



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



# Vaibhav Global Limited

Financial Results Presentation – Q2 & H1 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.





# Q2 FY20 Snapshot

Revenue

**Rs.485<sub>cr</sub>**

TV Homes Directly  
Accessed (\*FTE)

**97.7mn**

PAT

**Rs.49<sub>cr</sub>**

Unique Customers  
\*TTM

**351,000**

ROE \*TTM

**24%**

Products Sold  
On TV and Web

**2.4mn**

ROCE \*TTM

**41%**

Avg. Quantity per  
Customer \*TTM

**30**

*\*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 for fashion jewellery, accessories and lifestyle products
- ➔ Significant geographical cost arbitrage
- ➔ Proprietary TV home-shopping and e-commerce platforms
- ➔ The entire B2C sales is through credit cards

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

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

## Strong management and governance

- ➔ Professional management team having in-depth knowledge and industry experience
- ➔ Strong and Independent Board with global retail experience
- ➔ KPMG – Global Auditors
- ➔ Talent pool across marketing, merchandising, operations, technical and strategy functions

## 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

## Solid infrastructure backbone

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

## Hybrid supply chain infrastructure

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

# Table of Contents







**Q2 & H1 FY20  
Financial  
Performance**



# Key Highlights for Q2 & H1 FY20

**Q2 FY20 Retail Revenue up 13.3% YoY; Retail Volumes at 2.4 Million Units, up 0.3% YoY; and overall ASP\* at \$27.2, up 12% YoY**

- ➔ Home TV shopping volumes at 1.47 million units
- ➔ Web shopping volumes at 0.94 million units
- ➔ Strong volumes growth witnessed on the web platform

**H1 FY20 Retail revenue up 16.7%; Retail Volumes at 4.7 Million Units, up 7% YoY and overall ASP\* at \$26.6, up 6% YoY**

- ➔ Home TV shopping volumes at 2.82 million units
- ➔ Web shopping volumes at 1.88 million units
- ➔ Robust volumes growth witnessed on the web platform

## Q2 FY20 – Financial Performance

- ➔ Total Revenue at Rs. 485 crore, up 7.4% YoY
- ➔ B2C\* Retail revenue up 13.3% YoY
- ➔ EBITDA at Rs. 69.6 crore, up 26.5% YoY
- ➔ PBT at Rs. 60.9 crore, up 28.1% YoY
- ➔ PAT at Rs. 48.9 crore, up 25% YoY

## H1 FY20 – Financial Performance

- ➔ Total Revenue at Rs. 925 crore, up 9.9% YoY
- ➔ B2C\* Retail revenue up 16.7% YoY
- ➔ EBITDA at Rs. 124.1 crore, up 24.9% YoY
- ➔ PBT at Rs. 106.1 crore, up 25.7% YoY
- ➔ PAT at Rs. 85.0 crore, up 22.8% YoY



# Key Highlights for Q2 & H1 FY20

## Home TV Network Reach – 97.7 Mn Households on full time equivalent (FTE\*) basis across US and UK

- 72.7 million households in the US
- 25 million households in the UK

## Operating Highlights in Q2 & H1 FY20

- Moving ahead on its quality journey, Shop LC, US, applied for the Malcolm Baldrige State Level Award from Quality Texas Foundation after receiving recognition for the Malcolm Baldrige Progress Level Award
- At Shop LC, US, launched new brands across product categories – Hate Stain, Nemo, EZ-Yogurt, in the home products category, Hollywood Browzer in the beauty products category etc.
- Rented an additional warehouse to cater to the growing Lifestyle segment at Shop LC, US
- At TJC, UK, launched new brands across product categories – Isabella Liu (jewellery), La Roc (beauty products), Banana Republic Fragrances (perfumes) etc.; expanded product offerings under kitchen collection and garden tools categories
- Buyback of equity shares from the open market through stock exchanges
  - The Company commenced buyback of equity shares on 20th August 2019
  - Cumulative equity shares bought back as on 30th October 2019 stood at 7,05,061 shares
- Since inception of the One for One Program, VGL has provided around 31 million meals to school children across India, US and UK



# MD's Message

Commenting on Q2 & H1 FY20 performance, Mr. Sunil Agrawal, Managing Director, Vaibhav Global said:



I am pleased to report that we have maintained our growth momentum in the core retail business with B2C revenues improving at a healthy rate of 13.3% for Q2FY20 and 16.7% for H1FY20. In line with our guidance, we have reported retail growth on constant currency basis at 15.6% in the US and 17.3% in UK for H1FY20. Omni-channel is the way forward for all retailers and I am glad to share that VGL has been ahead of the game with customer engagement platforms comprising TV, web, mobile apps, smart TV interfaces, OTT & OTA platforms, social and third-party marketplaces. Further, unique sales format for our multiple platforms ranging from entertaining and compelling storytelling-based selling model on TV to catalogue based selling on the web and mobile apps, adds to the efficacy of the business model catering to a diverse audience.

Gross margins for six months ended September 2019 have been higher at 62.2% on a YoY basis. Increasing revenues, steady gross margins and a commitment to maintain a lean cost structure have enabled VGL to demonstrate improved EBITDA margins at 13.4% and net margins at 9.2% for H1FY20. Keeping in line with the objective of delivering profitable growth, we reported ROE and ROCE at 24% and 41% respectively. During the quarter we also commenced buy back of equity shares from the open market.

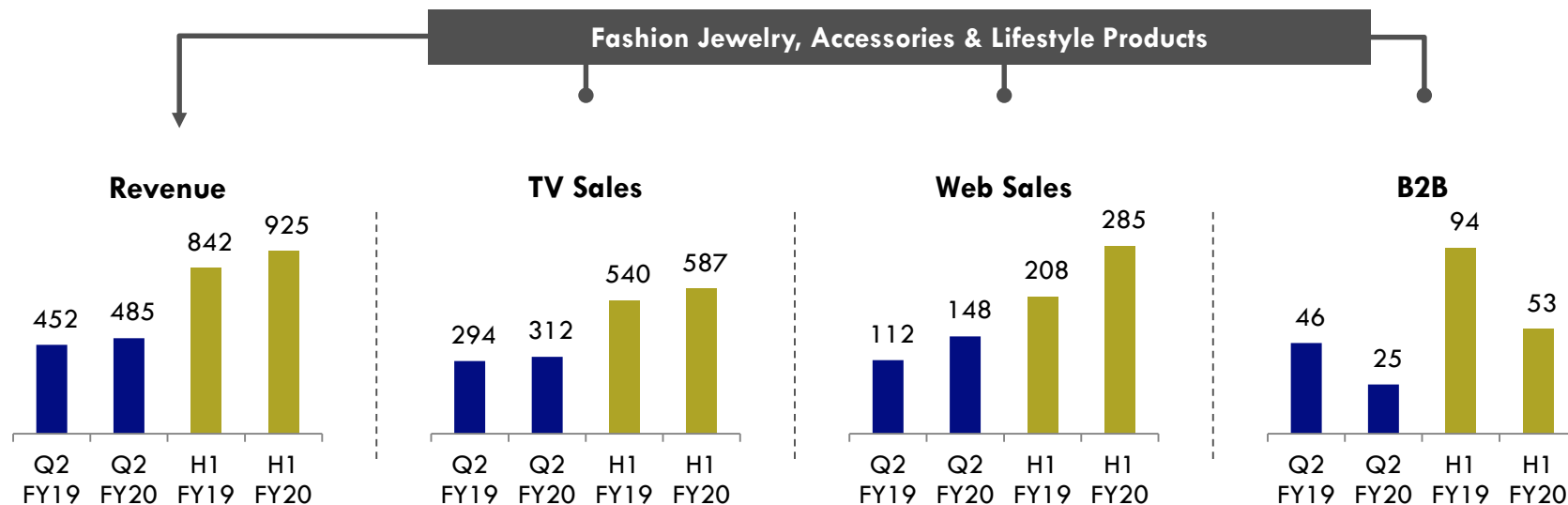
Concerted efforts at diversifying product categories within fashion jewellery, accessories & lifestyle portfolio, increasing the depth of product offerings within categories and expanding the brands portfolio have aided greater customer engagement and fulfilment. On an ongoing basis, various initiatives are undertaken in each area of customer reach and satisfactions to drive the key strategic objectives of **4Rs** - widening our **Reach**, growing new customer **Registrations**, bolstering customer **Retention** and increasing **Repeat purchases**

We are passionate about our social responsibilities and have linked our business directly with our flagship CSR initiative, the 'One for One' program. I am happy to share that we have provided around 31 million meals to school children under our 'One for One' program across US, UK and India.

As an organization, we endeavour to maintain simultaneous emphasis on operational excellence, financial performance, societal responsibility and environmental sustenance to meet our objective of delivering joy to all our stakeholders – customers, employees, vendors, communities, environment and shareholders.

# Financials – Q2 & H1 FY20 Performance

(Revenue Breakdown – Rs. crore)



**Note:**

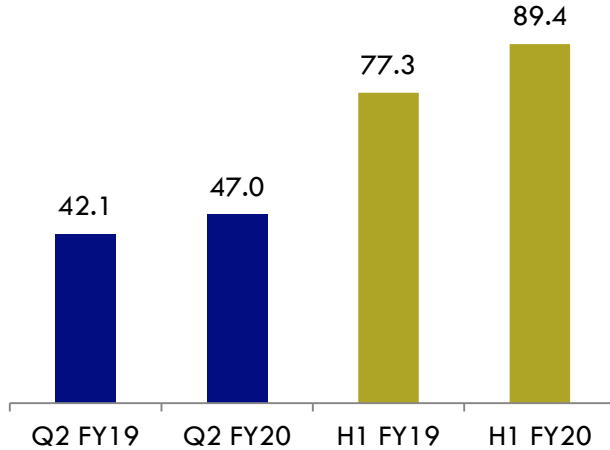
- Revenue includes exchange gain as per Ind-AS
- B2B has been a non-core and opportunistic business segment
- In view of strong growth opportunities in B2C, the Company has been scaling down B2B

# Financials – Q2 & H1 FY20 Performance

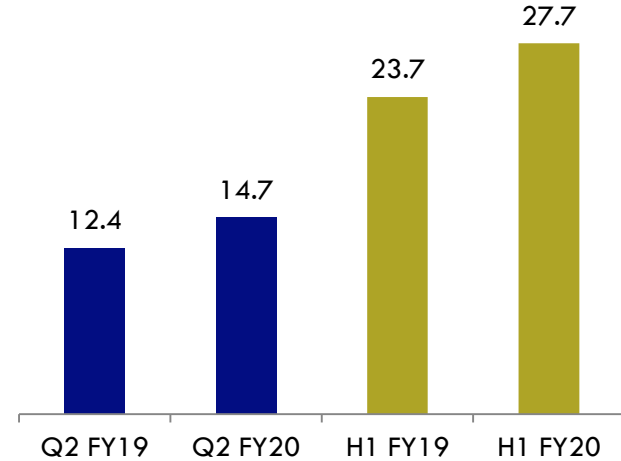
(Revenue Breakdown - Local Currency)



Shop LC (USD million)



TJC UK (GBP million)



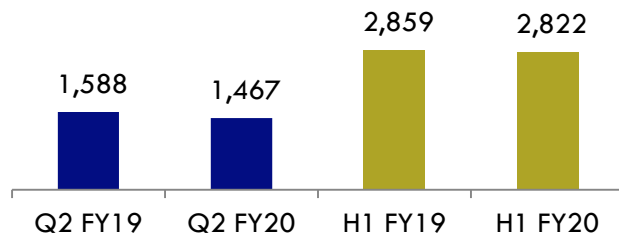
# Retail Performance Trends – Q2 & H1 FY20

(Volume and ASP)

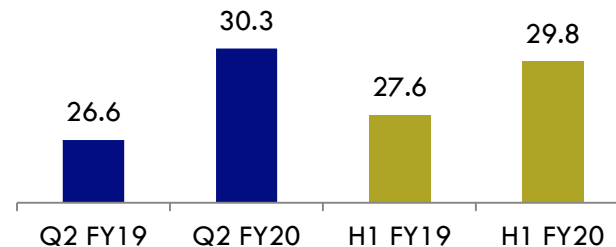


## TV Sales

Sales Volume ('000s)

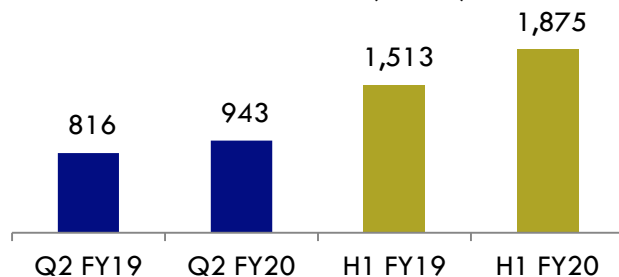


Average Selling Price US\$

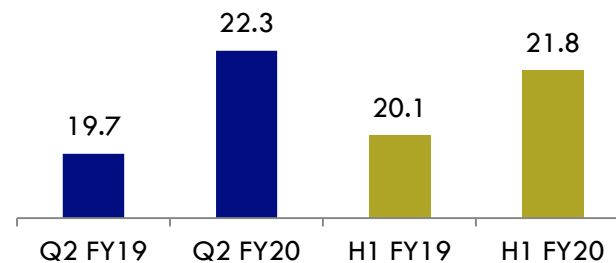


## Web Sales

Sales Volume ('000s)

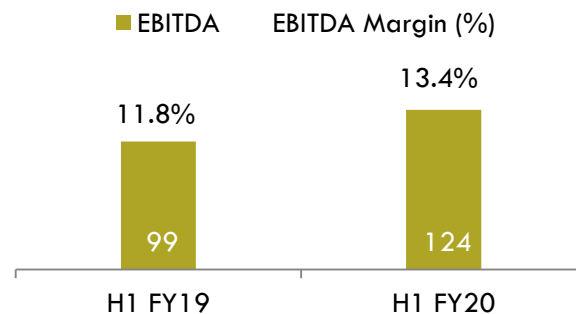
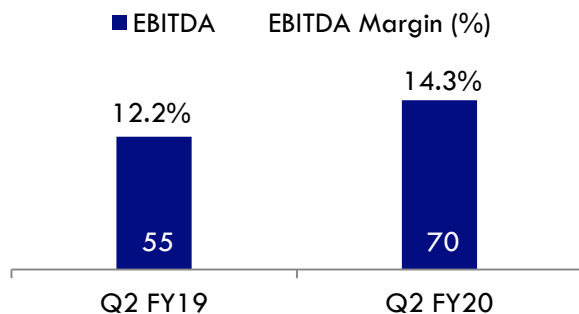
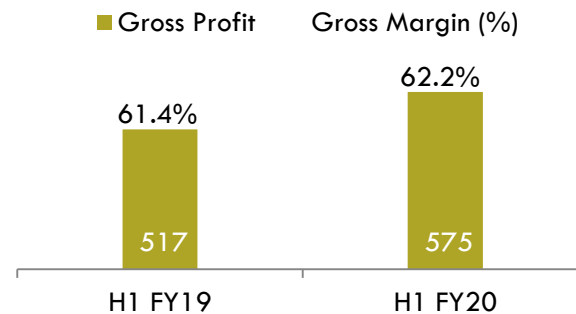
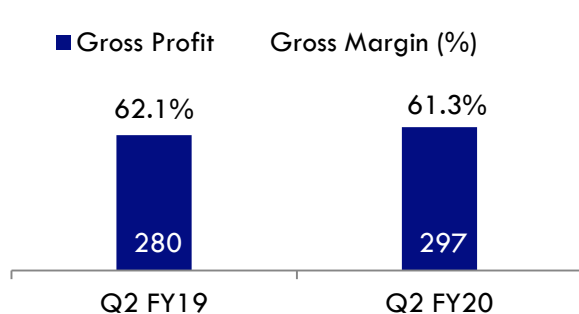


Average Selling Price US\$



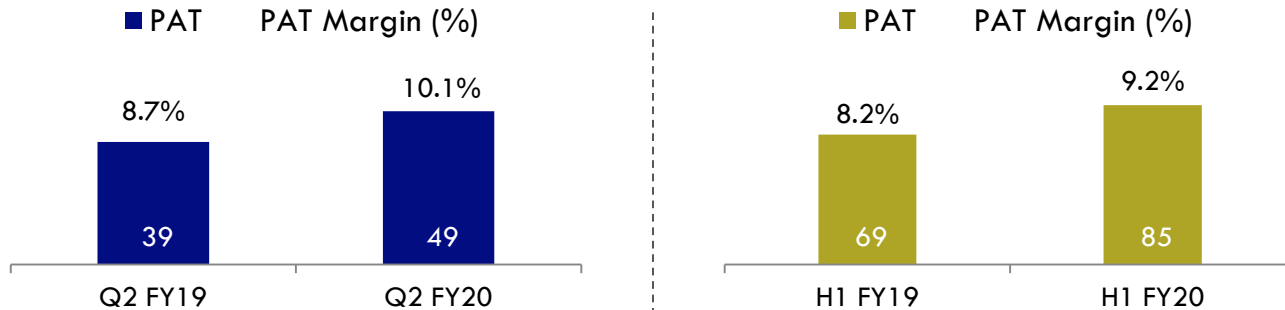
# Financials – Q2 & H1 FY20 Performance

(Profits – Rs. crore)

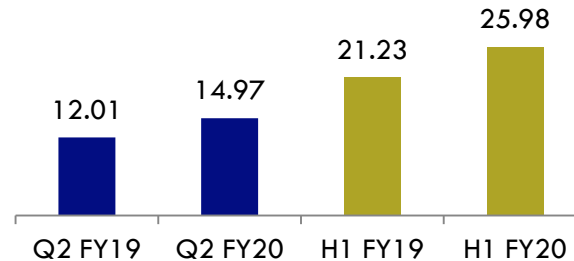


# Financials – Q2 & H1 FY20 Performance

(Profits – Rs. crore)



## EPS (Rs.)



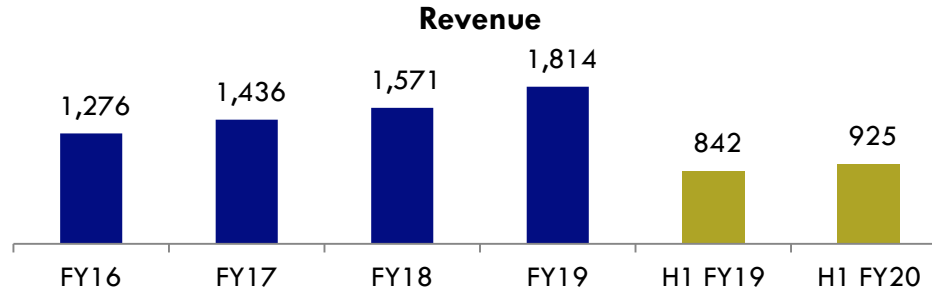




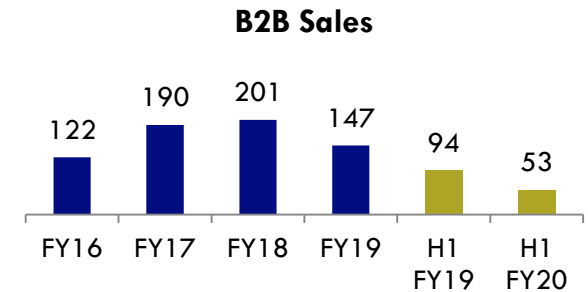
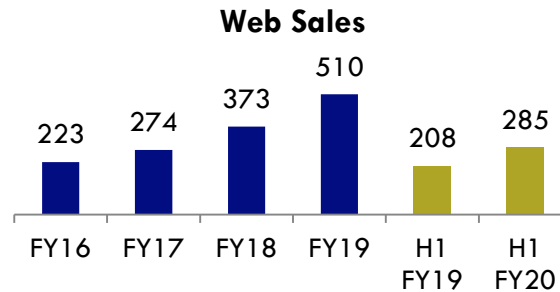
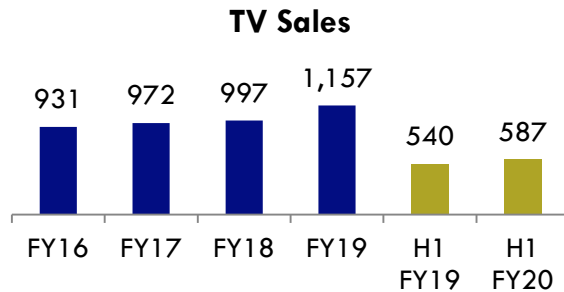
# Financial Performance Trends

# Financials Performance Trends

## (Revenue breakdown - Rs. crore)



### Jewelry & Lifestyle Products

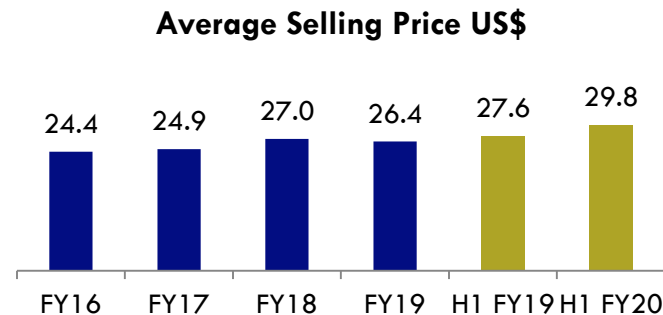
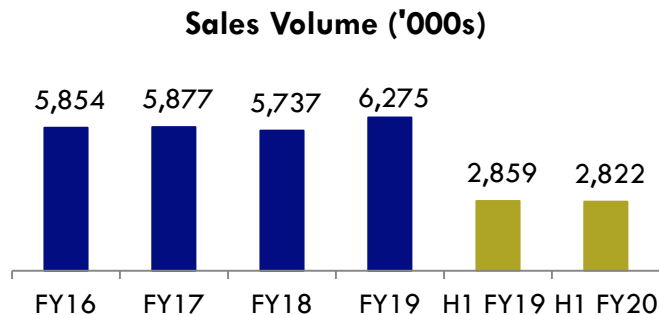


\*Previous years numbers have been re-grouped to align with Ind AS 115.

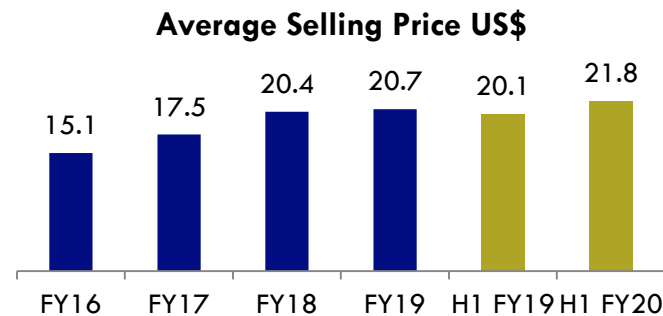
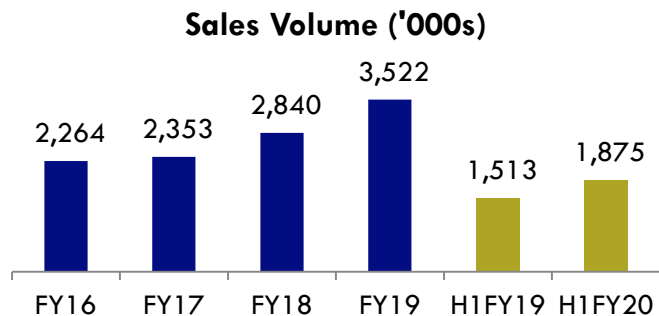


# Retail Performance Trends

## TV Sales

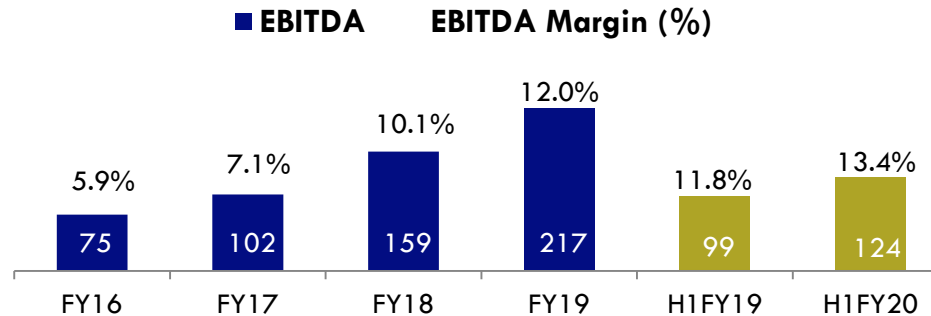
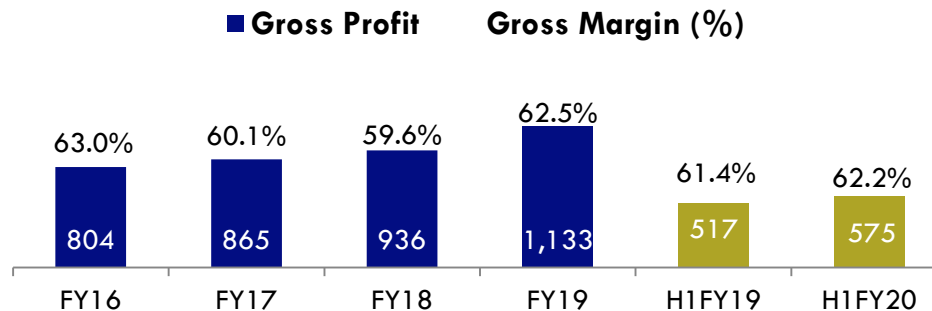


## Web Sales



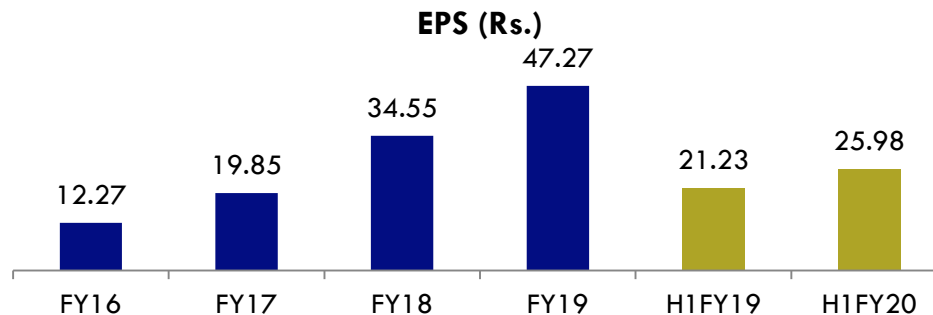
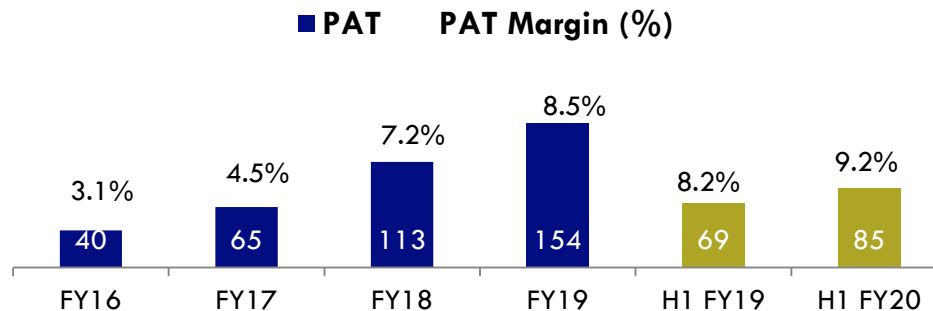
# Financials Performance Trends

(Profits – Rs. crore)



# Financials Performance Trends

(Profits – Rs. crore)

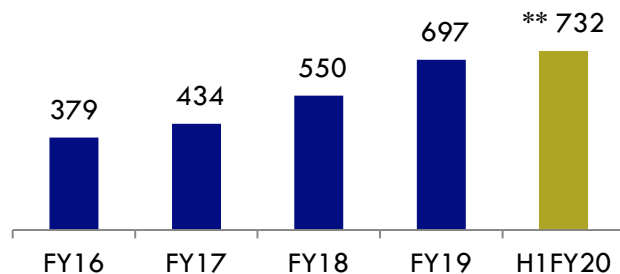


# Financial Performance Trends

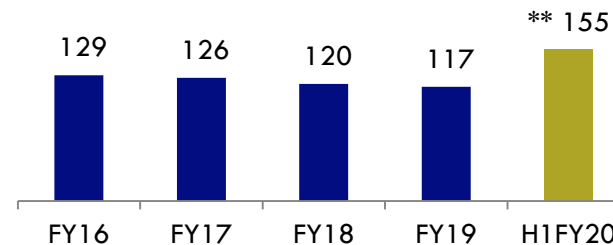
## (Balance Sheet - Rs. crore)



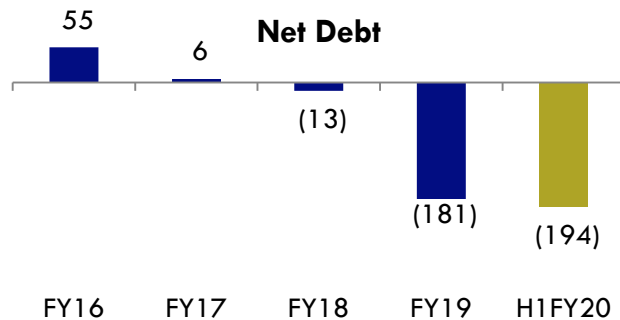
### Shareholders' Equity



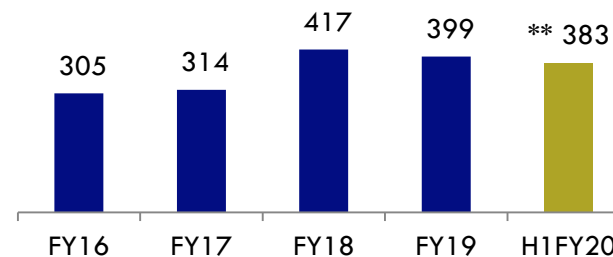
### Fixed assets including intangibles



### 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

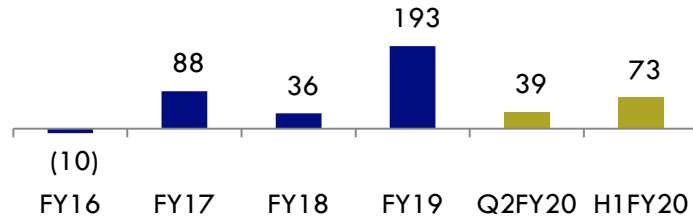


# Financial Performance Trends

## (Cash Flow – Rs. crore)



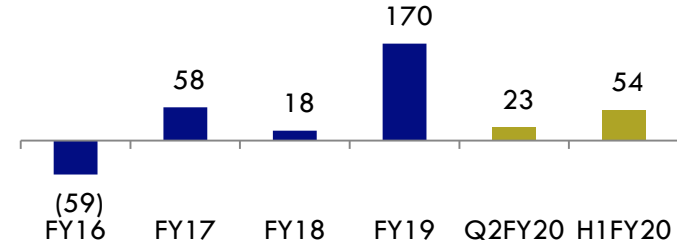
### Operating Cash flow



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

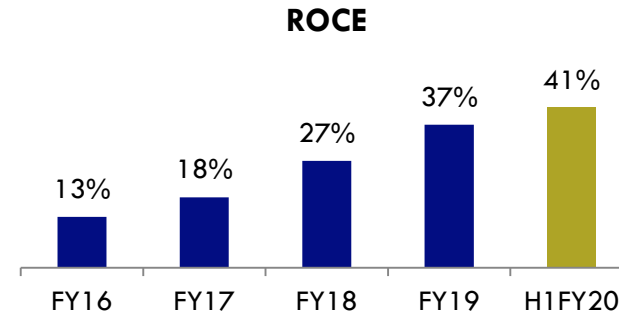
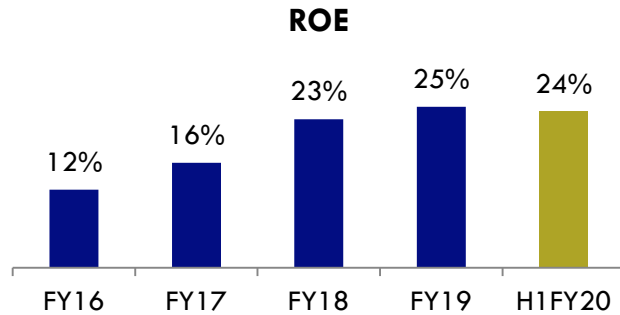
**Note:** Interest charges have been deducted and Interest income has been added while calculating operating cash flow.

### 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

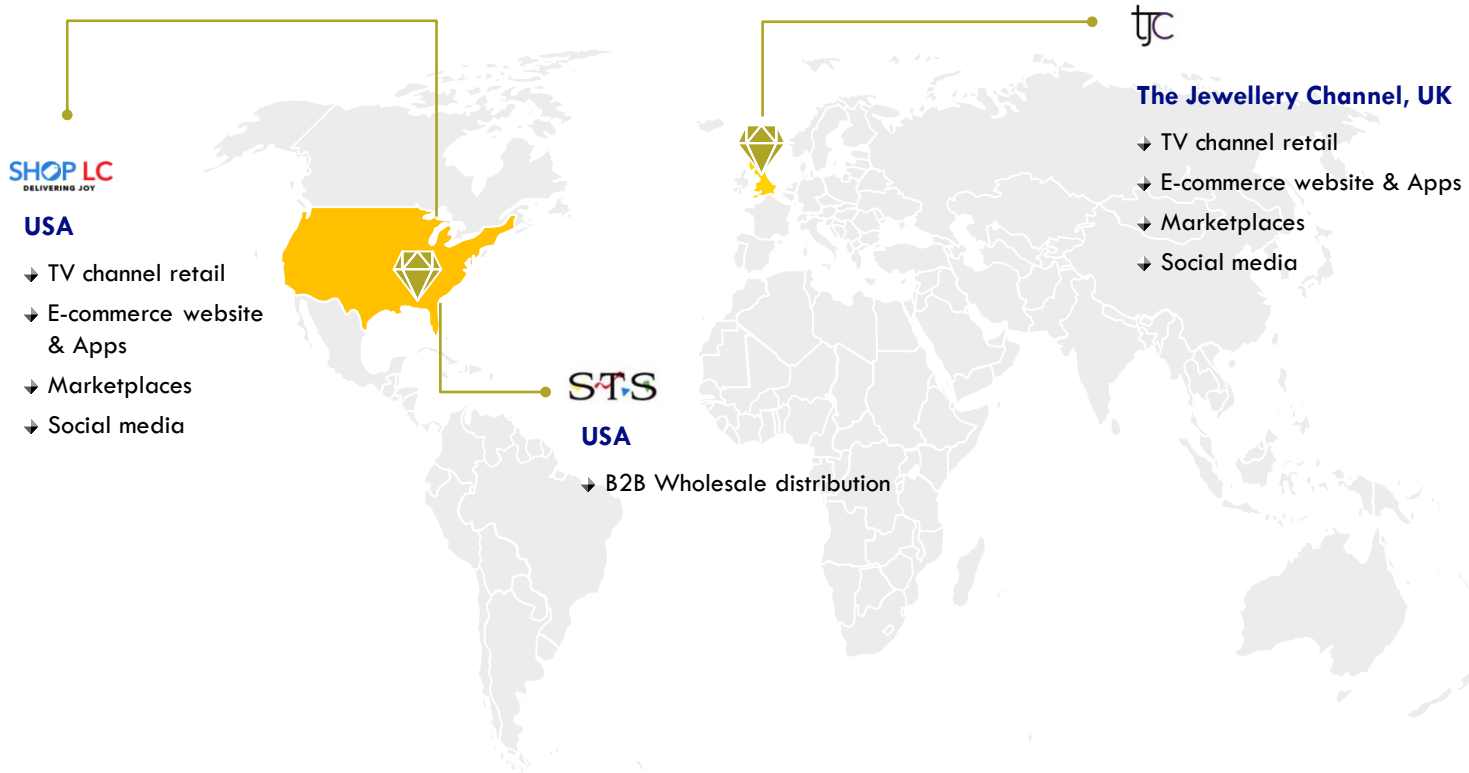


BALI LEGACY  
COLLECTION





# Consumption Markets

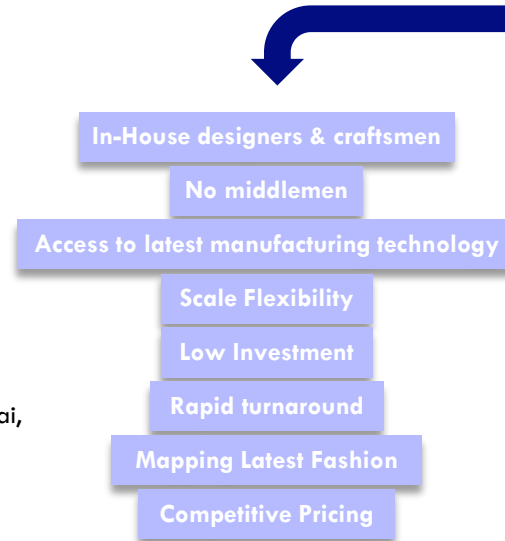
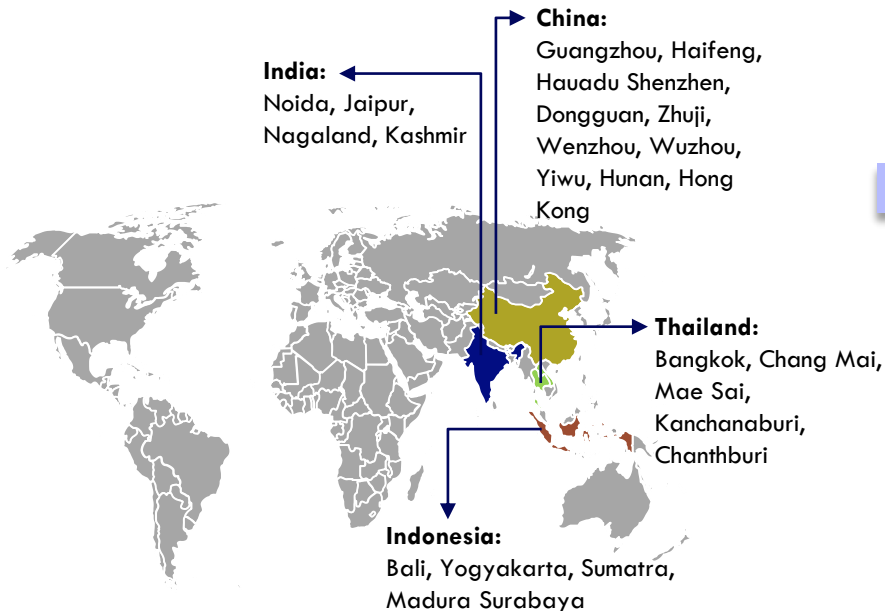




# Sourcing



Global supply chain capability of 12 million pieces, continuously expanding



**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

- ➔ 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
- ➔ Over 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

- ➔ **72.7 million** households (FTE, out of 120 mn)
- ➔ Based out of Austin, Texas USA
- ➔ **Almost 450 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 in FY19**



dish

COX

Roku



DIRECTV

Verizon FIOS

Charter

Comcast

TIME WARNER  
CABLE

# TV Networks – UK

## (Consumption Markets)



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

- ➔ **25 million** households (FTE, out of 25 mn)
- ➔ Based out of London
- ➔ **Over 250 people** in sales & marketing, customer service, logistics, TV production, e-commerce and support functions
- ➔ **State-of-the-art** auction/scheduling system;
- ➔ 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

- Mobile App for Shop LC
- Budget Pay EMI option available
- 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

- Mobile App for TjC
- Budget Pay EMI option available
- DemandWare Platform for better customer service
- Better Website optimization for all devices
- Enhanced customer engagement
- Europe delivery available 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
- Catalogue Price
- Collections
- Live TV
- Clearance



# Early Adopters And Cord Cutters

## High Definition And IP Broadcast

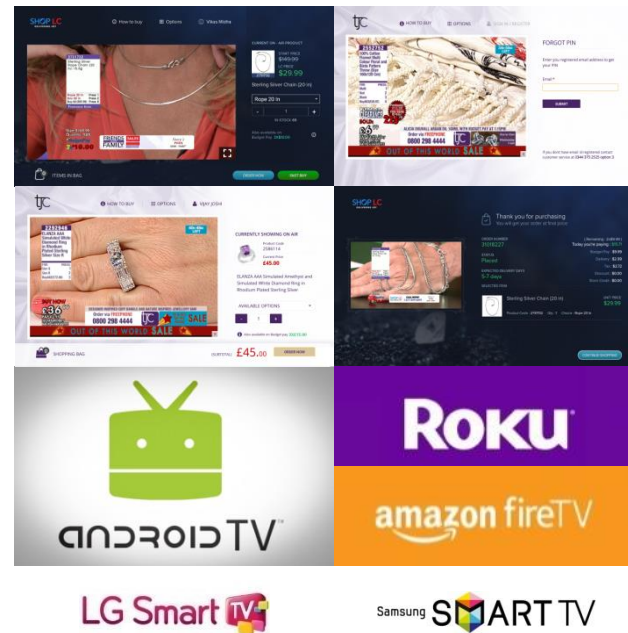
- **High Definition Broadcast**
  - Charter Communication
  - AT&T
  - All OTT including Youtube and Smart TV and connected devices
- **Adoption of new technology of Broadcasting**
  - Reducing dependency on Infrastructure
  - Minimizing downtime as IP would broadcast it via internet

## 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)

- **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





# 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

98%

of 8,787 respondents

would buy again from TJC



## Employees

Great  
Place  
To  
Work®

- Recognized as a 'Great Place to Work' in Greater China, India and UK based on employee surveys conducted across the global network
- ShopLC 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

**24%**  
ROE

**41%**  
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 31 million meals donated under the One for One Program since this program was integrated with the 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.



## 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



## 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  
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**Thank You**

