



Global Retailer of Fashion Jewelry, Accessories and Lifestyle products on Home Shopping TV and e-Commerce Platforms



# Vaibhav Global Limited

Financial Results Presentation – Q3 & 9M FY2019





# 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.





# Q3 FY19 Key Snapshot

## B2C Success in Developed Markets

**2.9**<sub>mn</sub>

Products Sold  
On TV and Web

**100**<sub>mn</sub>

TV Homes  
Directly Accessed (FTE)

**30**

Avg. Quantity per Customer  
\*TTM

**337,200**

Unique Customers \*TTM

**23%**

ROE \*TTM

**37%**

ROCE \*TTM

**Rs.511**<sub>crore</sub>

Revenue

**Rs.53**<sub>crore</sub>

PAT

**Rs.73**<sub>crore</sub>

Free Cash Flow



# Corporate Overview

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

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

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

**Vertically-integrated fashion retailer on electronic retail platforms**

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

**Strong management team**

**Robust customer engagement**

**Solid infrastructure backbone**

**Hybrid supply chain infrastructure**

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

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

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





# Global Network

Consumption Markets

Manufacturing and Sourcing Markets

SHOP LC  
DELIVERING JOY

USA

- TV channel retail
- E-commerce website & Apps
- Marketplaces

STC

USA

- B2B Wholesale distribution



tjc

The Jewellery Channel, UK

- TV channel retail
- E-commerce website & Apps
- Marketplaces

VGL India

- Group HQ
- Gemstones & jewelry manufacturing
- Sourcing
- Product Development

STC

STC, China

- Sourcing

STC

STC Hong Kong

- Sourcing
- Sub-contracting

STC

STC Thailand

- Sourcing

STC

STC Bali

- Sourcing



# Table of Contents





**Q3 & 9M FY19  
Financial  
Performance**



# Key Highlights for Q3 FY19

## Home TV Network Reach – 100 Mn Households across US and UK

- ➔ 100 million households on full time equivalent (FTE\*) basis
- ➔ 75 million households in the US
- ➔ 25 million households in the UK

## Q3 FY19 Retail Volumes at 2.9 Million Units, up 18% YoY and overall ASP\* at \$23.43, down 5% YoY

- ➔ Home TV shopping volumes at 1.92 million units
- ➔ Web shopping volumes at 0.99 million units
- ➔ Strong volume growth on both platforms
- ➔ Deep customer engagement drives strong repeat purchases

## Q3 FY19 – Financial Performance

- ➔ Total Revenue at Rs. 511 crore, up 11% YoY
- ➔ B2C\* Retail revenue up 23% YoY
- ➔ EBITDA at Rs. 71 crore, up 15% YoY
- ➔ PAT at Rs. 53 crore, up 15% YoY



## Operating Highlights in Q3 & 9M FY19

- ➔ Driving forward on its quality journey, Shop LC is preparing to apply for the Malcolm Baldrige Progress Level Award from Quality Texas Foundation after receiving recognition for the Malcolm Baldrige Commitment Level Award.
- ➔ With the objective of diversifying its revenue profile, Shop LC is implementing entire days dedicated to non-jewelry products – resulting in new customer addition, lower sales returns and ASP.
- ➔ Shop LC launched Fulfillment by Amazon (FBA) Marketplace, enabling placement of select inventory at Amazon Fulfillment Centers, which raises brand awareness with customers converting from Amazon to Shop LC at a low acquisition cost.
- ➔ TJC focused on better customer targeting through additional slots and better channel positioning.
- ➔ Shop LC expanded studio operations, adding remote broadcasting capability to support HD programming.
- ➔ 75,000 units were sold on Shop LC's Birthday Bash along with ongoing support to the One for One program.
- ➔ Great Place to Work Institute named VGL's China subsidiary STS Gems among Greater China's Best Companies to Work For 2018 for the third consecutive year. Key operating entities within the group are receiving greater recognition under the GPTW program.



# Chairman's Message

Commenting on Q3 & 9M FY19 performance, Mr. Sunil Agrawal, Chairman and Managing Director, Vaibhav Global said:



*"I am happy to share that Q3FY19 has been a milestone quarter for VGL where revenues exceeded Rs. 500 crore and profits exceeded Rs. 50 crore. We have delivered a strong performance on all key matrices during the holiday season. We sold close to three million units on our symbiotic omni-channel sales model that comprises TV and Web platforms backed by strong demand for our fashion jewelry and fashion accessories in both, the US and the UK. On constant currency basis, retail growth was 10% in the US and 25% in the UK, largely driven by strong volumes.*

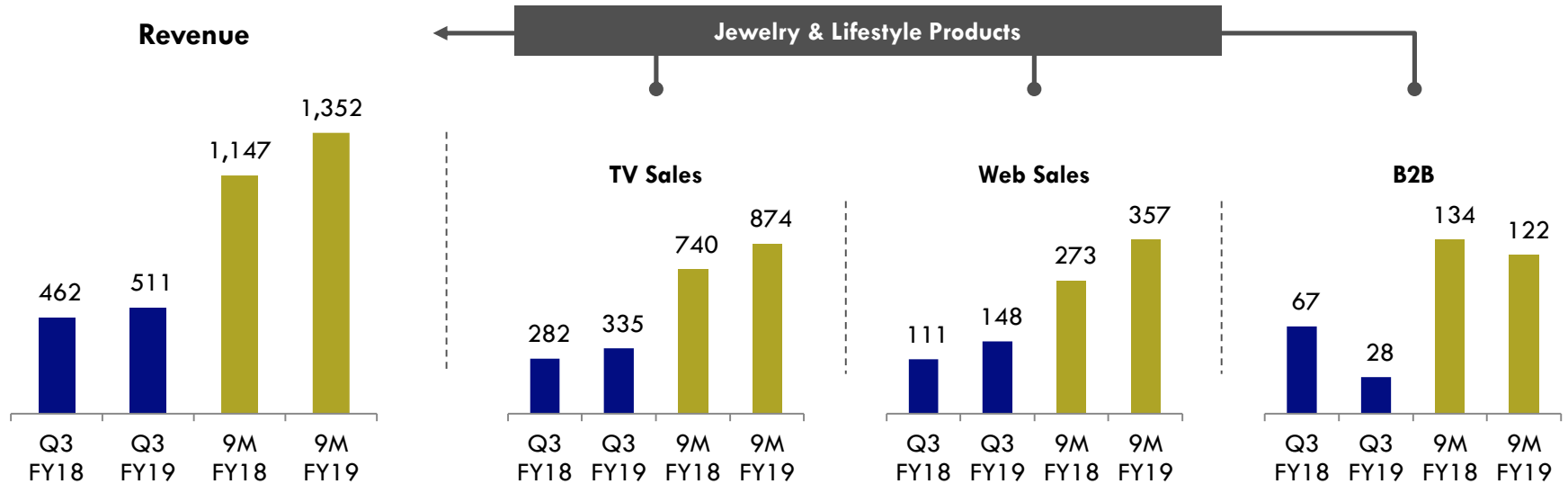
*Retail revenues in INR terms expanded 23% during the quarter and 22% in the first nine months. Gross margin expanded significantly to 64%, driven by higher contribution from retail revenues. Our operating and net margins also marked an improvement on a y-o-y basis. During the quarter, we undertook various measures towards improving operational efficiency and customer satisfaction metrics. We expanded non-jewelry contribution to sales by dedicating more TV program time and expanded our presence on Amazon. We expect these initiatives to keep our margins at elevated levels over the coming quarters. Sustaining strong returns on capital, VGL reported ROE and ROCE at 23% and 37% respectively. Free cash flow, during the first 9 months period, was Rs. 158 crore.*

*I am pleased to share that, during the quarter, we moved forward on our pursuit of quality under the Malcolm Baldrige National Quality Award program. We also saw growing recognition on our employee engagement/satisfaction initiatives under the Great Places to Work survey, with meaningful progress across regions.*

*We are focused on delivering joy across our entire ecosystem – our customers, employees, vendors, communities and shareholders. Success on this front should allow us to create long term value in the enterprise."*

# Financials – Q3 & 9M FY19 Performance

(Revenue Breakdown – Rs. crore)

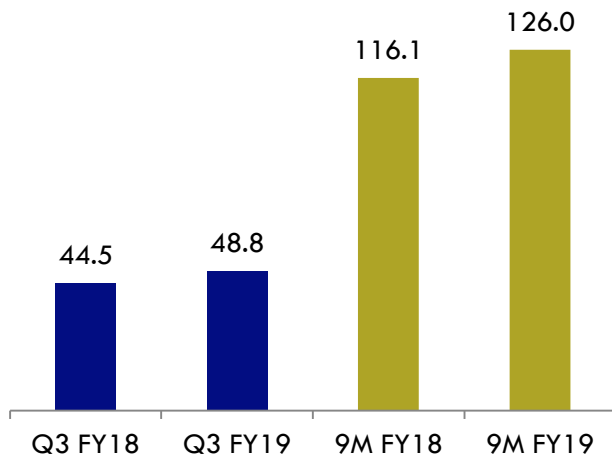


# Financials – Q3 & 9M FY19 Performance

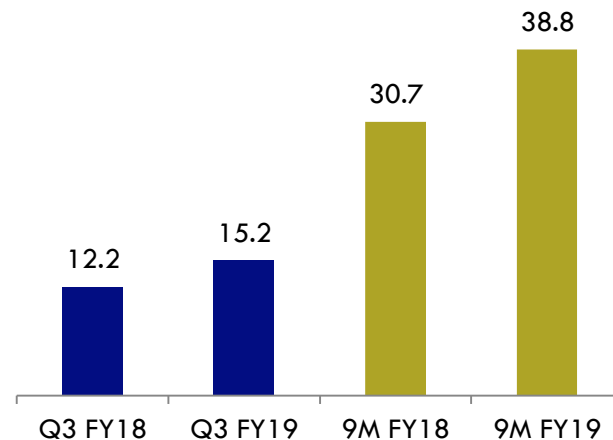
(Revenue Breakdown - Local Currency)



Shop LC (USD million)



TJC UK (GBP million)



# Retail Performance Trends – Q3 & 9M FY19

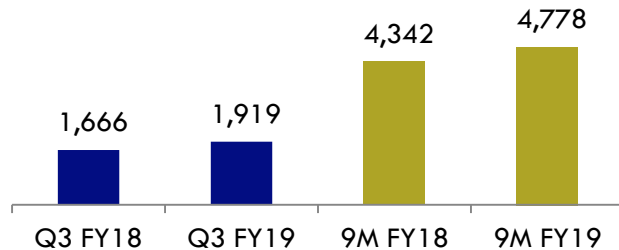
(Volume and ASP)



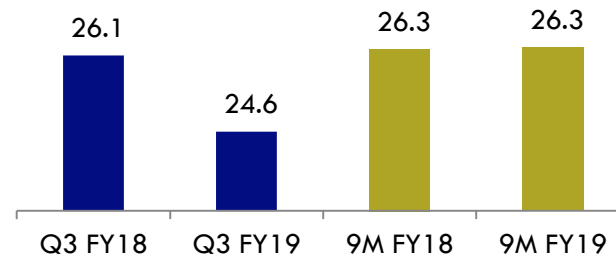
## TV Sales



Sales Volume ('000s)



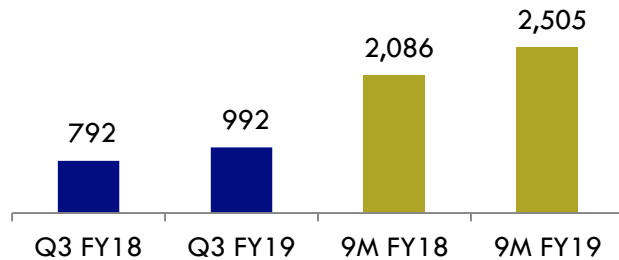
Average Selling Price US\$



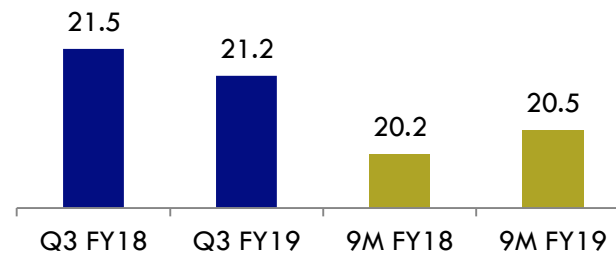
## Web Sales



Sales Volume ('000s)

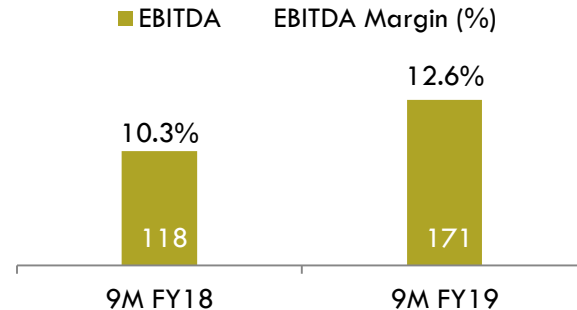
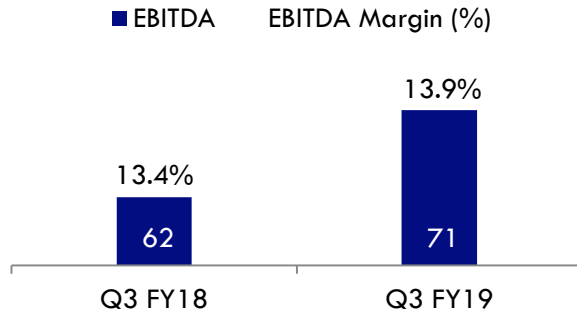
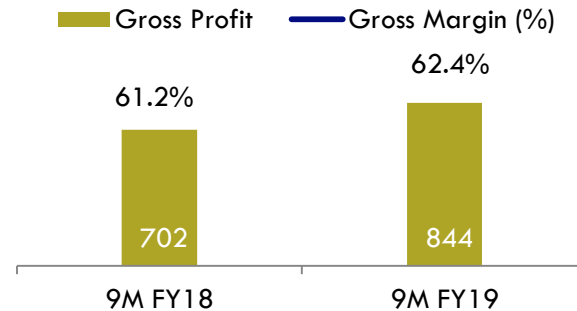
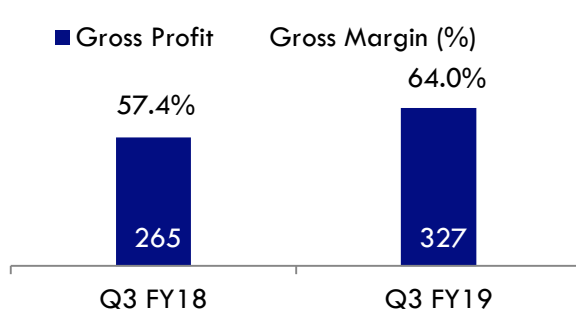


Average Selling Price US\$



# Financials – Q3 & 9M FY19 Performance

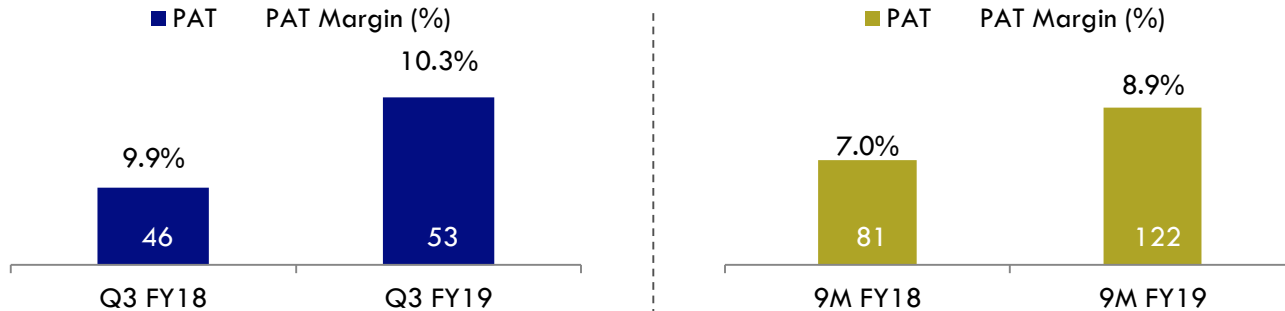
(Margins)



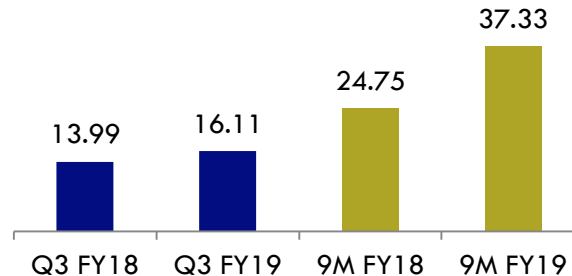


# Financials – Q3 & 9M FY19 Performance

(Profits)



## EPS (Rs.)

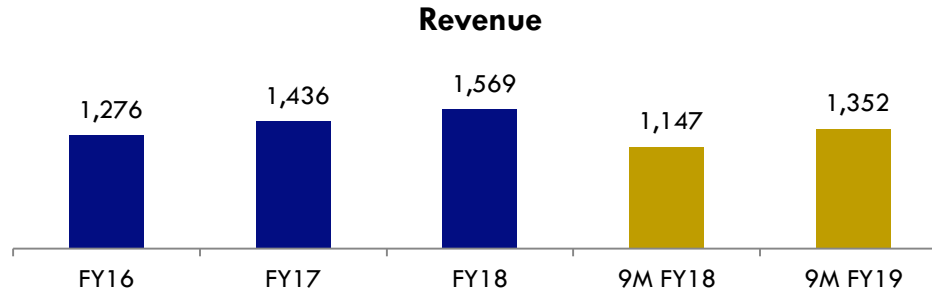




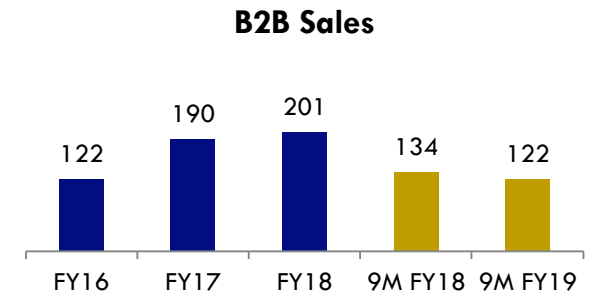
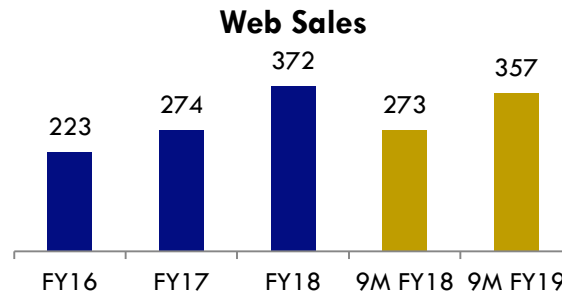
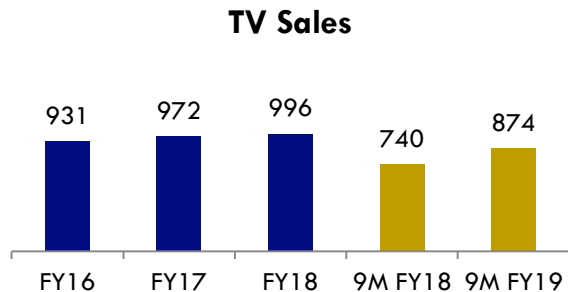
# Financial Performance Trends

# Financials Performance Trends

## (Revenue breakdown - Rs. crore)



Jewelry & Lifestyle Products



\*Previous years numbers have been re-grouped to align with Ind AS 115.

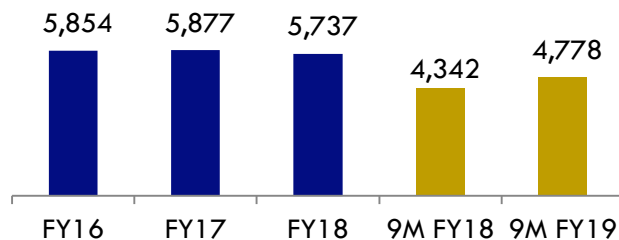


# Retail Performance Trends

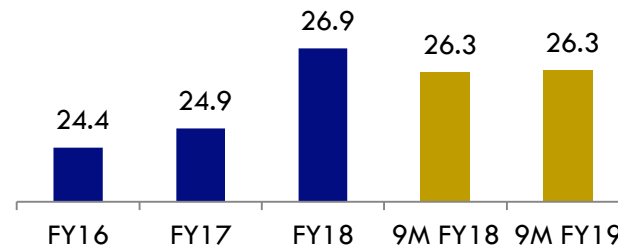
## TV Sales



Sales Volume ('000s)



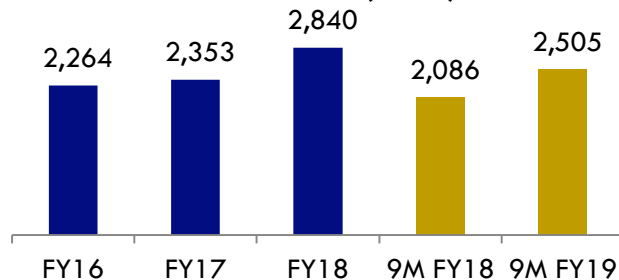
Average Selling Price US\$



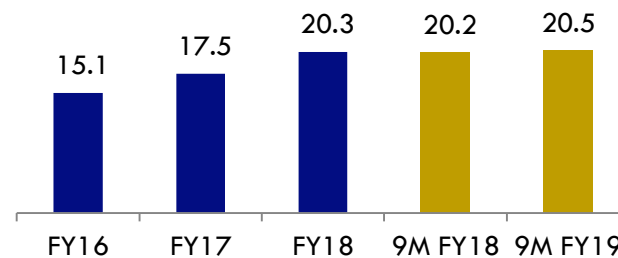
## Web Sales



Sales Volume ('000s)

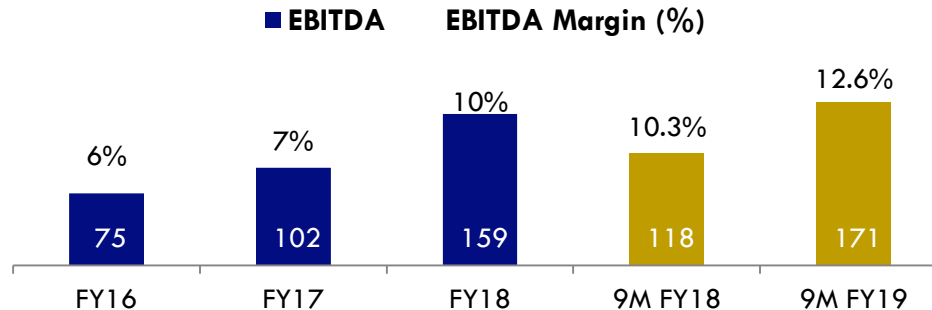
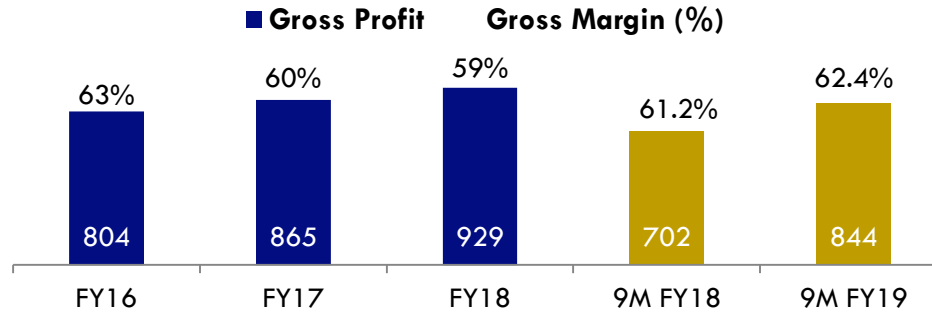


Average Selling Price US\$



# Financials Performance Trends

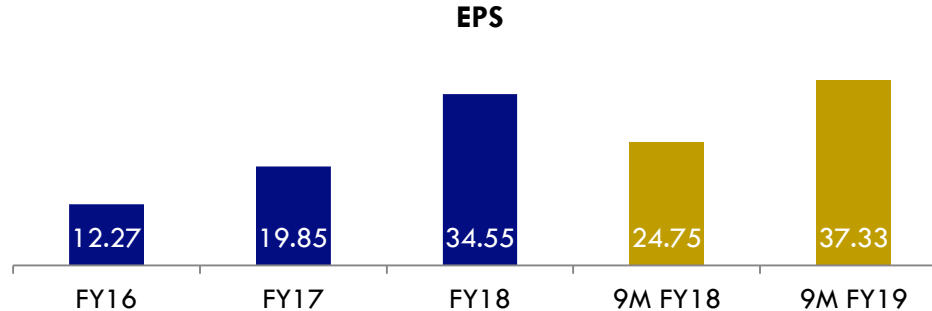
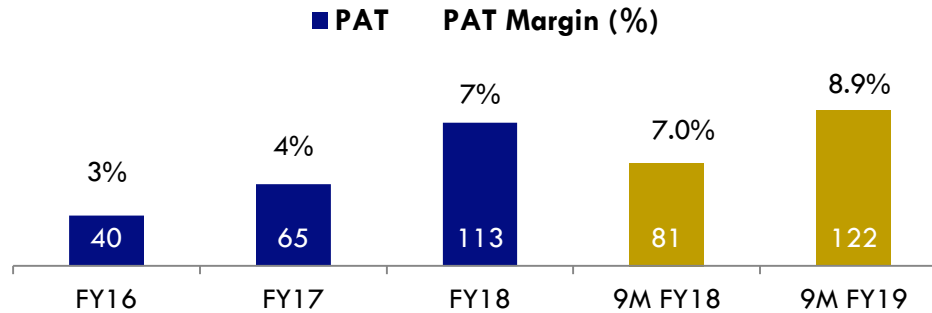
## (Margins)





# Financials Performance Trends

## (Profits)

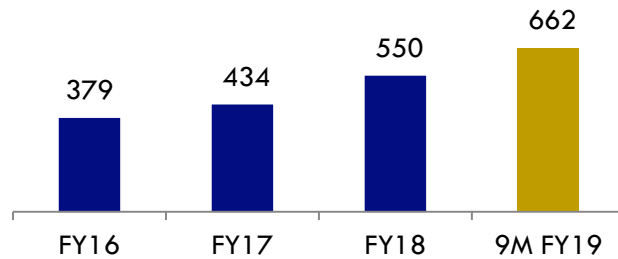


# Financial Performance Trends

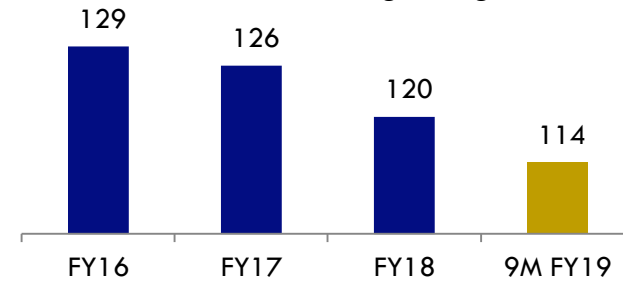
## (Balance Sheet - Rs. crore)



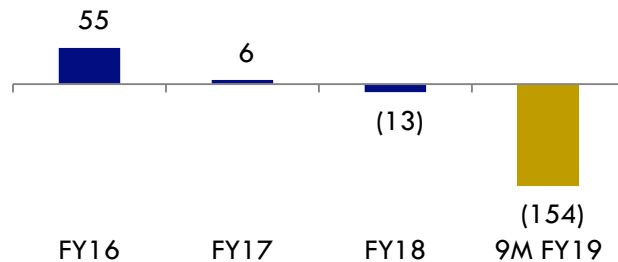
### Shareholders' Equity



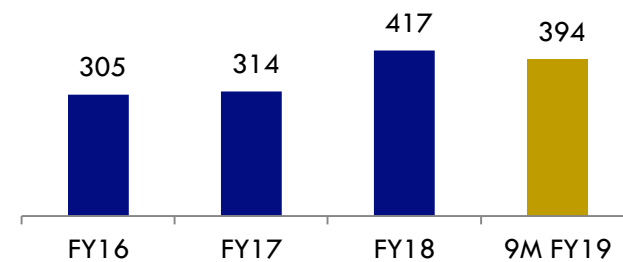
### Fixed assets including intangibles



### Net Debt

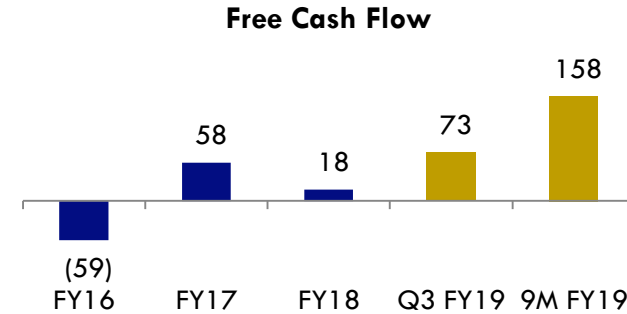
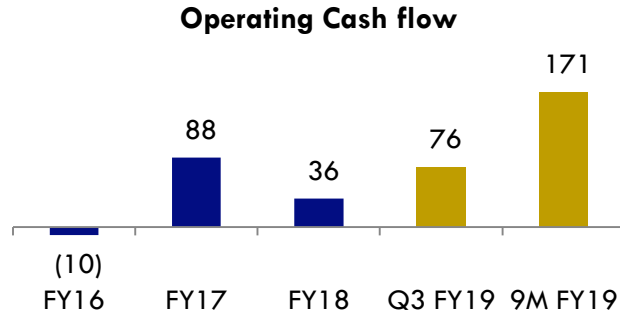


### Net Current Assets



# Financial Performance Trends

## (Cash Flow – Rs. crore)

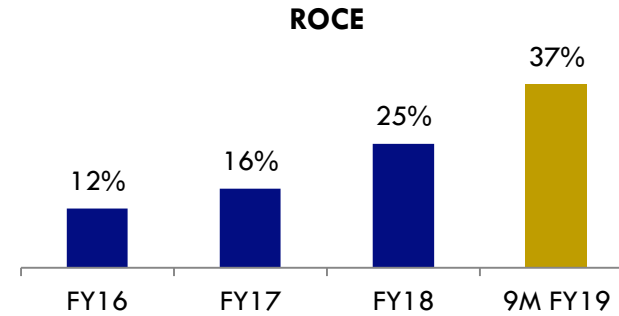
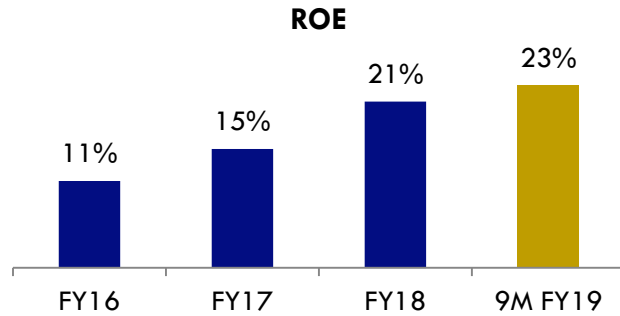


Operating Cash Flow: PBT+ Depreciation- (Changes in working capital) + adjustment for non cash items

Free Cash Flow: Operating Cash Flow – Capital expenditure

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

# Financial Performance Trends (Key Ratios)





## Business Background Details



# 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



LUCYQ  
BY LUCY QUARTERMAINE

RACHEL GALLEY  
MEMENTO

TRIBAL INDIA  
COLLECTION OF

homesmart



GP  
GIUSEPPE PEREZ  
COLLECTION

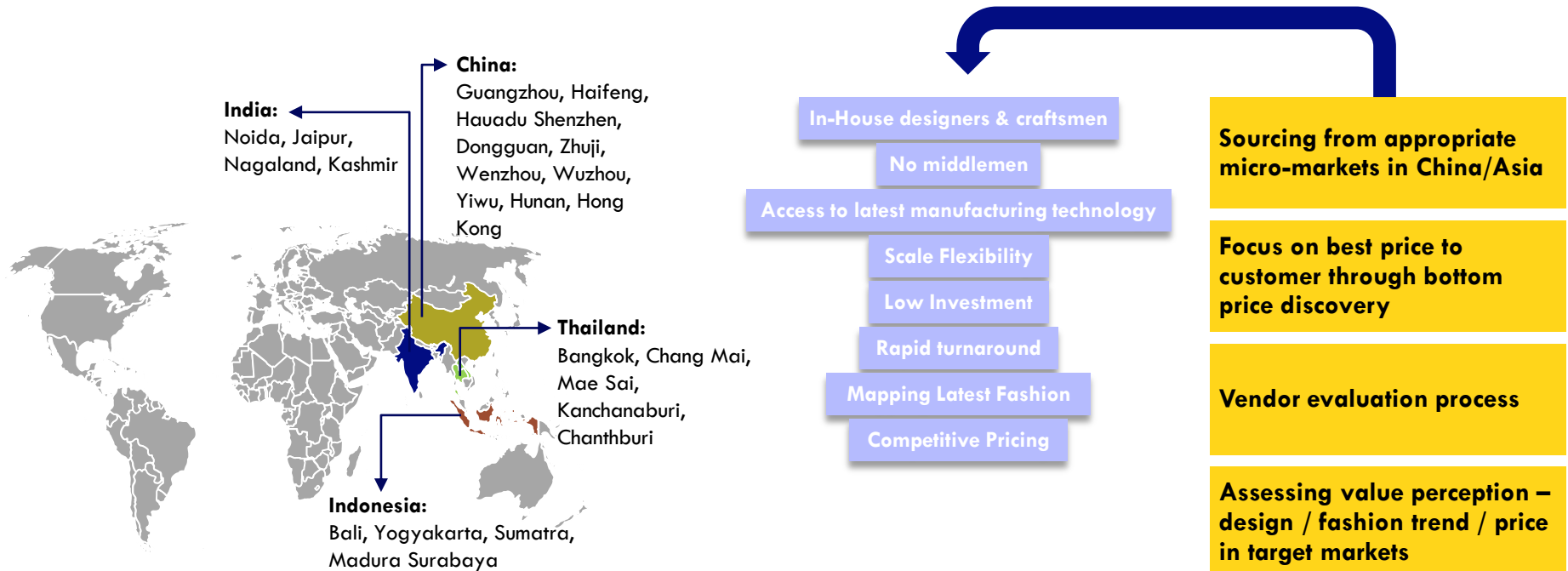
BALI LEGACY  
COLLECTION



# Sourcing



Global supply chain capability of 12 million pieces, continuously expanding





# Manufacturing

- Four ISO 9001:2008 facilities in Jaipur, with capacity of producing 6 million units 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 2,800 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



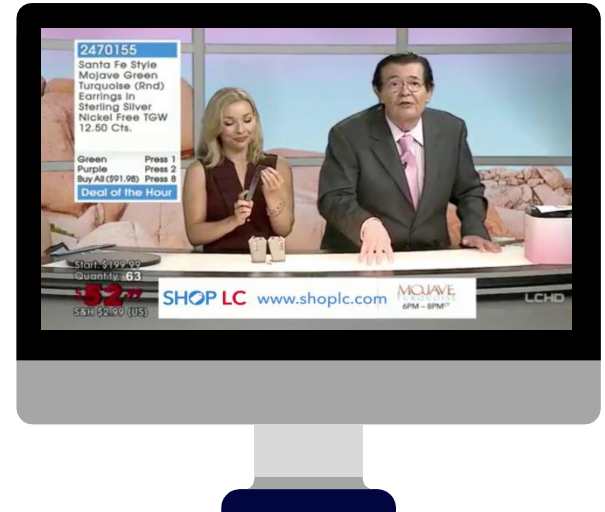
# TV Networks – USA

## (Consumption Markets)



### Shop LC, USA

- ➔ **75 million** households shopping (FTE, out of 120 mn)
- ➔ Based out of Austin, Texas USA
- ➔ **Almost 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 operationalized**



# TV Networks – UK

## (Consumption Markets)



### The Jewellery Channel (TJC), United Kingdom

- ➔ **25 million** households shopping (FTE, out of 25 mn)
- ➔ Based out of London
- ➔ **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, Facebook**
- ➔ **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 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 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



#### USA

- Rising Auction
- Catalogue Price
- Collections
- Live TV
- Clearance



#### UK

- Rising Auction
- Live TV
- Web Exclusive
- Sale
- Outlet



# Early Adopters And Cord Cutters

## High Definition And Ip Broadcast

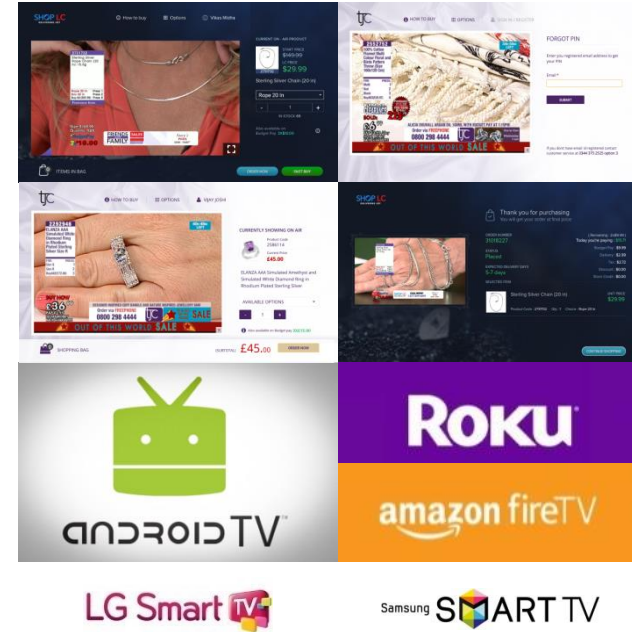
- ➔ **High Definition Broadcast**
  - Charter Communication
  - AT&T
- ➔ **Adoption of new technology of Broadcasting**
  - Reducing dependency on Infrastructure
  - Minimizing downtime as IP would broadcast it via internet

## Expansion Into Over The Air Presence (Ota)

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

## Smart Tv And Streaming Devices (Iptv)

- ➔ **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



## Mr. Sunil Agrawal

### Chairman & Managing Director

- An MBA from Columbia University, NY (USA), Sunil 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

- Over 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



# Management Team



## Jeff Allar

### Group Senior Vice President, 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



## 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 over 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.



## Vineet Vashist

### Group 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



## Amit Agarwal

Managing 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

Senior Director, Finance – VGL Group

- A Chartered Accountant with over 16 years' experience in Finance, Banking, Accounts, Budgeting, MIS, Taxation, Costing, Internal Audit, Systems Implementation, Company Secretarial and Legal mattersPart 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



## Pushpendra 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

# Contact Information



**For more information on  
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**Thank You**