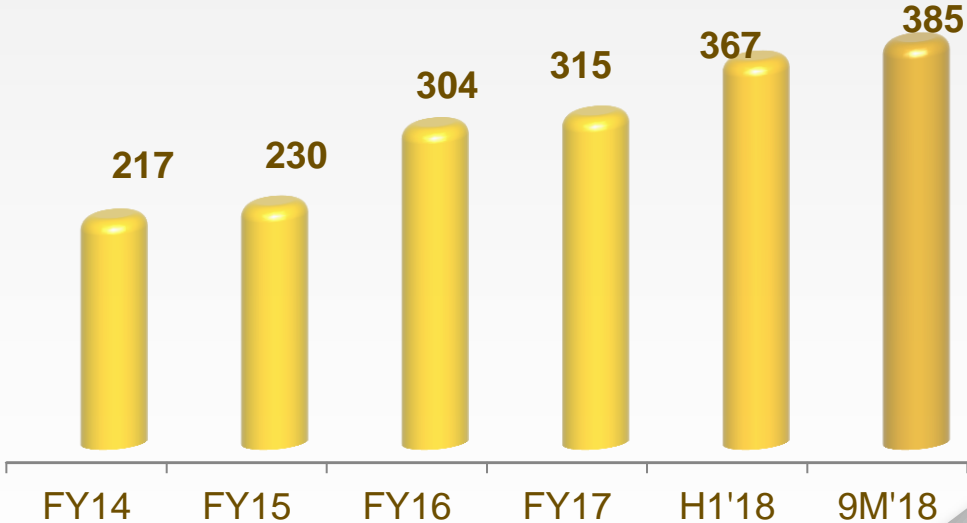
Fixed assets including intangibles



Net Debt



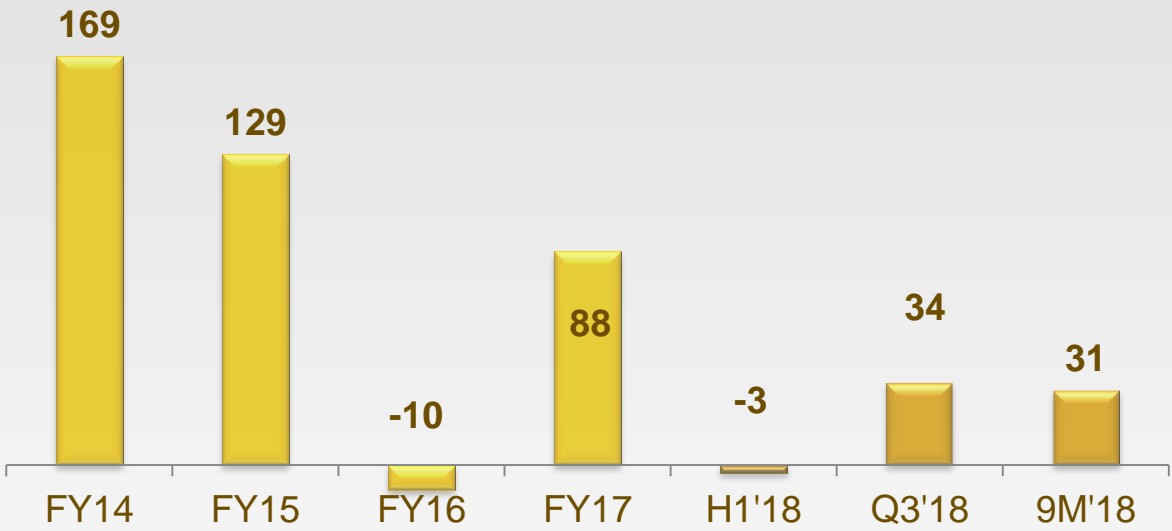
Net Current Assets



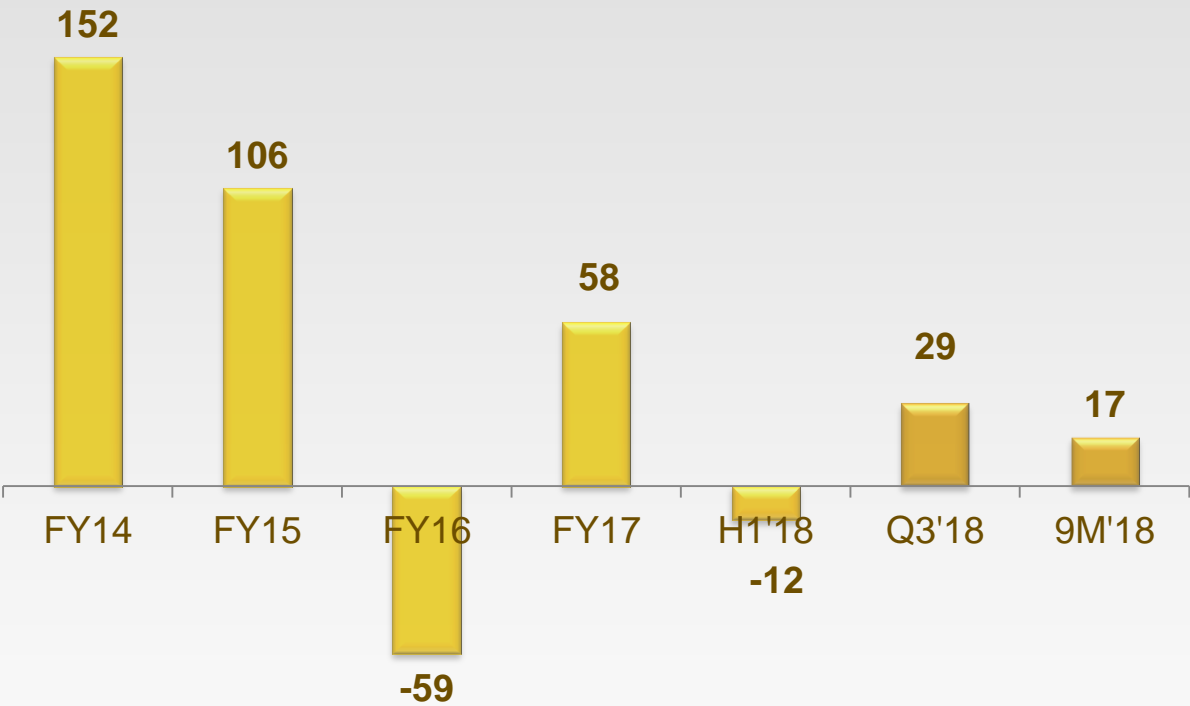
# Financial Performance Trends (Cash Flow)

Rs. crore

Operating Cash flow



Free Cash Flow



*Operating Cash Flow: PBT+ Depreciation-Changes in working capital + adjustment for non cash items*

*Note: Interest charges have been deducted while calculating operating cash flow.*

*Free Cash Flow: Operating Cash Flow – Capital expenditure*





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# 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 brands and brand ambassadors for live presentation of BRANDS

DESIGNER COLLECTIONS  
SHOP ALL



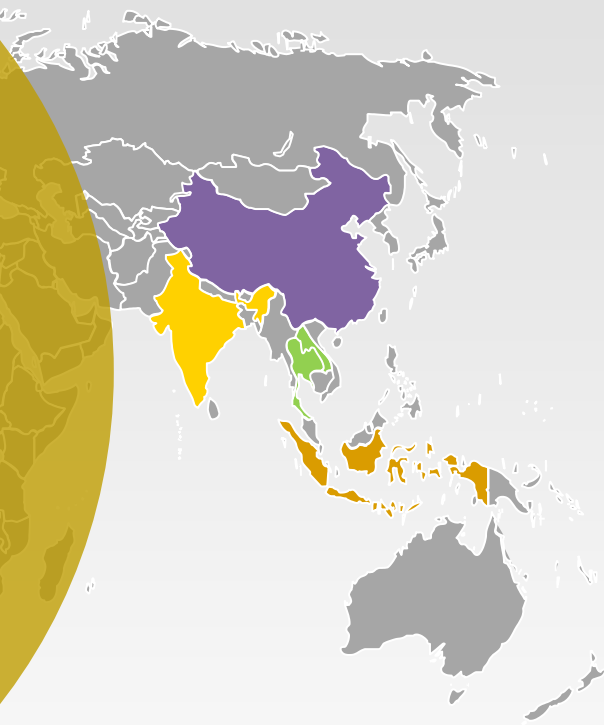
homesmart



# 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 **6 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 **2,500** 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 – USA (Consumption Markets)

**SHOP LC**  
DELIVERING JOY



## Shop LC, USA

- ✓ **76.5 million** households shopping (FTE, out of 120 mn)
- ✓ Based out of Austin, Texas. Offer services in Canada through e-commerce [www.ShopLC.com](http://www.ShopLC.com)
- ✓ **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)



freesat



## 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
- ✓ 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 EMI option
- ✓ 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

- ✓ Launched Budget Pay EMI option
- ✓ Launched Mobile App for TjC
- ✓ Latest DemandWare Platform
- ✓ Better Website optimization for all devices
- ✓ Enhanced customer engagement
- ✓ Europe delivery started through E-commerce platform
- ✓ Engaging customers through different sales channels like Facebook Shop, Ebay store etc.



**Retail Format**

SHOP LC DELIVERING JOY	tjC
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

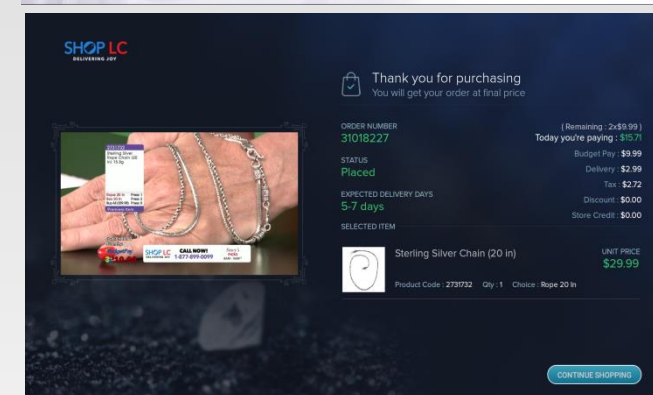
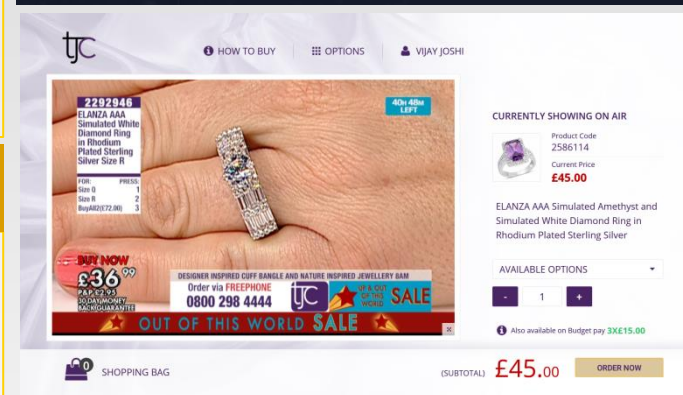
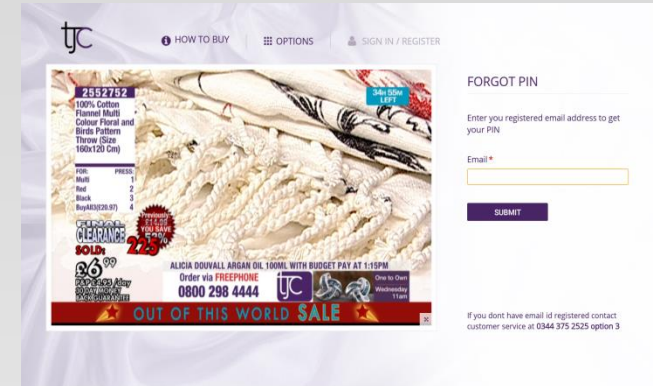
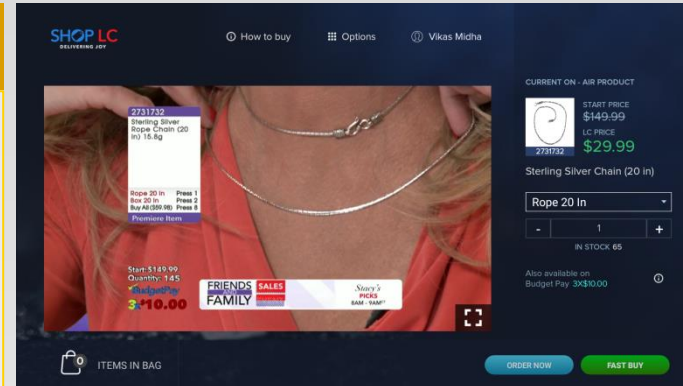
- **High Definition Broadcast**
  - Charter Communication
  - AT&T
- Adoption of new technology of Broadcasting
  - Reducing dependency on Infrastructure
  - Minimizing downtime as IP would broadcast it via internet

## 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



- 25 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



- Over 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



- Over 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 , COO – 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



- Over 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

## Raj Singh

Vice President, Supply Chain, VGL Group



- Mr. Raj Singh is a graduate in Chemistry and trained in Mechanical Maintenance. He began his career with Shrenuj & Company Ltd. In his career of 22 years, he has gone strength to strength improving and innovating businesses. His initiatives like Gems Studded Stainless Steel Jewellery, Ion Plating, etc., are ground-breaking in the Jewellery industry. For an industry that is type cast as labor intensive, Mr. Singh has led many automation drives and is successful in grinding out cost efficiencies.



# Management Team

## Amit Agarwal

### Commercial Director – TJC, UK



- MBA marketing with over 16 years of experience with different companies like BSL Ltd , Siddhartha Marble and VGL group in Sales and product merchandising in Jewellery and Textile category .
- Managing product merchandising , planning for TV and E-com platform along with handling retail sales at TJC UK.
- Part of core team who successfully launched life style category and turnaround TV retail sales growth in last few years

## Vivek Jain

### Finance Director – TJC, UK



- A Chartered Accountant with over 16 years' experience in Finance, Banking, Accounts, Budgeting, MIS, Taxation, Costing, Internal Audit, Systems Implementation, Company Secretarial and Legal matters Part of core team that successfully implemented organizational turnaround strategies
- Appointed TJC UK Finance Director in September 2016 responsible for both the finance function and a number of operational functions including Content Distribution, Customer Solutions and Fulfilment through a period of significant growth and change



# Contact Information

For more information on Vaibhav Global Limited, please contact:

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**Thank  
You**