



# VAIBHAV GLOBAL LIMITED

Ref: VGL/CS/2018/298

Date: 29<sup>th</sup> October, 2018

**National Stock Exchange of  
India Limited (NSE)**  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra, Mumbai – 400 051  
Symbol: VAIBHAVGBL

**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001  
Scrip Code: 532156

**Subject: Financial Results Presentation**

Dear Sir / Madam,

Pursuant to regulation 30(6) of the SEBI (LODR) Regulations, 2015 please find enclosed Financial Results Presentation of Q2 & H1 FY 2019.

Kindly take the same on record.

Thanking you,

Yours Truly,

For Vaibhav Global Limited

  
Sushil Sharma  
Company Secretary





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



# Vaibhav Global Limited

Financial Results Presentation – Q2 & H1 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.





# Q2 FY19 Key Snapshot

## *B2C Success in Developed Markets*

**2.4<sub>mn</sub>**

Products Sold  
On TV and Web

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

TV Homes  
Directly Accessed (FTE)

**29**

Avg. Quantity per Customer  
\*TTM

**329,000**

Unique Customers \*TTM

**23%**

ROE \*TTM

**34%**

ROCE \*TTM

**Rs.452<sub>crore</sub>**

Revenue

**Rs.39<sub>crore</sub>**

PAT

**Rs.44<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

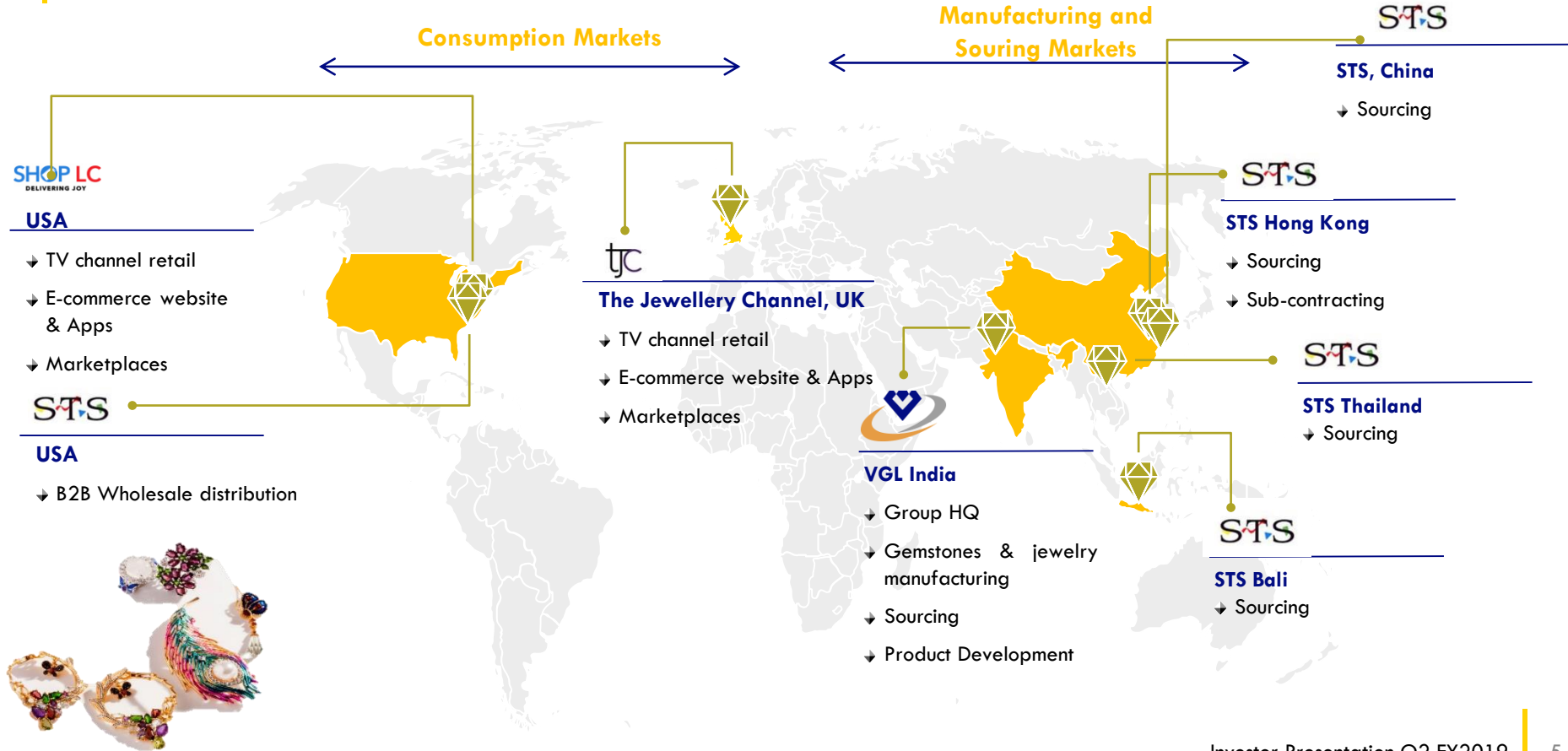
- ➔ Sizeable B2C franchise in developed markets – unique achievement for an Indian Company
- ➔ Growing recognition of deep value fashion products enables scaling to adjacent categories

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





# Global Network





# Table of Contents





**Q2 & H1 FY19  
Financial  
Performance**





# Key Highlights for Q2 FY19

## Home TV Network Reach in 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

## Q2 FY19 Retail Volumes at 2.4 Million Units, up 17% YoY and overall ASP\* at \$24.23, down 0.3% YoY

- ➔ Home TV shopping volumes at 1.59 million units
- ➔ Web shopping volumes at 0.81 million units
- ➔ Strong volume growth on both platforms
- ➔ Deep customer engagement drives strong repeat purchases

## Q2 FY19 - Financial Performance

- ➔ Total Revenue at Rs. 451.7 crore, up 28% YoY
- ➔ B2C\* Retail revenue up 26% YoY
- ➔ EBITDA at Rs. 55 crore, up 77% YoY
- ➔ Gross Margin stood at 62%
- ➔ PAT at Rs. 39 crore, up 96% YoY



## Operating Highlights in Q2 & H1 FY19

- ➔ Shop LC received recognition for Baldrige Commitment Level Award by Quality Texas Foundation
- ➔ Offering select products on various online marketplaces (e-bay, Amazon etc.) through Channel Advisor
- ➔ TjC focused on better customer targeting through additional slots and better channel positioning
- ➔ One for One Program – almost 13 million meals have been delivered since the Launch of the program in UK. TjC partnered with Magic Breakfast, UK to expand One for One program
- ➔ Started the One for One program for Shop LC USA – over 5 million meals delivered since launch in Oct '17. Shop LC partnered with No Kid Hungry, USA to support hunger eradication
- ➔ Shop LC participated at the 2018 Daytime Emmy's, showcasing products at the Emmy's Golden Gift Lounge
- ➔ Shop LC formed Product Management, Marketing & Sales Centres of Excellence
- ➔ Launched TjC branded products and other new brands across categories

# Chairman's Message

**Commenting on Q2 & H1 FY19 performance, Mr. Sunil Agrawal, Chairman and Managing Director, Vaibhav Global said:**



"I am glad to report another strong performance from Vaibhav Global during Q2 FY19, which has allowed us to maintain a healthy business growth momentum in line with our outlook. Revenue growth of 28% was driven by strong expansion in both retail and B2B businesses. Retail growth was based on volume expansion across both retail geographies (US and UK) and both sales formats (TV and Web). We have delivered 14% constant currency revenue growth in the US and 24% in UK, which is ahead of the guidance shared earlier this year.

Gross margin was maintained within guided range at 62% and EBITDA margin expanded 340 basis points to 12.2% on a y-o-y basis. In absolute terms, EBITDA grew 77% to Rs.55 crore as we continued to expand the operations on a relatively stable operating cost base. PAT almost doubled to Rs. 39 crore from Rs.20 crore in Q2 of last year. Also in H1 FY19 our cash position improved further to reach Rs.104 crore net of debt and a free cash flow of Rs.85 crore. Meeting our objective of delivering profitable growth, ROE and ROCE calculated on TTM basis, expanded to 23% and 34% respectively. Today, our Board of Directors has declared an interim dividend of Rs.5 per share.

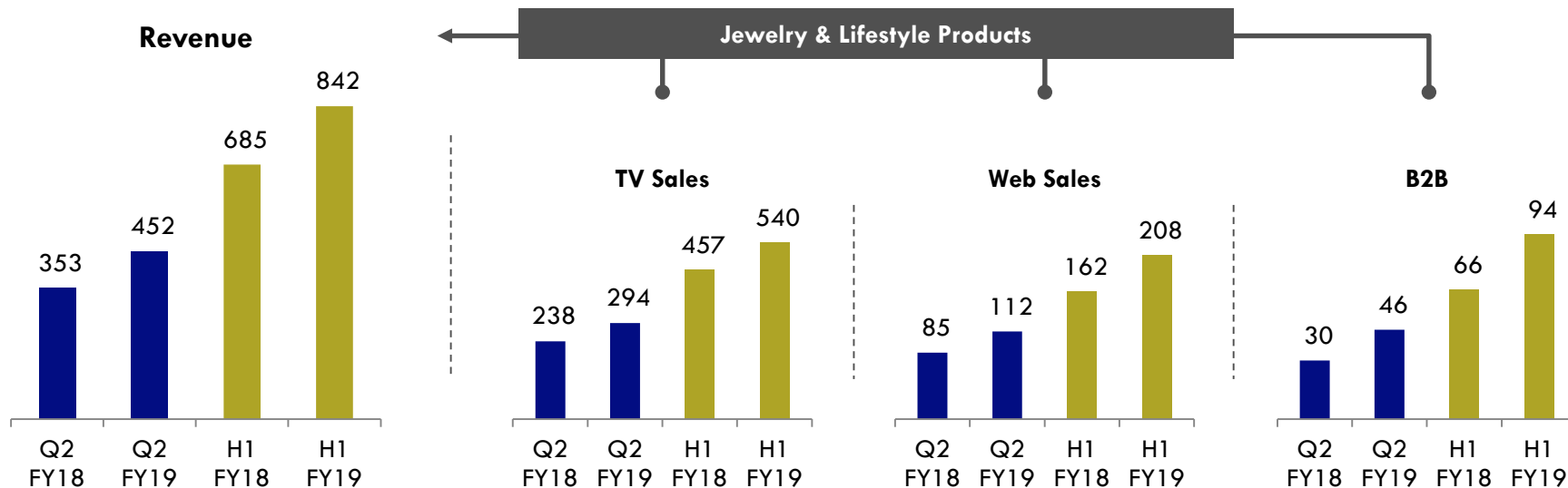
During the quarter we took several measures to enhance customer acquisition and increase retention rates. Apart from the customer open days hosted at our retail offices, we have introduced a string of new initiatives such as welcome packs for our new customers, giving them a better understanding of our products, pedigree and offers they can avail. Our in-house brands such as Sukriti and TjC branded home products are performing very well.

We continue to constantly improve TV channel positioning in key markets to expand and better target our audience. In addition, we have been constantly striving to provide a more integrated experience of our retail platforms to drive repeat purchases and customer acquisition. Our initiatives to reactivate some of our dormant customers have also done well. Digital marketing campaigns conducted recently have been accretive, delivering desired results. Initiatives like these are helping us improve customer engagement while maintaining a stable cost structure with a focus on increasing business efficiency leading to greater operating leverage.

Going forward, we are geared up for the upcoming festive season in the US and UK and will leverage our robust, established platform to deliver mid teen growth in the retail business with stable gross margins. We aim to benefit from the strong profit leverage of the business and deliver sustainable long term value enhancement for all our stakeholders. We are on the path of creating a global corporation with strong business drivers that delivers outstanding value to our customers and investors."

# Financials – Q2 & H1 FY19 Performance

(Revenue Breakdown – Rs. crore)

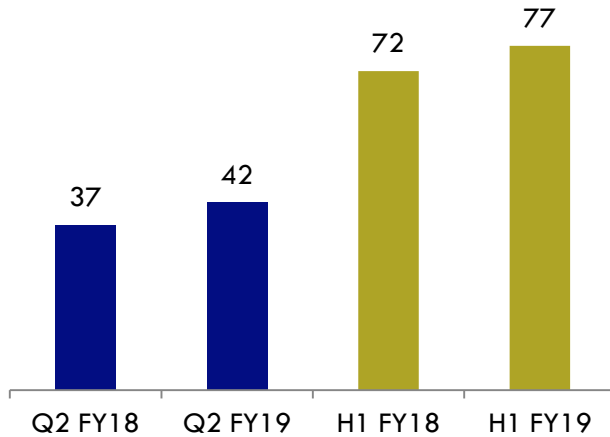


# Financials – Q2 & H1 FY19 Performance

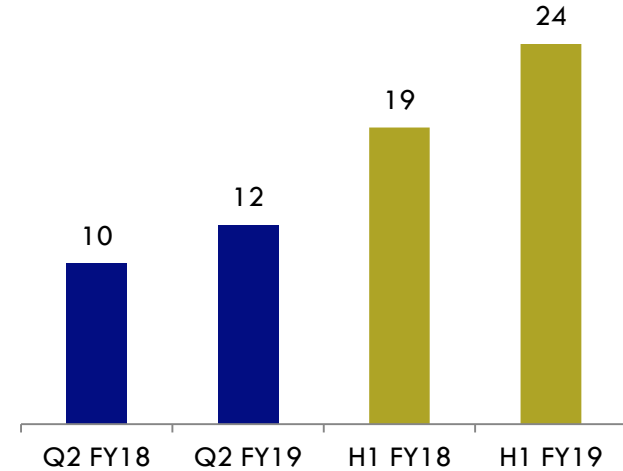
(Revenue Breakdown - Local Currency)



Shop LC (USD million)



TJC UK (GBP million)



# Retail Performance Trends - Q2 & H1 FY19

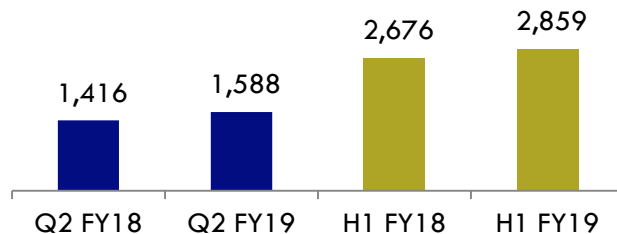
(Volume and ASP)



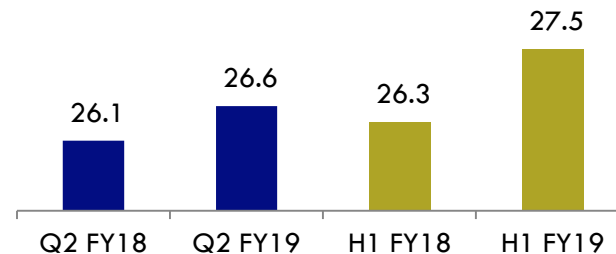
## TV Sales



Sales Volume ('000s)



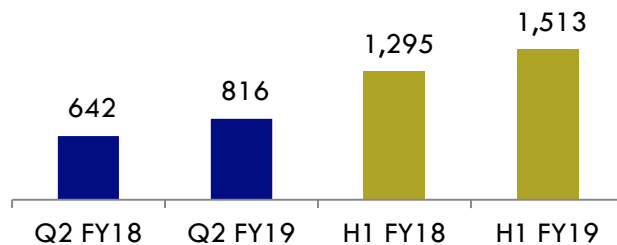
Average Selling Price US\$



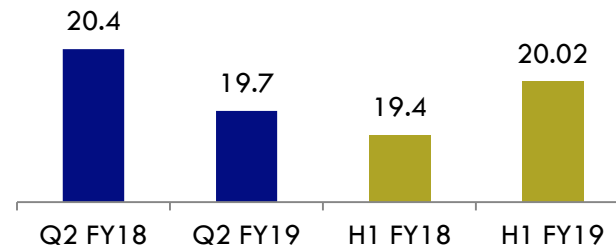
## Web Sales



Sales Volume ('000s)



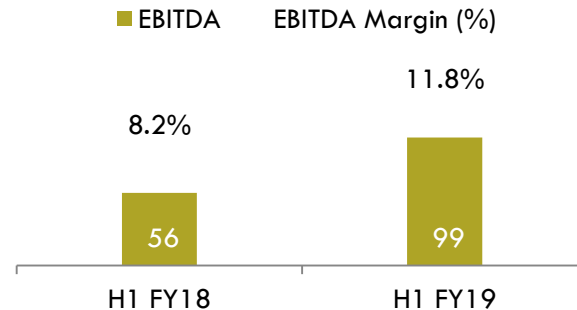
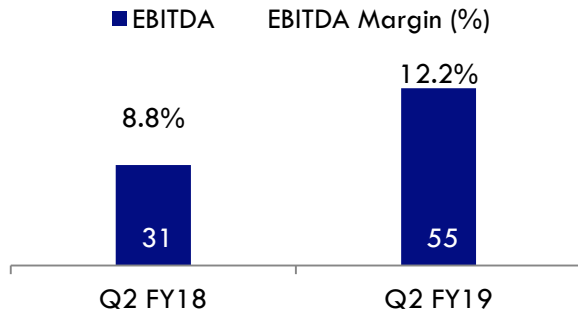
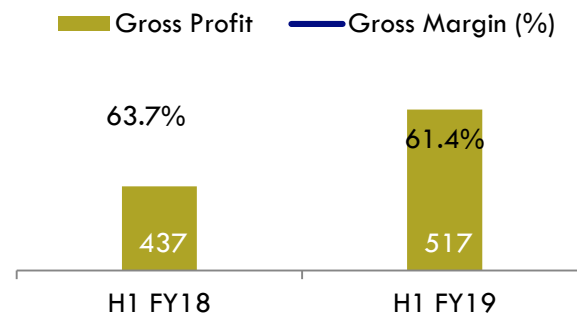
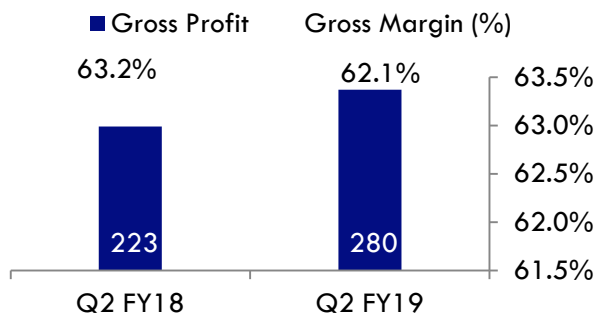
Average Selling Price US\$





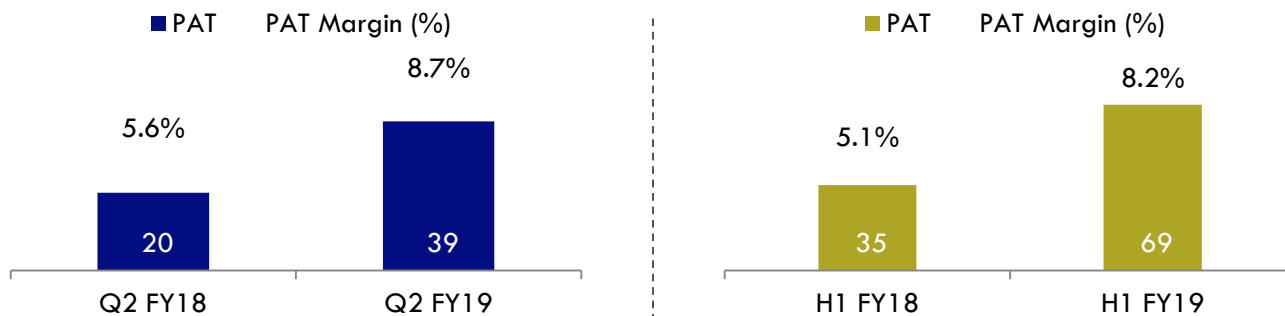
# Financials – Q2 & H1 FY19 Performance

## (Margins)

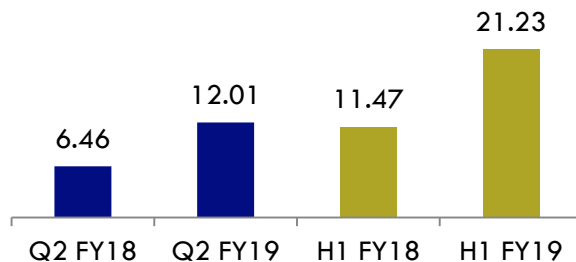


# Financials – Q2 & H1 FY19 Performance

(Profits)



## EPS (Rs.)

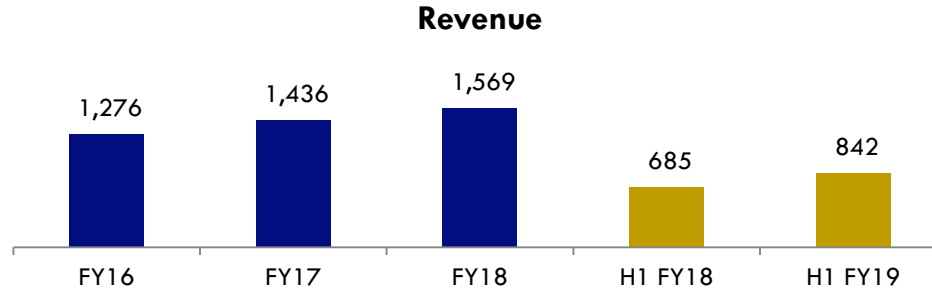




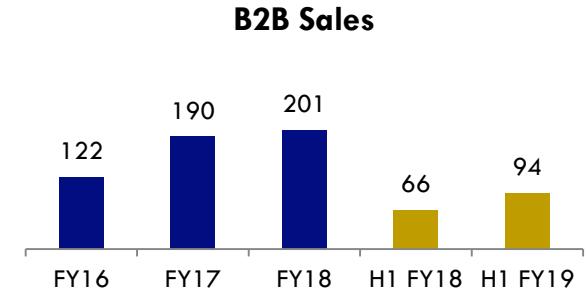
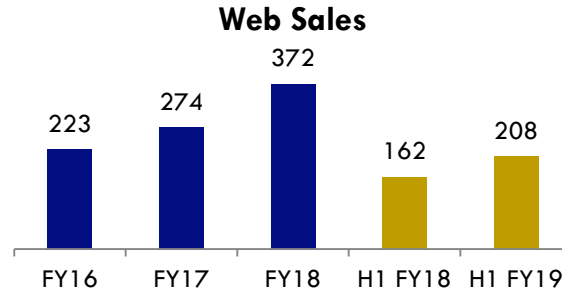
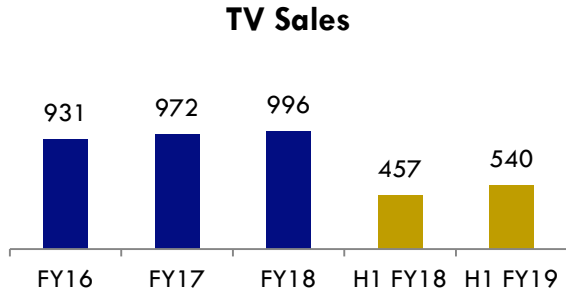
# Financial Performance Trends

# Financials Performance Trends

## (Revenue breakdown - Rs. crore)



**Jewelry & Lifestyle Products**



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

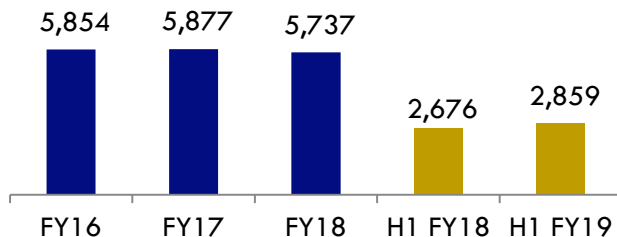


# Retail Performance Trends

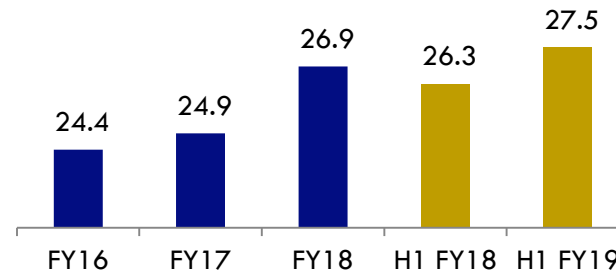
## TV Sales



### Sales Volume ('000s)



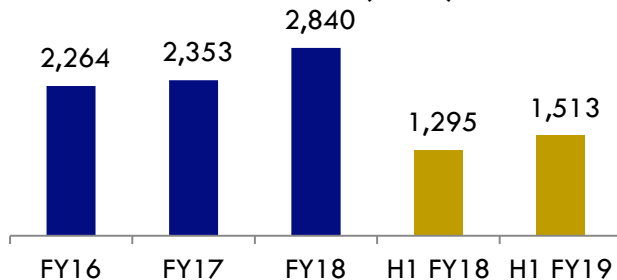
### Average Selling Price US\$



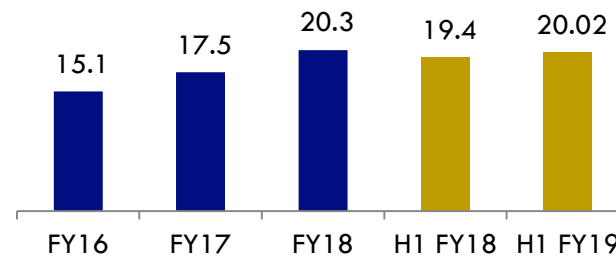
## Web Sales



### Sales Volume ('000s)



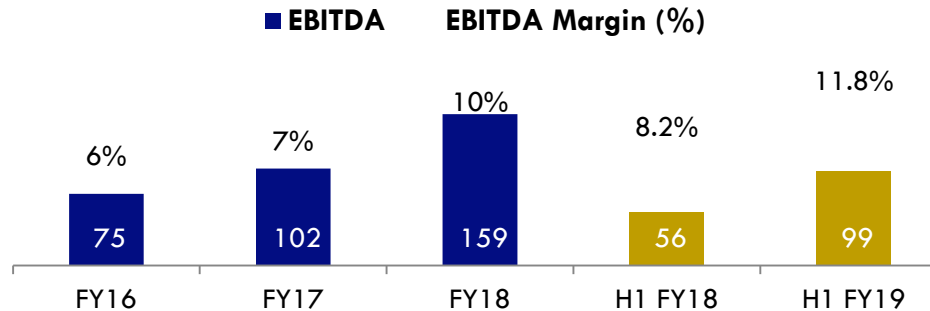
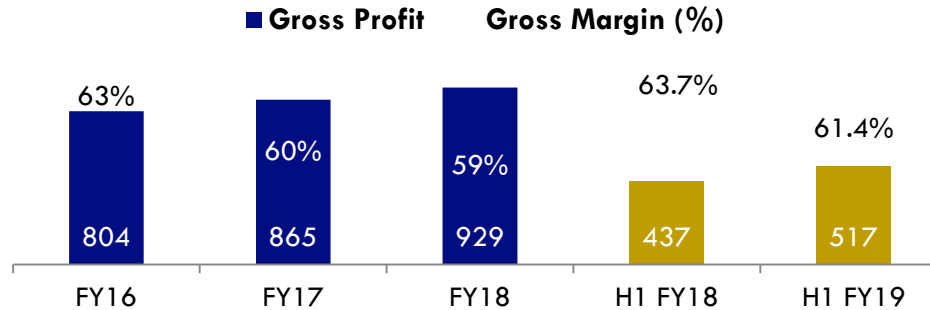
### Average Selling Price US\$





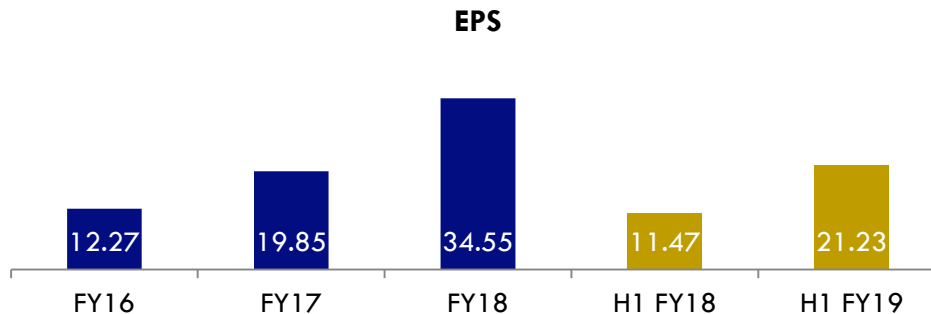
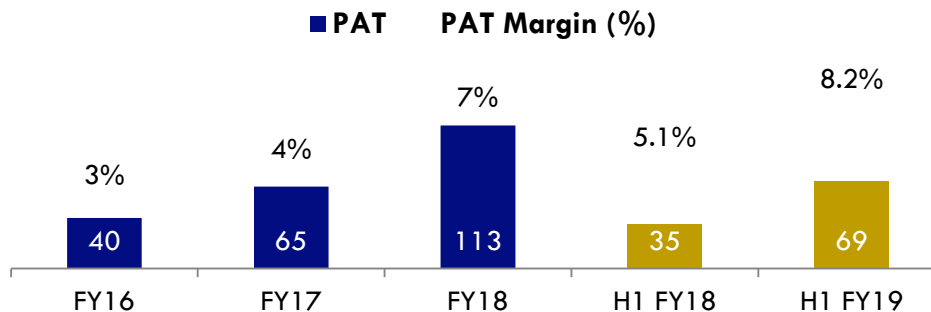
# Financials Performance Trends

## (Margins)



# Financials Performance Trends

## (Profits)

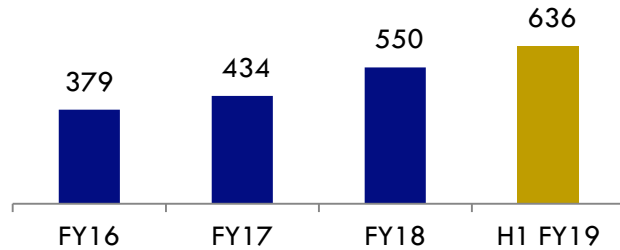


# Financial Performance Trends

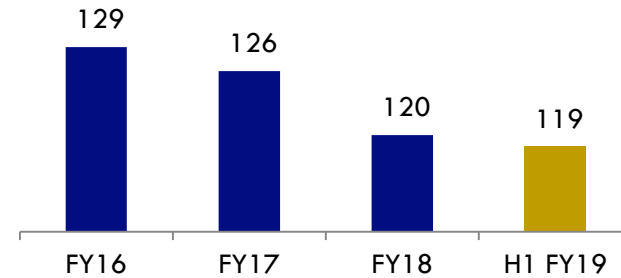
## (Balance Sheet - Rs. crore)



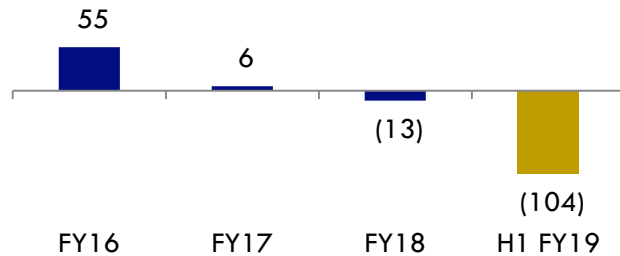
### Shareholders' Equity



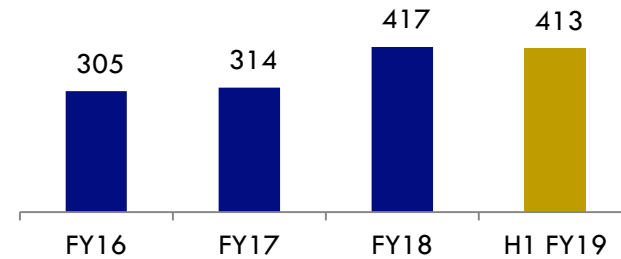
### Fixed assets including intangibles



### Net Debt

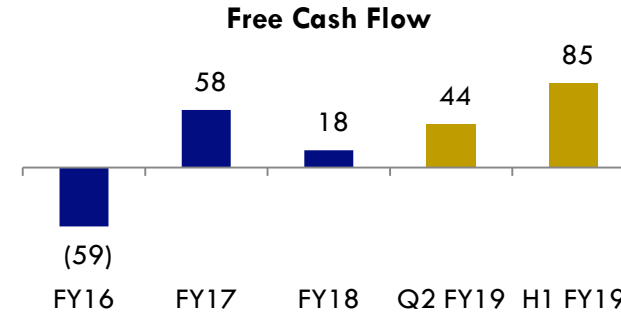
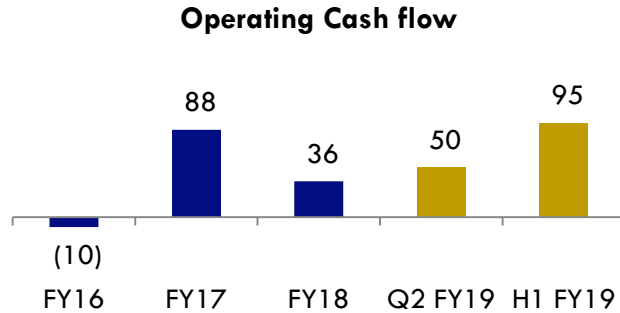


### Net Current Assets



# Financial Performance Trends

## (Cash Flow – Rs. crore)

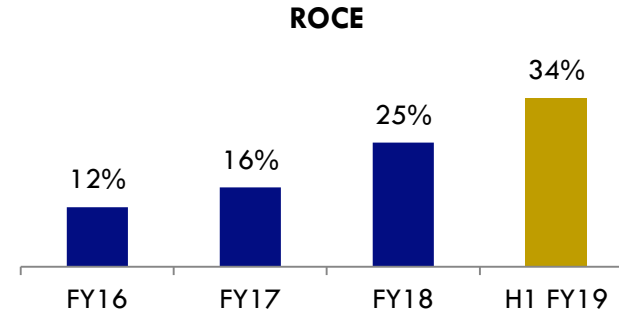
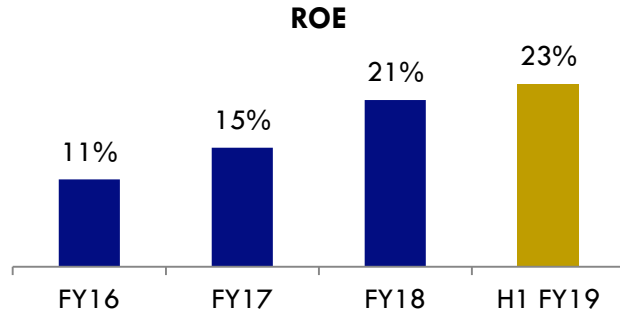


Operating Cash Flow: PBT+ Depreciation-  
(Changes in working capital) + adjustment for non  
cash items

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

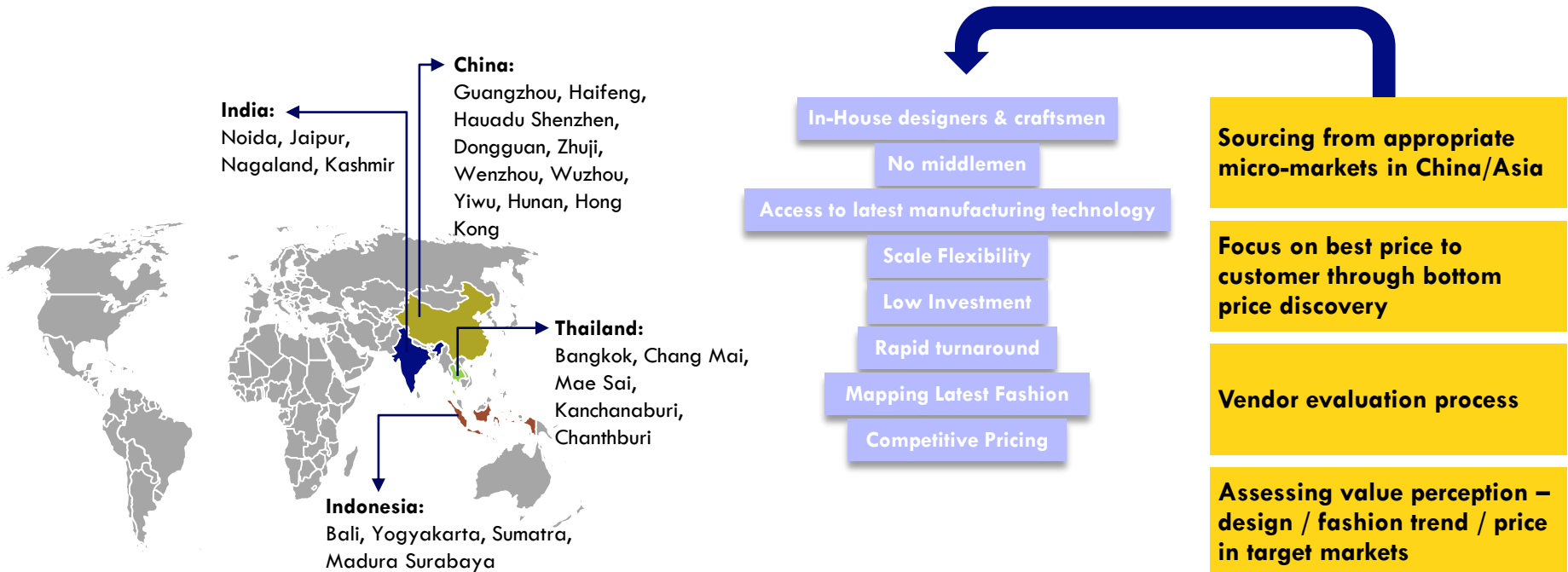
SHOP ALL



# 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



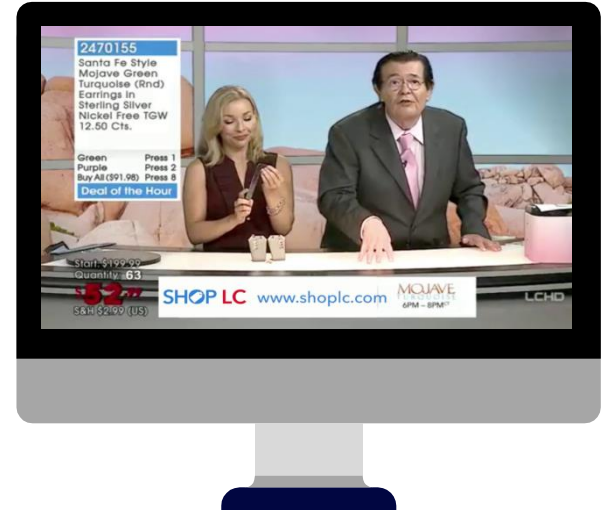
# TV Networks – USA

## (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

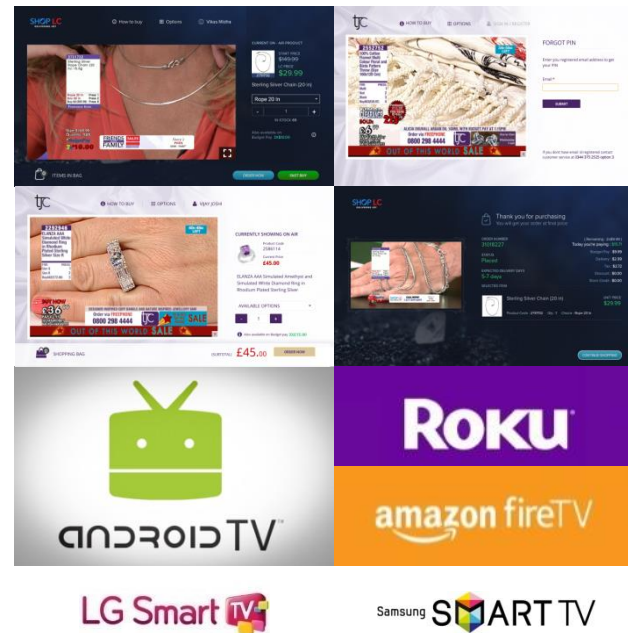
- ➔ **High Definition Broadcast**
  - Charter Communication
  - AT&T
- ➔ **Adoption of new technology of Broadcasting**
  - Reducing dependency on Infrastructure
  - Minimizing downtime as IP would broadcast it via internet

## 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



## 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



## 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



## 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



## 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



## 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



## 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.



# 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 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

# Contact Information



**For more information on  
Vaibhav Global Limited,  
please contact:**

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**Thank You**