



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



Vaibhav Global Limited

Financial Results Presentation – Q3 & 9M FY2020





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 FY20 Snapshot

Revenue	Rs.563 _{cr}	TV Homes Directly Accessed (*FTE)	99.2mn
EBITDA	Rs.92 _{cr}	Unique Customers *TTM	353,145
PAT	Rs.66 _{cr}	Products Sold On TV and Web	2.9mn
ROE *TTM	25%	Avg. Quantity per Customer *TTM	30
ROCE *TTM	43%	ASP *YTD	\$26.7

*ROE – based on average net-worth

*ROCE – based on average capital employed

*FTE - Full Time Equivalent



Corporate Overview

Vertically-integrated fashion retailer on electronic retail platforms

- ➔ End-to-end B2C business model
- ➔ Significant geographical cost arbitrage
- ➔ Proprietary TV home-shopping and e-commerce platforms
- ➔ Entire B2C sales is through credit cards

Shop LC and TJC are brands with strong customer visibility

- ➔ 99.2 million (FTE) households on TV shopping in the US and UK
- ➔ Growing online presence
- ➔ Improving customer engagement metrics – customer base, retention rate, repeat purchases

Strong management and governance

- ➔ Professional management team with deep industry knowledge
- ➔ Strong and Independent Board with global retail experience
- ➔ KPMG – Global Auditors
- ➔ Talent pool across diverse functions

Robust customer engagement

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

Solid infrastructure backbone

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

Exceptional one-for-one social program

- ➔ Every piece sold through our retail channels results in one meal for a school-going child
- ➔ Provided nearly 34 mn meals so far across India, US and UK

Table of Contents





**Q3 & 9M FY20
Financial
Performance**



Q3 FY20 Highlights

- Shop LC (US) commenced broadcasting shows on Amazon Live
- Integrated Pixlee with Shop LC (US) website for user-generated content sharing
- TJC (UK) shopping app launched on apple store for iPad
- TJC (UK) HD channel launched on Freeview platform in UK
 - This is in addition to the standard channel
- Community Forums went live on e-commerce websites in US and UK
- Concluded Buyback of equity shares from open market through the stock exchange mechanism in December 2019
 - The Company commenced buyback of equity shares on 20th August 2019
 - Bought back 8,65,675 equity shares at an average price of Rs. 831.72 per equity share
 - Deployed an amount of ~Rs. 72 crore (excluding transaction costs)
- Shop LC was recognized as the 'Global Business of the Year' for 2019 by Round Rock Chamber, Austin, Texas
- Great Place to Work® Institute named Vaibhav Global's Greater China subsidiary, STS Gems Ltd., in 'Best Workplaces™ in Greater China 2019' List, for the fourth consecutive year. Key operating entities within the group are receiving greater recognition under the GPTW program
- Since inception of the 'One for One' Program, Vaibhav Global has provided nearly 34 million meals to school children across India, US and UK

MD's Message

Commenting on Q3 & 9M FY20 performance, Mr. Sunil Agrawal, Managing Director, Vaibhav Global said:



"I am delighted to share that we have once again delivered strong revenue and earnings growth during the holiday season. Q3FY20 recorded highest ever revenues and profits at Rs. 563 crore and Rs. 66 crore respectively on the back of strong growth in both the retail geographies of US and UK. On constant currency basis, Shop LC, US, marked a growth of 11% y-o-y and TJC, UK, marked a growth of 21% y-o-y during the quarter.

In an omni channel world, VGL has found a strong footing as customers engage across well-integrated platforms comprising TV, web, mobile apps, smart TV, various OTT platforms, social media commerce and third-party marketplaces. Expanded product offerings in fashion jewellery, accessories and lifestyle products allowed us a larger share of our customer wallets. Our focus remains on achieving accelerated growth around key strategic objectives of **4Rs** - widening our **Reach**, growing new customer **Registrations**, improving customer **Retention** and increasing **Repeat** purchases. I am happy to announce that during the quarter, Shop LC was recognized as the 'Global Business of the Year' for 2019 by Round Rock Chamber, Austin, Texas.

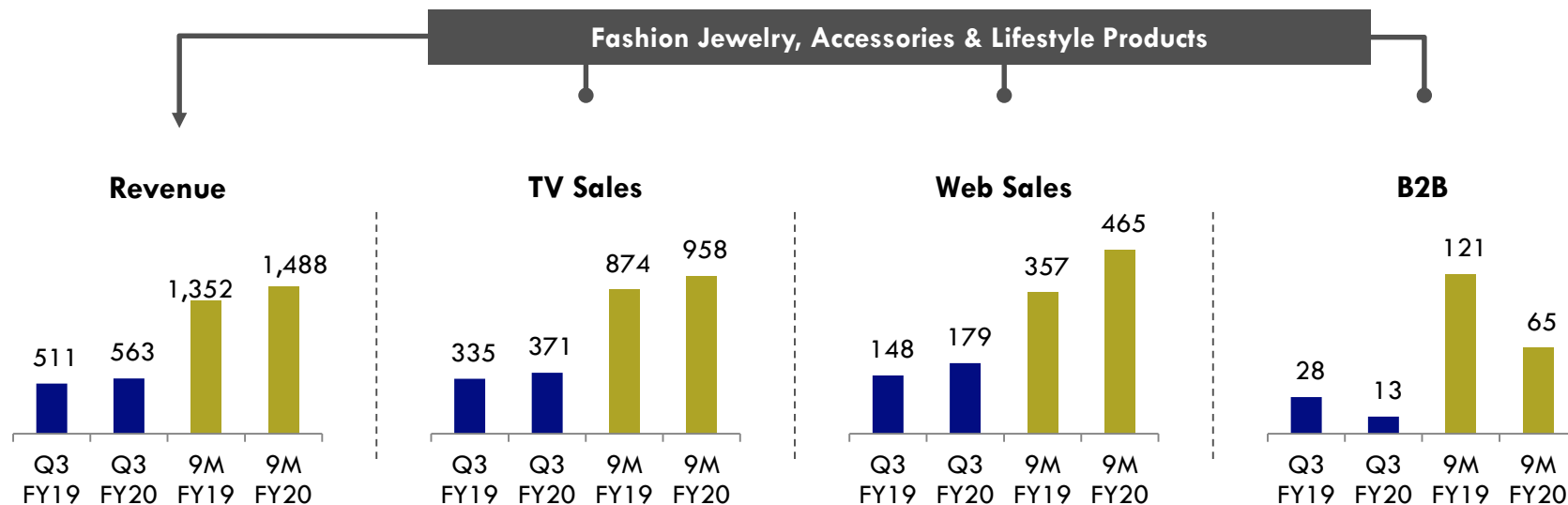
We have consistently maintained industry leading gross margins at over 60%. Increasing revenues on an existing operating base has enabled VGL to deliver improved EBITDA margins at 14.5% and net margins at 10.1% for 9MFY20. We continue to report superior ROE and ROCE at 25% and 43% respectively.

Our focus on 'Delivering Joy' to all our stakeholders will remain central to our existence. From Shareholders' point of view, during the quarter we concluded Rs. 72 crore buy back of equity shares from the open market. It is my pleasure to share that today, our Board of Directors approved an interim dividend of Rs. 7 per equity share. Further, STS Gems Ltd., Vaibhav Global's subsidiary in Greater China, has earned a place among the 'Best Workplaces™ in Greater China 2019' list, for the fourth consecutive year. I am pleased to share that under our flagship CSR initiative, the 'One for One' program, we have provided nearly 34 million meals to school children across India, US, and UK.

We believe that our informative and entertaining live broadcast TV and e-commerce retailing is structurally attractive in both US and UK and we have right strategies and levers in place to help us drive profitable growth sustainably."

Financials – Q3 & 9M FY20 Performance

(Revenue Breakdown – Rs. crore)



Note:

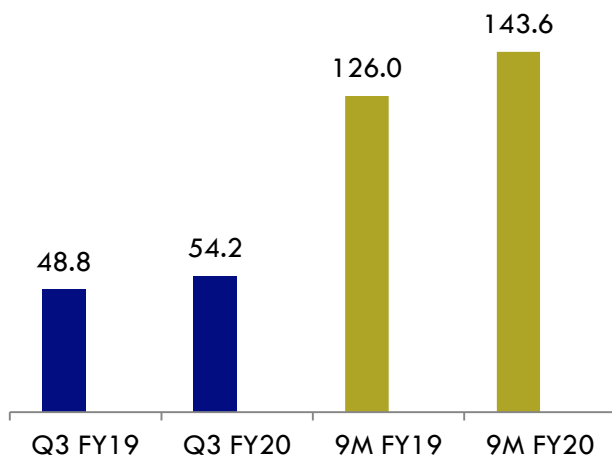
- Revenue includes exchange gain as per Ind-AS
- B2B has been a non-core and opportunistic business segment
- In view of strong growth opportunities in B2C, the Company has been scaling down B2B

Financials – Q3 & 9M FY20 Performance

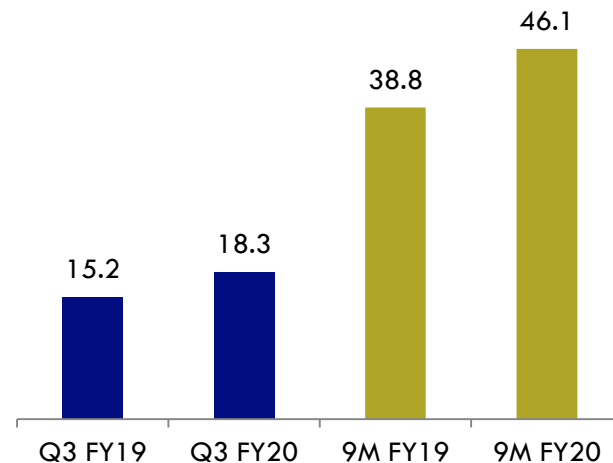
(Revenue Breakdown - Local Currency)



Shop LC (USD million)



TJC UK (GBP million)



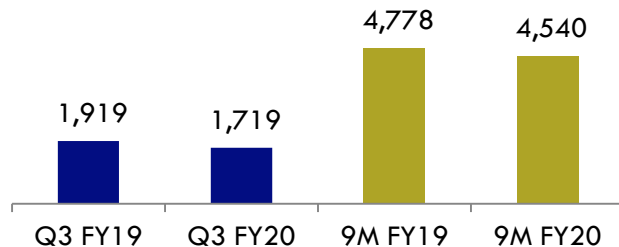
Retail Performance Trends – Q3 & 9M FY20

(Volume and ASP)

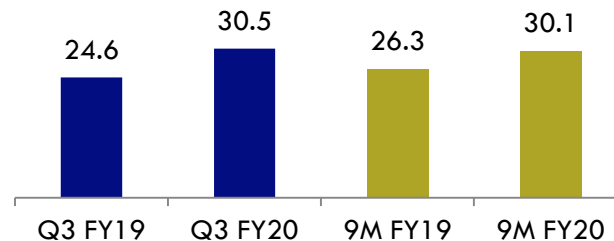


TV Sales

Sales Volume ('000s)

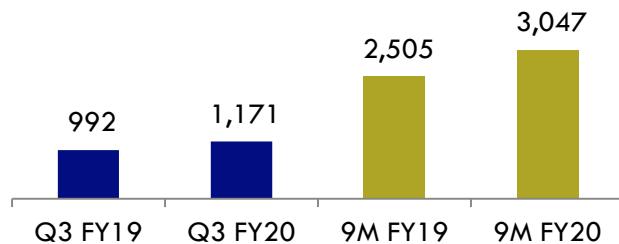


Average Selling Price US\$

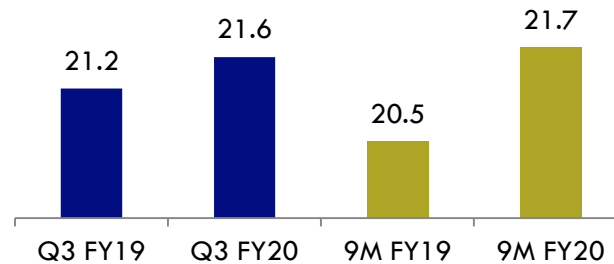


Web Sales

Sales Volume ('000s)

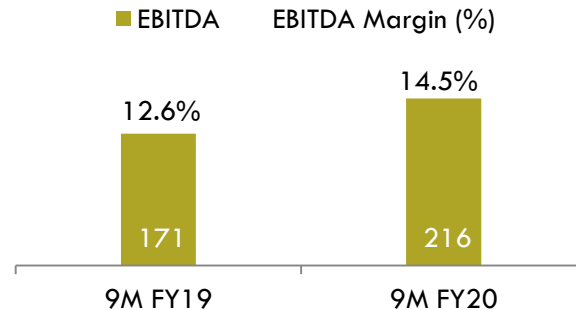
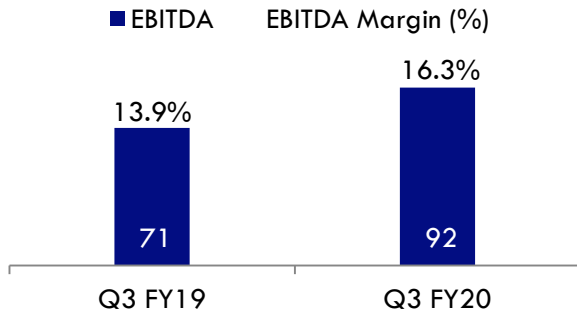
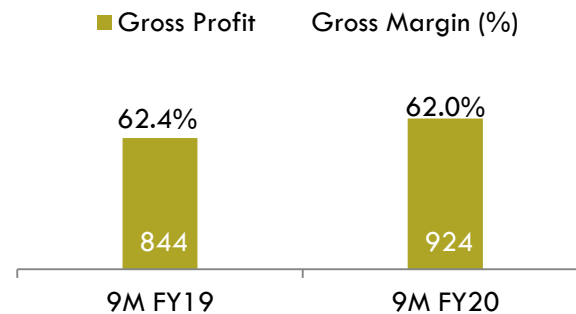
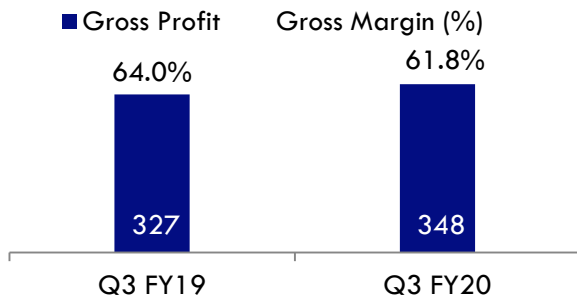


Average Selling Price US\$



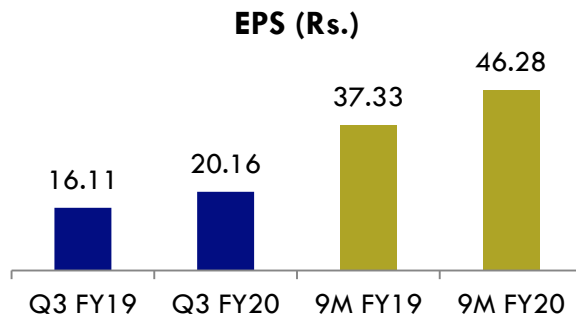
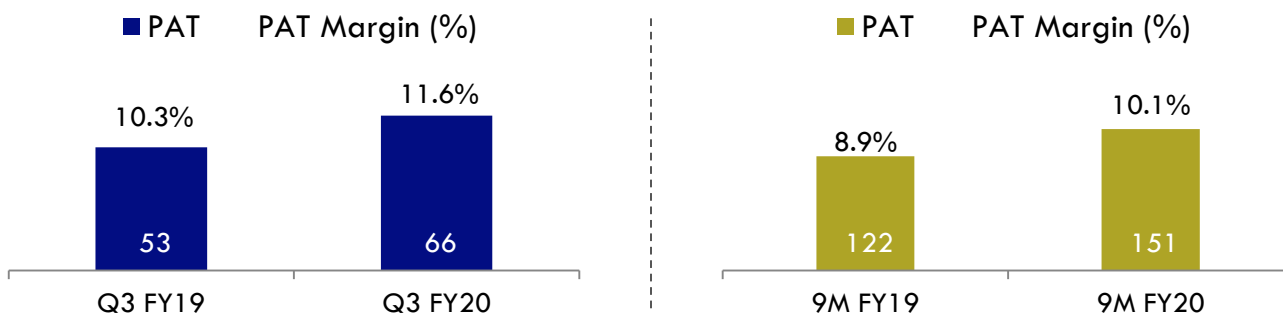
Financials – Q3 & 9M FY20 Performance

(Profits – Rs. crore)



Financials – Q3 & 9M FY20 Performance

(Profits – Rs. crore)

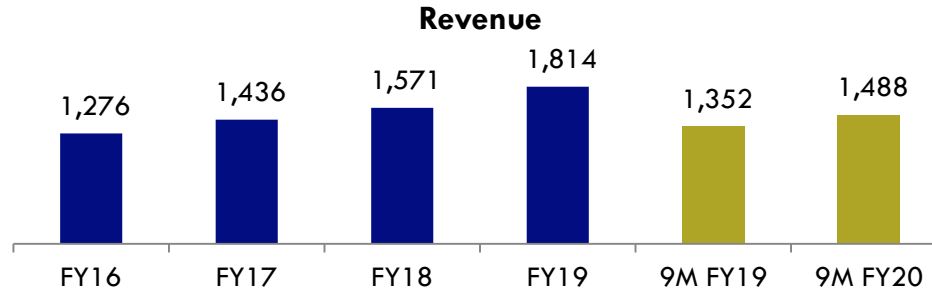




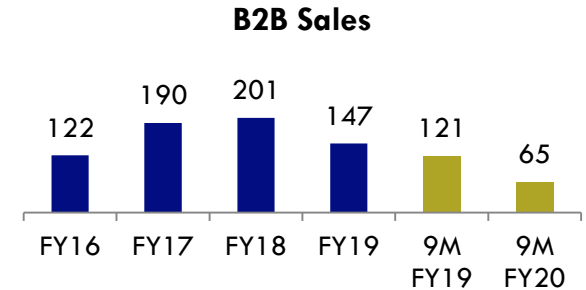
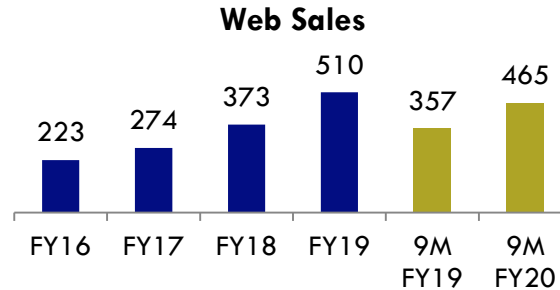
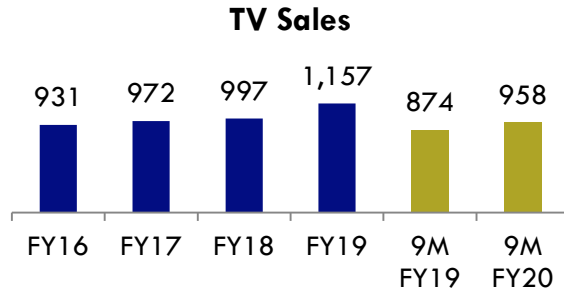
Financial Performance Trends

Financials Performance Trends

(Revenue breakdown - Rs. crore)



Jewelry & Lifestyle Products

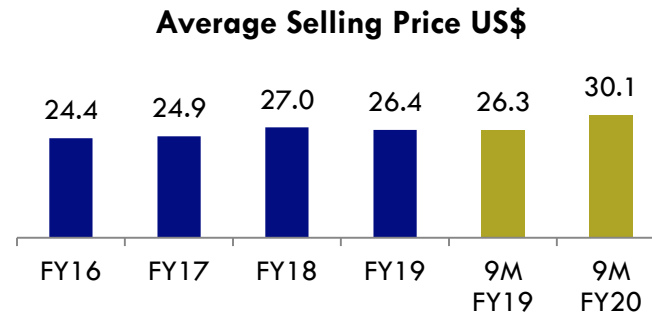
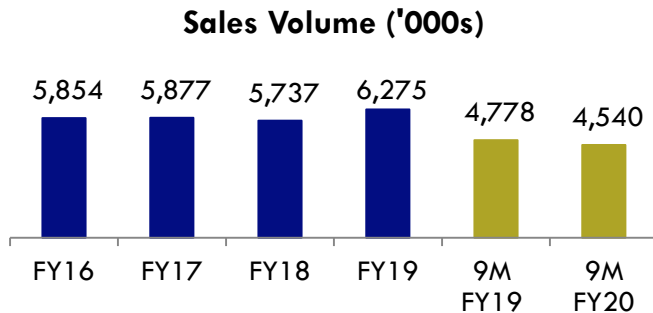


*Previous years numbers have been re-grouped to align with Ind AS 115.

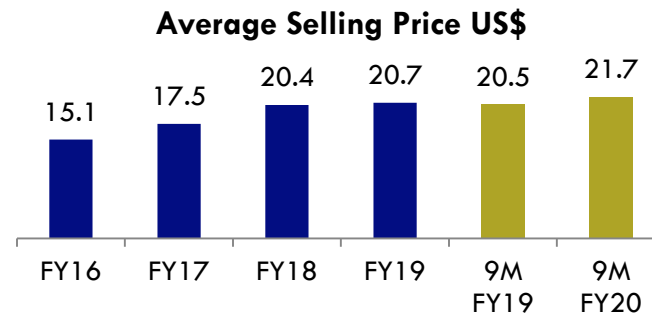
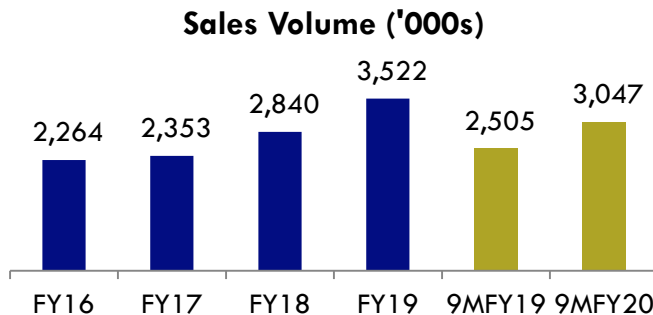


Retail Performance Trends

TV Sales

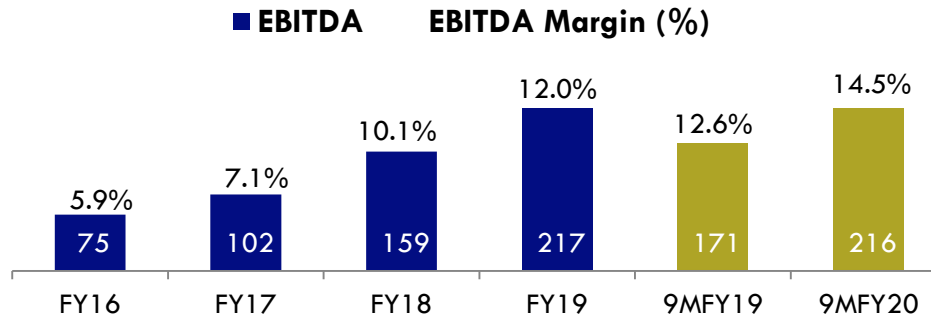
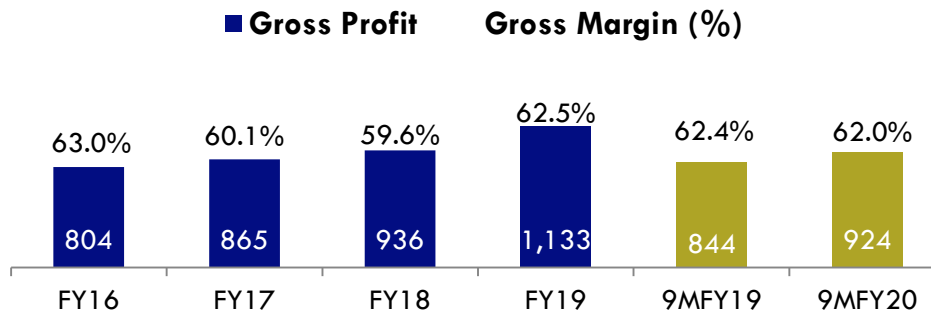


Web Sales



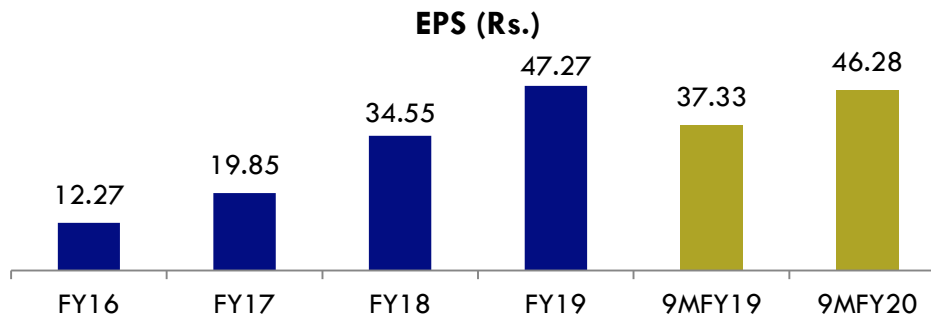
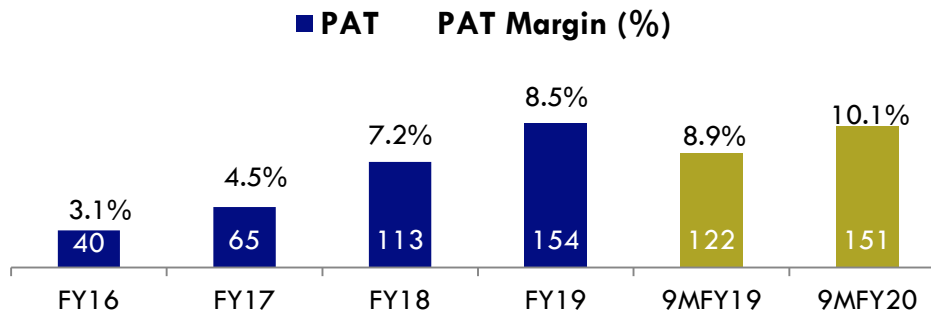
Financials Performance Trends

(Profits – Rs. crore)



Financials Performance Trends

(Profits – Rs. crore)

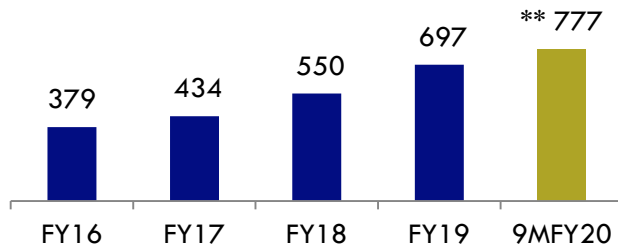


Financial Performance Trends

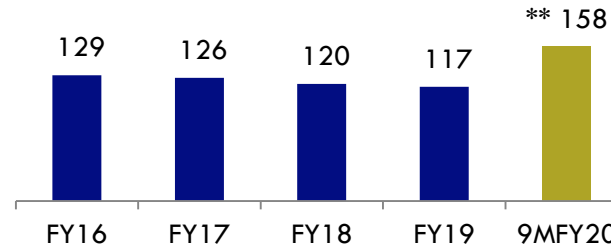
(Balance Sheet - Rs. crore)



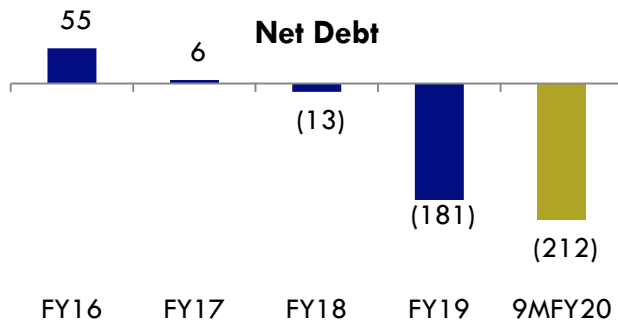
Shareholders' Equity



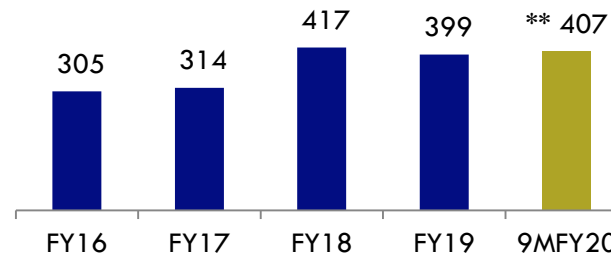
Fixed assets including intangibles



Net Debt



Net Assets ***



Note:

** Ind AS 116 – Leases, has become effective beginning 01 April 2019. The Group has adopted the standard beginning 01 April 2019.

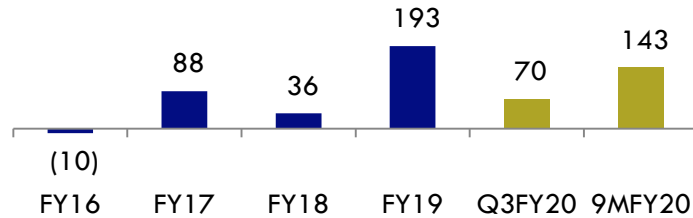
*** Net Assets is the balancing figure arrived at by excluding shareholders equity, net debt, and fixed assets including intangibles

Financial Performance Trends

(Cash Flow – Rs. crore)



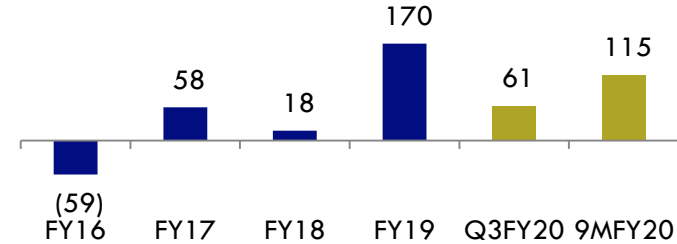
Operating Cash flow



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

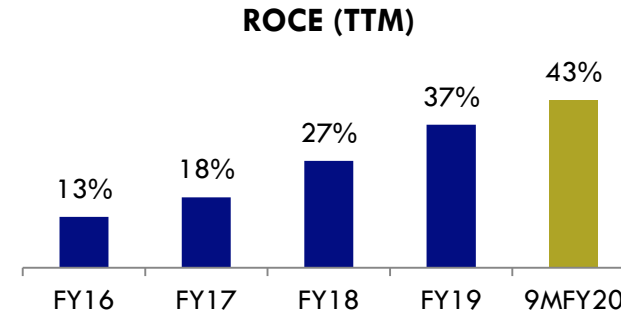
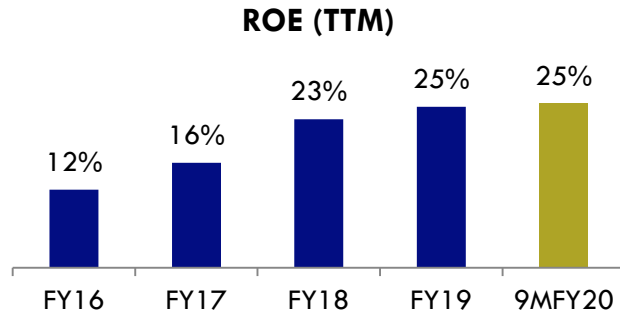
Note: Interest charges have been deducted and Interest income has been added while calculating operating cash flow.

Free Cash Flow



Free Cash Flow: Operating Cash Flow – Capital expenditure

Financial Performance Trends (Key Ratios)



Note -

ROE – based on average net worth

ROCE – based on average capital employed



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

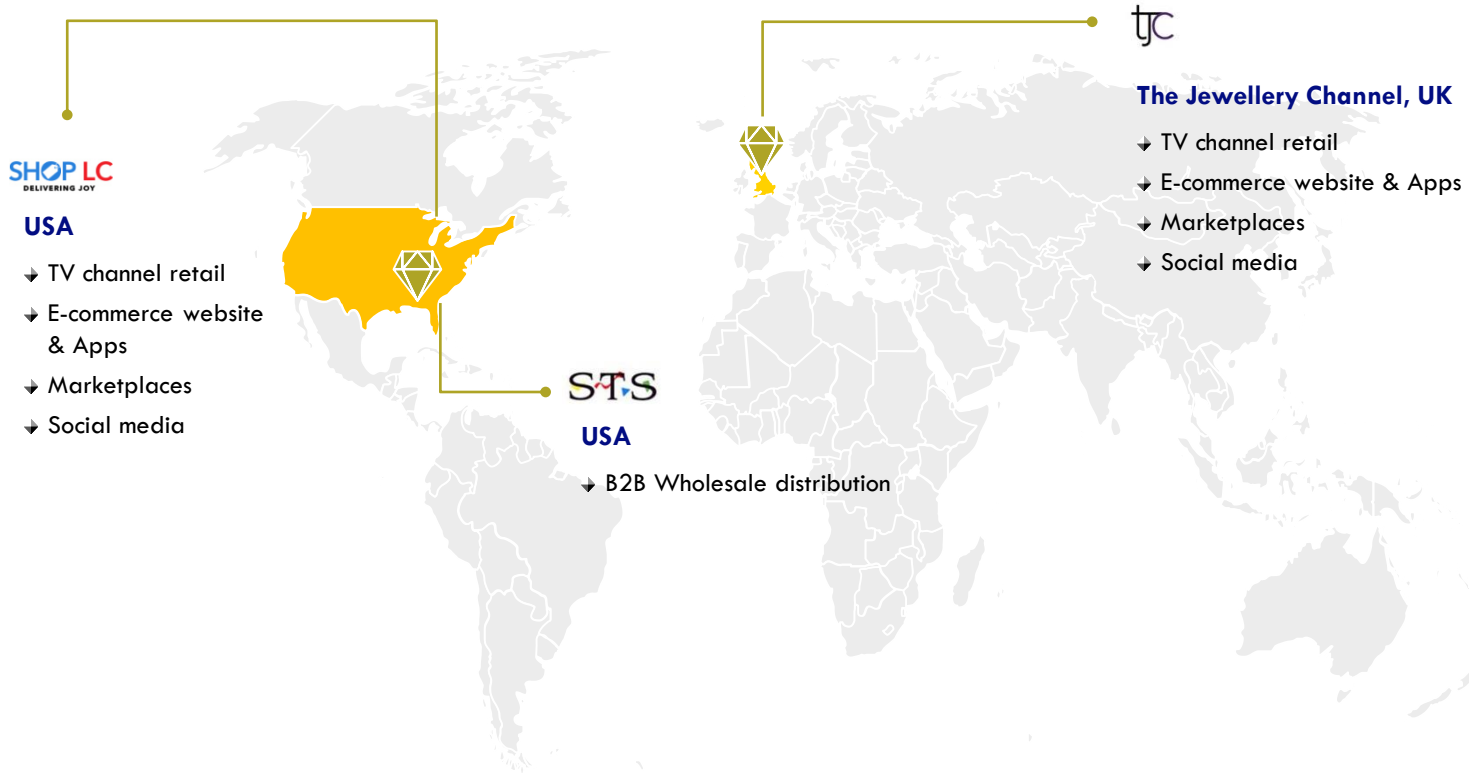


BALI LEGACY
COLLECTION





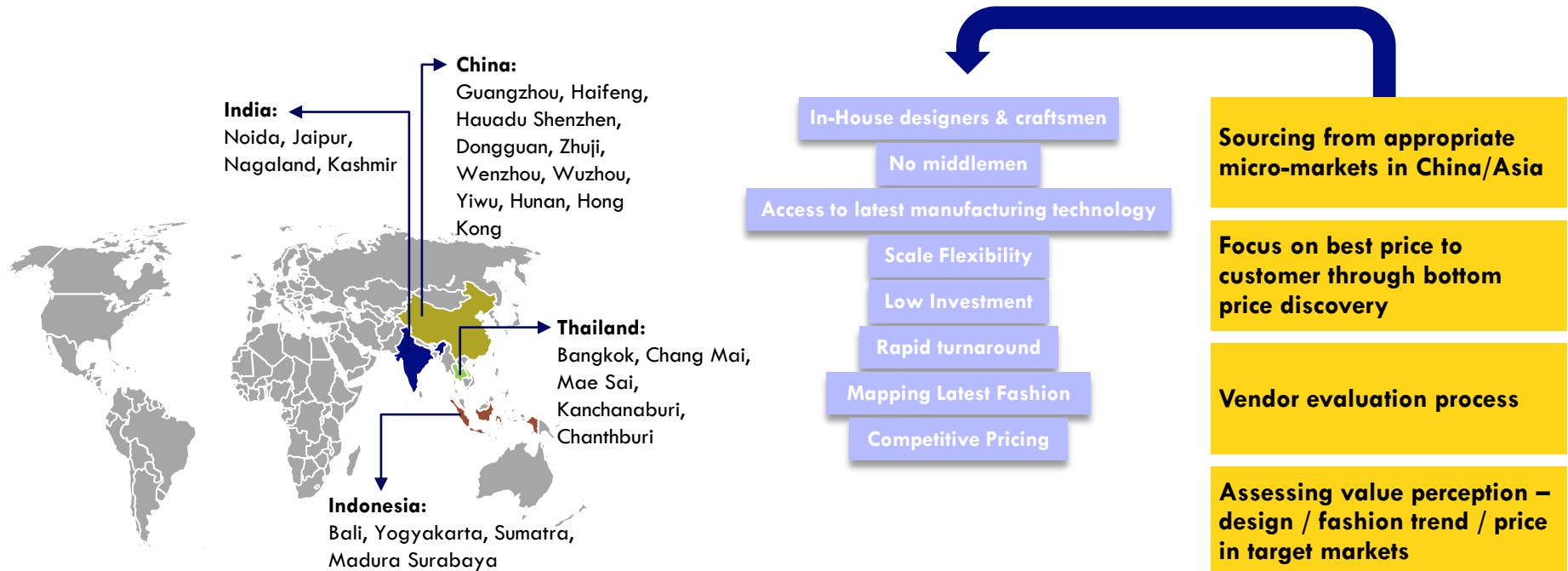
Consumption Markets



Sourcing



Global supply chain capability of 12 million pieces, continuously expanding





Manufacturing

- ➔ ISO 9001:2008 facilities in Jaipur, Rajasthan
- ➔ Fully-integrated building at SEZ, Jaipur - IGBC certified 'IGBC Green Factory Building Gold'
- ➔ Diamond manufacturing and sourcing unit of the company is also present in Mumbai
- ➔ Around 2,900 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



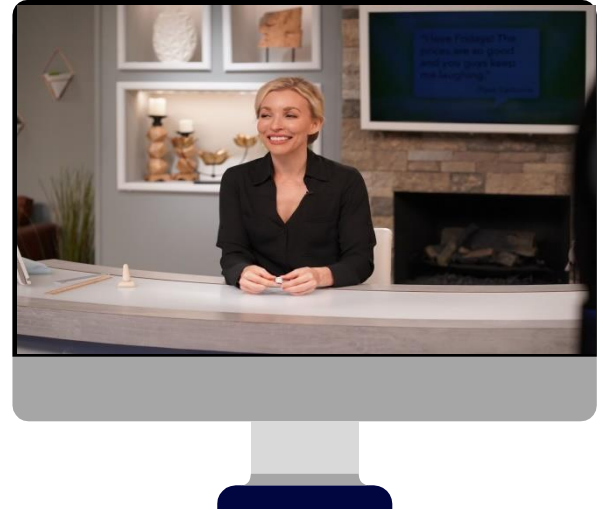
TV Networks – USA

(Consumption Markets)



Shop LC, USA

- ➔ **74.2 million** households (FTE, out of 120 mn)
- ➔ Based out of Austin, Texas, USA
- ➔ **450 people** in sales & marketing, customer service, logistics, TV production, e-commerce and support functions
- ➔ **State-of-the-art** auction/scheduling system;
- ➔ **Shop LC live stream** available on multiple platforms like **Youtube**, **Facebook**
- ➔ **Expert hosts** attract and engage customers, driving repeat sales



dish

COX

Roku



DIRECTV

Verizon FIOS

Charter

Comcast

TIME WARNER
CABLE

TV Networks – UK

(Consumption Markets)



TJC, UK

- ➔ **25 million** households (FTE, out of 25 mn)
- ➔ Based out of London, UK
- ➔ **Over 250 people** in sales & marketing, customer service, logistics, TV production, e-commerce and support functions
- ➔ **State-of-the-art** auction/scheduling system;
- ➔ **TjC live stream** available on multiple platforms like **Youtube, Facebook**
- ➔ **Expert hosts** attract and engage customers, driving repeat sales
- ➔ **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

- SAP Hybris platform
- Mobile App for Shop LC (IOS, Android)
- Pimcore – Digital Experience Platform
- Targeted behavioural marketing through **IBM Unica** platform
- Budget Pay EMI option available
- Enhanced customer engagement on all social platforms; targeted marketing



www.TjC.co.uk UK

- Salesforce DemandWare platform
- Mobile App for TjC (IOS, Android)
- Targeted behavioural marketing through **IBM Unica** platform
- Budget Pay EMI option available
- Europe delivery available through E-commerce platform
- Enhanced customer engagement on all social platforms; targeted marketing



Retail Format



USA

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



UK

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



Early Adopters And Cord Cutters

High Definition And IP Broadcast

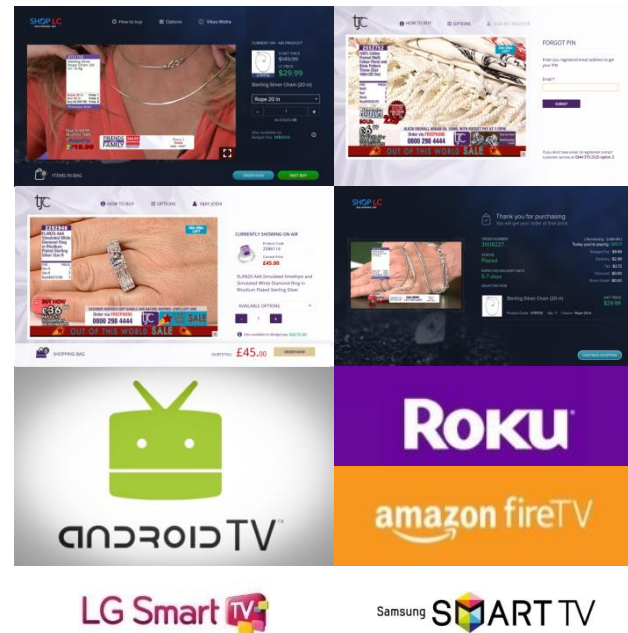
- **High Definition Broadcast**
 - Charter Communication
 - AT&T
 - All OTT including Youtube and Smart TV and connected devices
- **Adoption of new technology for Broadcasting**
 - Reducing dependency on Infrastructure
 - Minimizing downtime as IP would broadcast it via internet

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 Households**

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
 - Apple TV
 - Xumo





Delivering Joy to Stakeholders

Customers



SHOP LC
DELIVERING JOY



Better Business Bureau®

- High quality products
- Exotic designs
- Lowest Price Guarantee – high quality, high affordability
- Omni-channel access – available on TV, Web and Mobile platforms
- Budget Pay (monthly installments) available on higher value products
- Easy Returns available

tjc

Overall

97%

of 12,573 respondents

would buy again from TJC



Employees

Great
Place
To
Work®

- Recognized as a 'Great Place to Work' in Greater China and UK based on employee surveys conducted
- Shop LC received the Malcolm Baldrige Progress Level Award and further applied for the State Level Award from Quality Texas Foundation, based on continuous improvement management model





Delivering Joy to Stakeholders

Investors



Year	2017	2018	2019
Rank	#219	#162	#147

25%
ROE

43%
ROCE

Environment



- Solar power projects to meet ~45% of the total power requirement at the manufacturing facilities in Jaipur (current + planned solar power project)
- Invested in sewage treatment, recycling biodegradable/plastic/e-waste, ozonator water treatment plant and reduced production process discharges
- Expanding usage of natural materials in packaging/operations; phasing out non-recyclable materials



Society



- Around 34 million meals donated under the One for One Program since this program was integrated with operations



Note -
ROE – based on average net worth
ROCE – based on average capital employed



Management Team



Mr. Sunil Agrawal

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, accessories and lifestyle products
- 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 Chief Financial Officer

- Over 27 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



Amit Agarwal

President – Shop LC, US

- A commerce graduate with an MBA, Amit has maintained a consistent growth trajectory with a vivid experience in retail business models and acquiring profit objectives.
- He started his career at BSL, from where he went to Jain Marble Exports. He has been with Vaibhav Global for almost 15 years and was the Managing Director at TJC, UK before becoming the President at Shop LC, US, in July 2019.



Management Team



Jeff Allar

Group Senior Vice President, Human Resources

- ➔ 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



Srikant Jha

Managing Director - TJC, UK

- ➔ Srikant Jha is a B.Com graduate and has done his MBA in Marketing & Finance from IIPM.
- ➔ He has been with Vaibhav Global since 2007 when he joined as an assistant manager of marketing. Since then, he has grown within the organization in different roles and was Managing Director at TJC, UK, in July 2019.



Jay Chandran

Group Chief Technology Officer

- ➔ Previously served as CTO at Advantage Rent A Car
- ➔ Prior to 'Advantage Rent A Car' he worked with a US based Electronic retailer HSN where he served for 11 years with his last assignment as the Operating Vice President of Information Technology for 6 years.
- ➔ Prior to joining HSN, Chandran worked for 4 years at IAC as a Senior Manager – IT where he primarily supported HSN in the areas of application development, enterprise architecture and process improvement.



Management Team



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.



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 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



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
Vaibhav Global Limited,
please contact:**

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Thank You

