VAIBHAV GLOBAL LIMITED

Ref – VGL/CS/2016/62

Date – 19th May, 2016

National Stock Exchange of India Limited (NSE)
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra, Mumbai-400051

BSE Limited
Phiroze jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001

Scrip Code : 532156; VAIBHAVGBL

Sub: Financial Results Presentation

Dear Sir / Madam,

Pursuant to regulation 30(6) of the SEBI (LODR) Regulations, 2015 please find enclosed Financial Results Presentation of Q4 and FY 2016.

Kindly take the same on record.

Thanking you.

Yours truly,

For Vaibhav Global Limited

Brahm Prakash
Company Secretary

E-69, EPIP, Sitapura, Jaipur-302022, Rajasthan, India • Tel.: 91-141-2771948/49, Fax : 91-141-2770510

Regd. Office : K-6B, Fateh Tiba, Adarsh Nagar, Jaipur-302004, Rajasthan, India • Tel.: 91-141-2601020, Fax : 91-141-2605077
CIN : L36911RJ1989PLC004945 • E-mail : investor_relations@vaibhavglobal.com • Website : www.vaibhavglobal.com

Vaibhav Global Limited

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

Financial Results Presentation
Q4 & FY2016

May 2016

Safe Harbor

Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Vaibhav Global Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Vaibhav Global – An Overview

Vertically-integrated fashion retailer on electronic retail platforms

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

Liquidation Channel and Jewellery Channel are strong brands

- 110 million (FTE) households on TV shopping in the US, UK and Canada
- Positive customer engagement metrics – customer base, retention rate, repeat purchases

Robust customer engagement

- Sizeable B2C franchise in developed markets
- Growing recognition of deep value enables scaling to adjacent categories

Hybrid supply chain infrastructure

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

Solid infrastructure backbone

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

Strong management team

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

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Key Highlights for Q4 & FY16

Home TV Network Reaches 110 Million Households, FTE Increases 11%

- 110 million households on full time equivalent (FTE) basis
- 79.6 million households in the US
- 25 million households in the UK
- 5.4 million households in Canada

FY16 Retail Volumes at 8.1 Million Units

- Home TV shopping volumes at 5.9 million units
- Web shopping volumes at 2.3 million units
- Volumes driven by fashion jewelry
- Deeper customer engagement drives repeat purchases

Q4FY16 - Financial Performance

- Total Income at Rs. 347.5 crore
- EBITDA at Rs. 14.5 crore
- Gross Margin expansion to 61% from 59%
- PAT at Rs. 8.8 crore

Operating Highlights

- EMI through Budget Pay payments gets encouraging response
- Commenced commercial production at new SEZ manufacturing unit located at Jaipur, Rajasthan
- Targeting younger and more affluent customers via in-house jewelry and non-jewelry brands
- Appointment of Mr. Kevin Lyons as President of the Liquidation Channel (USA) from Feb'2016
- Appointment of Ms. Heather Hamilton as Director of Sales and Programming at Liquidation Channel (USA)
- Appointment of Mr. Koteshwar Rao as GM IT to strengthen application delivery at VGL Group
- Invested in brand development and capacity building to position for next level of growth opportunities

Chairman's Message

Commenting on Q4 & FY16 performance, Mr. Sunil Agrawal, Chairman and Managing Director, Vaibhav Global said:

"In FY16, we have managed to deliver some significant transitions in a tough business environment. Over the year, we have successfully implemented technology platform improvements, launched installment payments and returnability for customers, introduced a bouquet of brands and enhanced our leadership team.

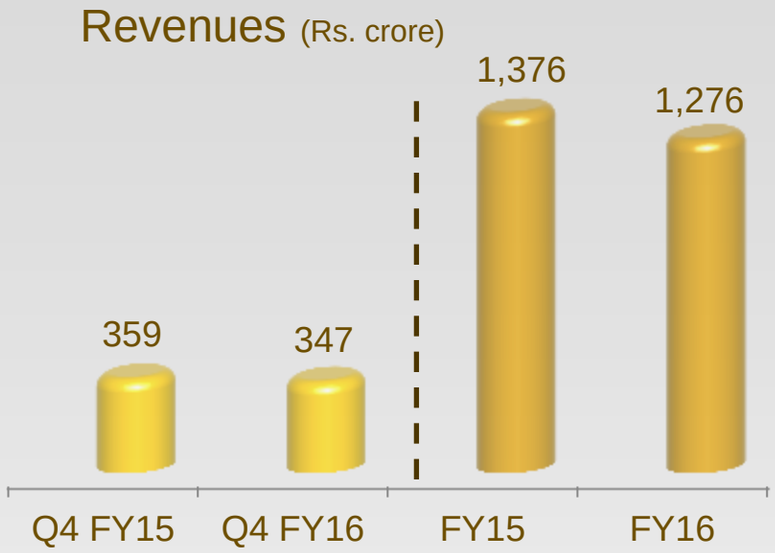
We are already seeing initial improvements as is evident from our Q4 results – TV revenues have largely flattened out, overall gross revenues have expanded 6.6%, working capital remained stable over the quarter and free cash of Rs. 14 crore was generated.

We have invested in capacity expansion by adding 10 million additional households and making substantial programming content and backend capability improvements. These fixed costs are already built into our numbers. One area for improvement is the customer experience on our web platform, which we are addressing along with the new business and technology leadership team in place.

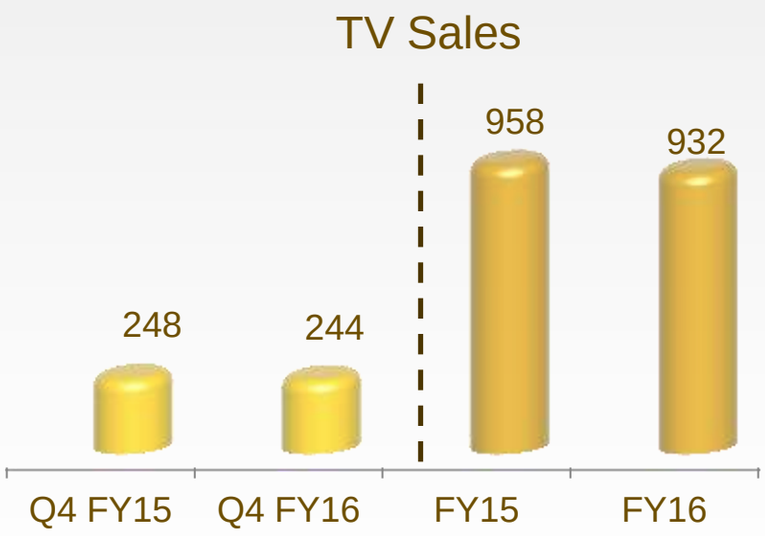
We now enter FY17 with positive momentum and are seeing growth in net revenues. Gross margins are expected to remain healthy at current levels, fixed cost commitments may not increase substantially. We expect to see lower inventory levels and stable working capital during the year. Our capex visibility is $ 3-4 million, therefore continuation of positive cash flow momentum is expected. With these key business dynamics, we now look forward to a stronger operating performance in the current year."

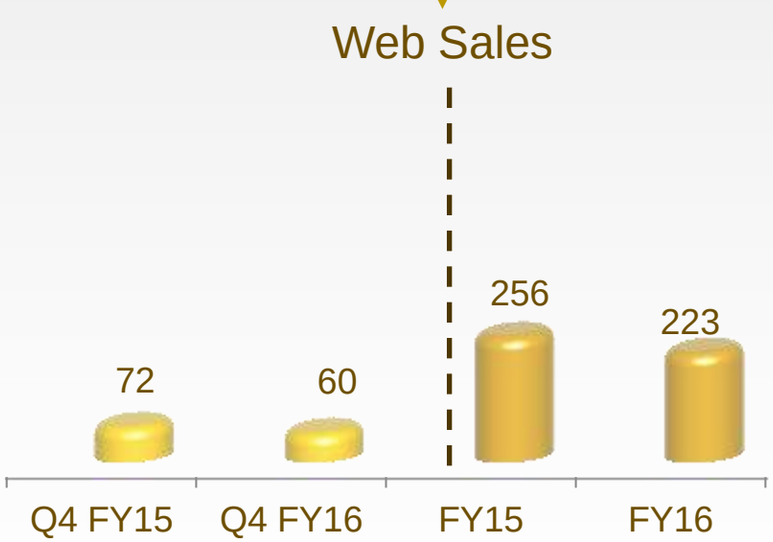
Financials – Q4 & FY16 Performance

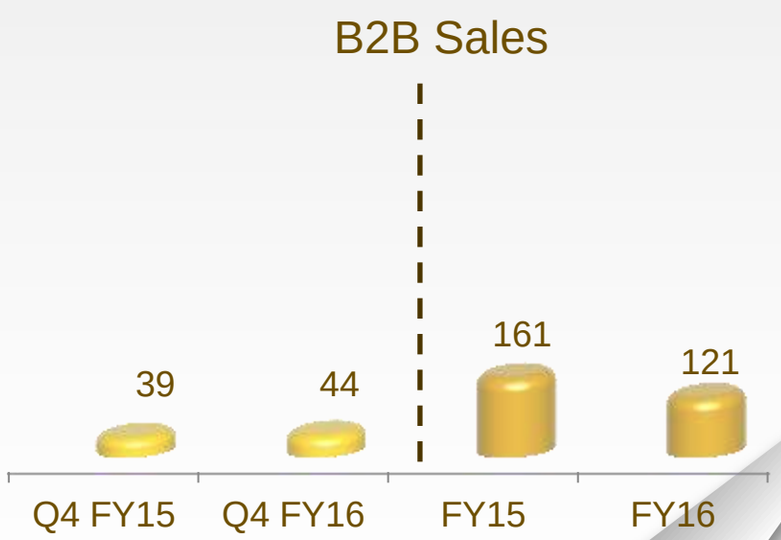
(Revenues)



Jewelry & Lifestyle Products

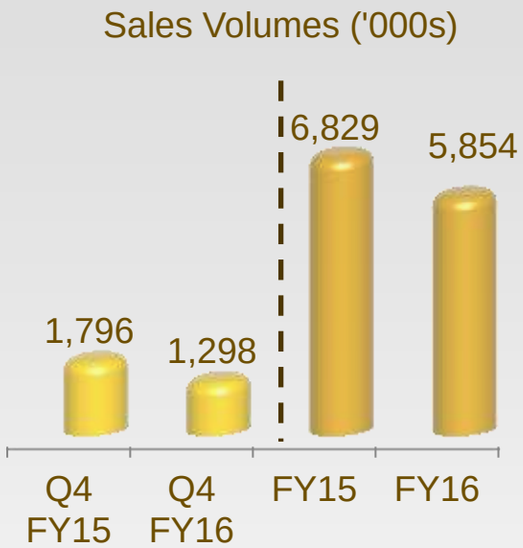


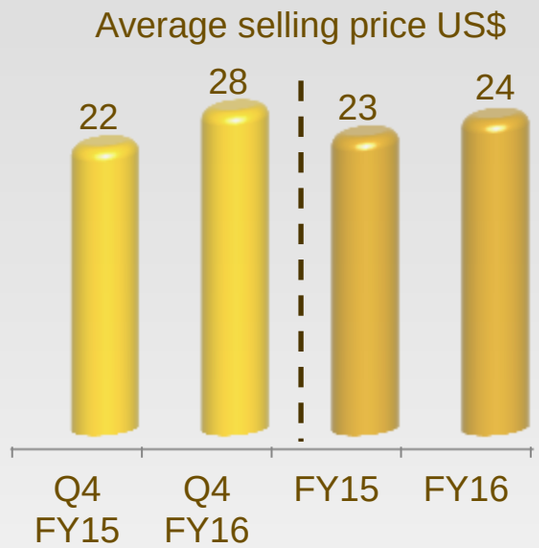




Retail Performance Trends

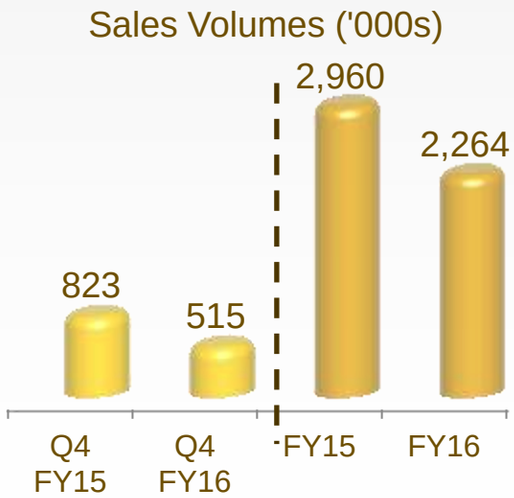
TV Sales

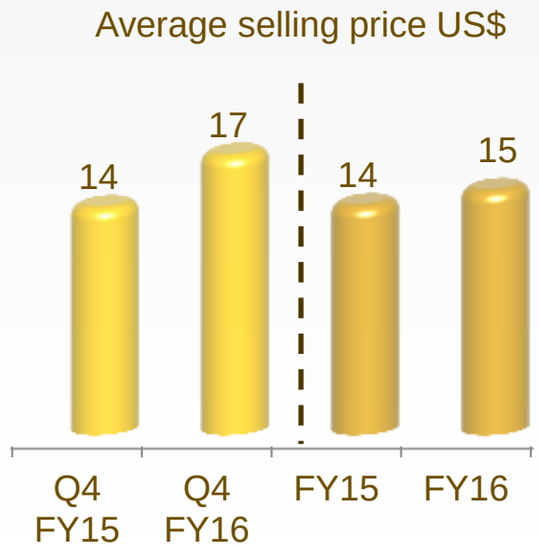




- Multiple customer engagement and visibility initiatives have been established across operations. Initiatives are working, direction is good but the pace has been slower than our expectations.

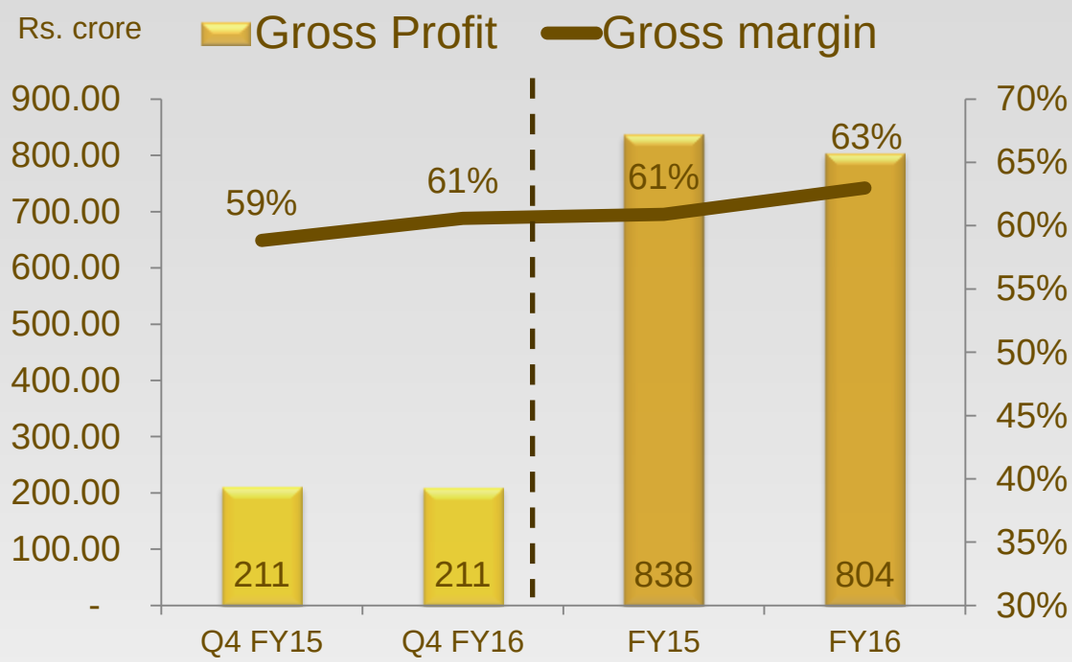
Web Sales





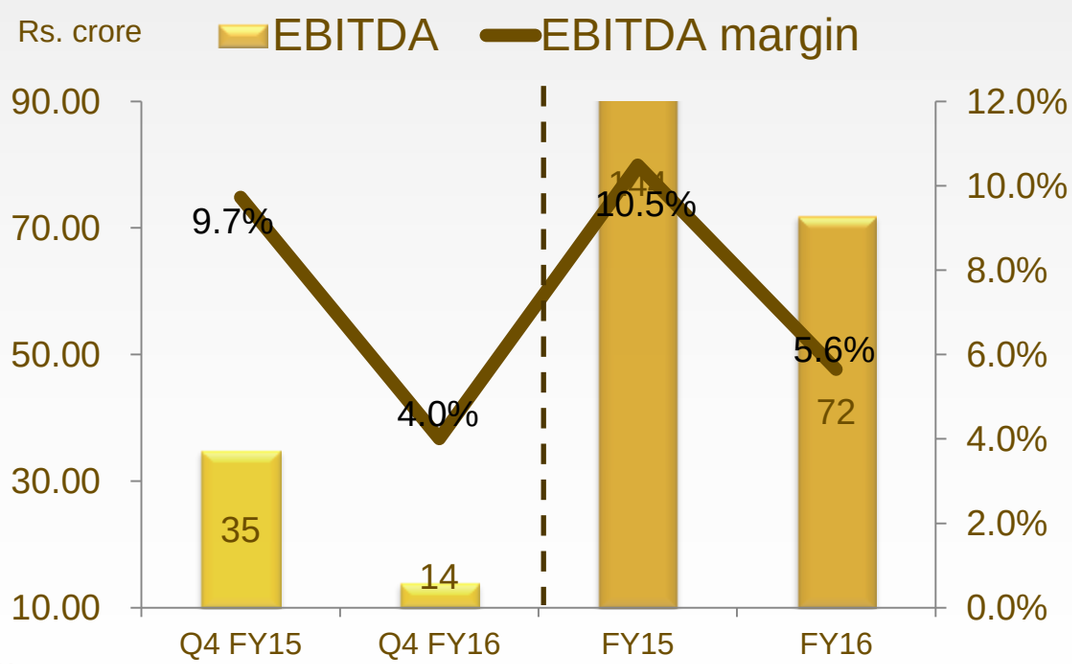
- 'Budget Pay' EMI scheme and easy returns policy led to better average realizations.

Financials – Q4 & FY16 Performance
(Margins)



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

- Conscious increase in realization and gross margin to incorporate Budget Pay and returnability.

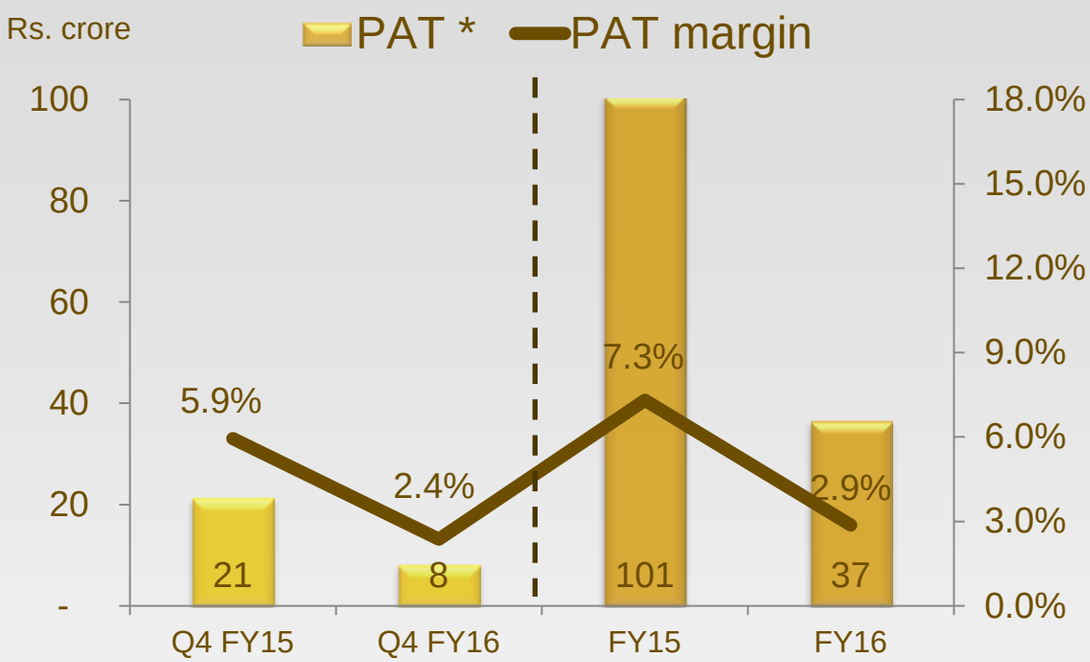


Note:
EBIDTA excludes exchange gain/loss;
EBIDTA margin including exchange gain/loss stood at 5.9% in FY16 v/s 10.7% in FY15
EBIDTA margin including exchange gain/loss stood at 4.2% in Q4 FY16 v/s 8.7 % in Q4 FY15

- EBITDA margin impacted due to slower than expected topline growth even as cost base has expanded from more US households covered, larger manpower in planning, sales and merchandising in US and UK.

Financials – Q4 & FY16 Performance

(Profits)



* Profit after tax without exchange gain(loss) fluctuation.

- PAT is lower due to lower than expected topline and higher depreciation cost

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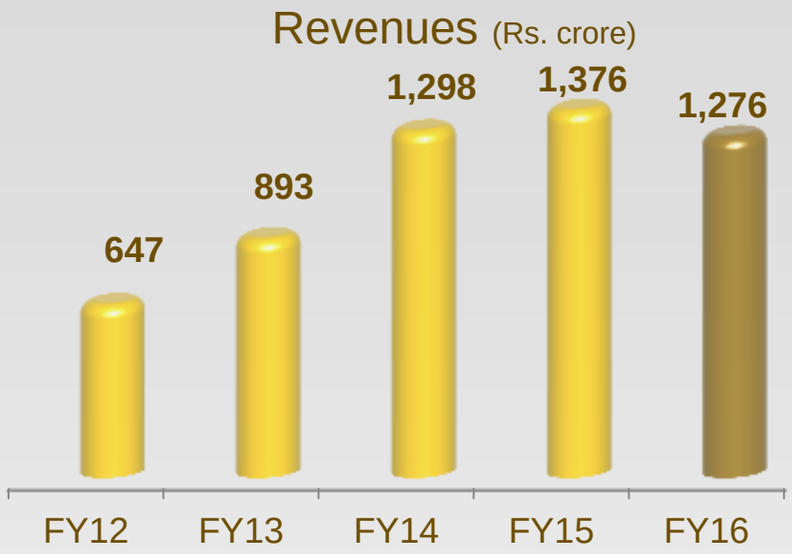
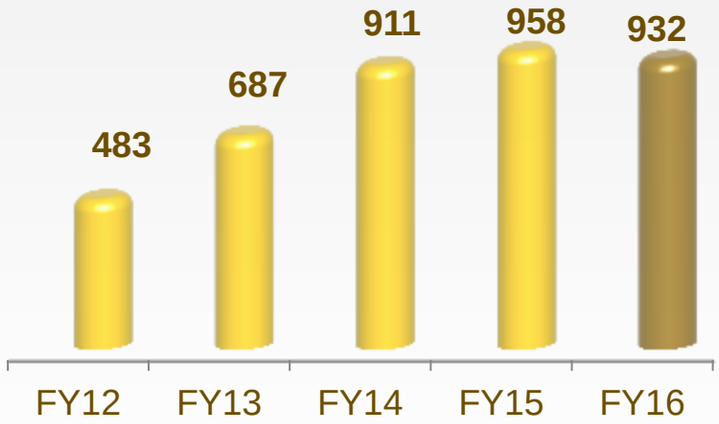
Financials Performance Trends

(Revenues)

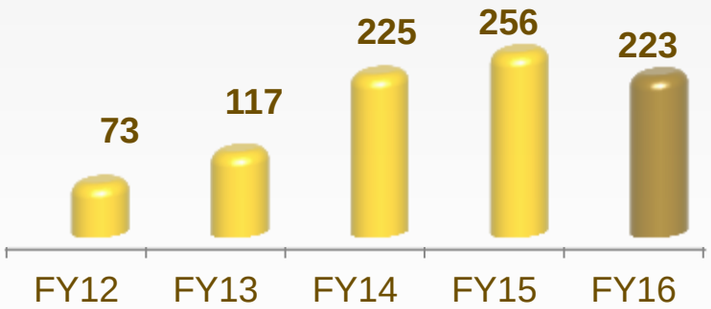


Jewelry & Lifestyle Products

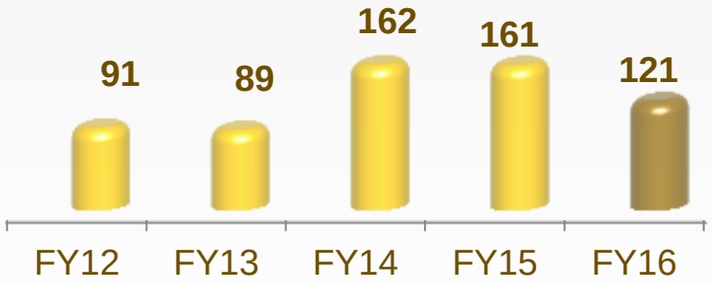
TV Sales



Web Sales

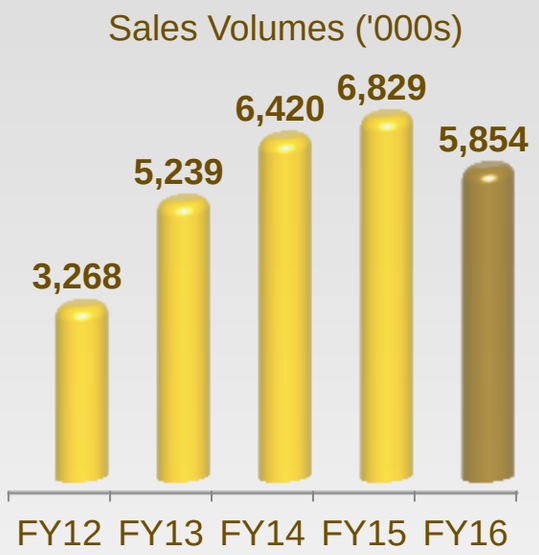


B2B Sales



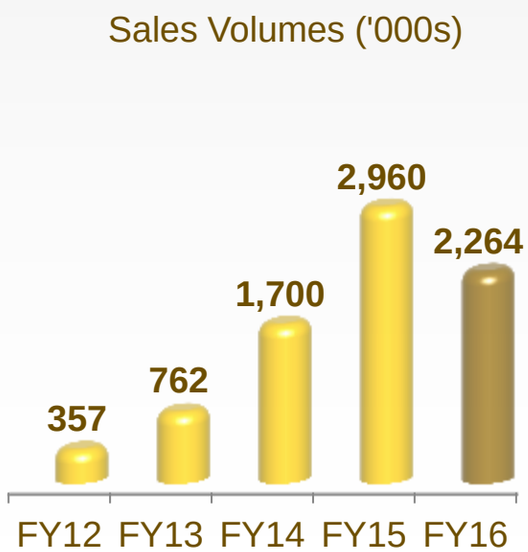
Retail Performance Trends

TV Sales

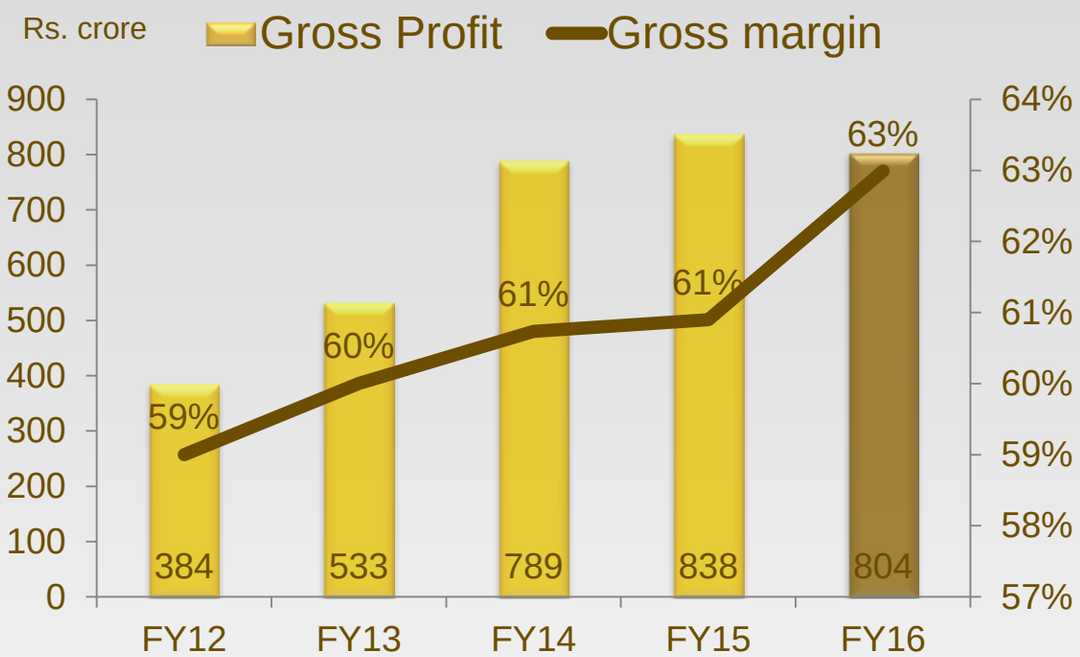


- TV ASP fairly stable, expected to move marginally higher in the coming period owing to returns policy and Budget Pay.

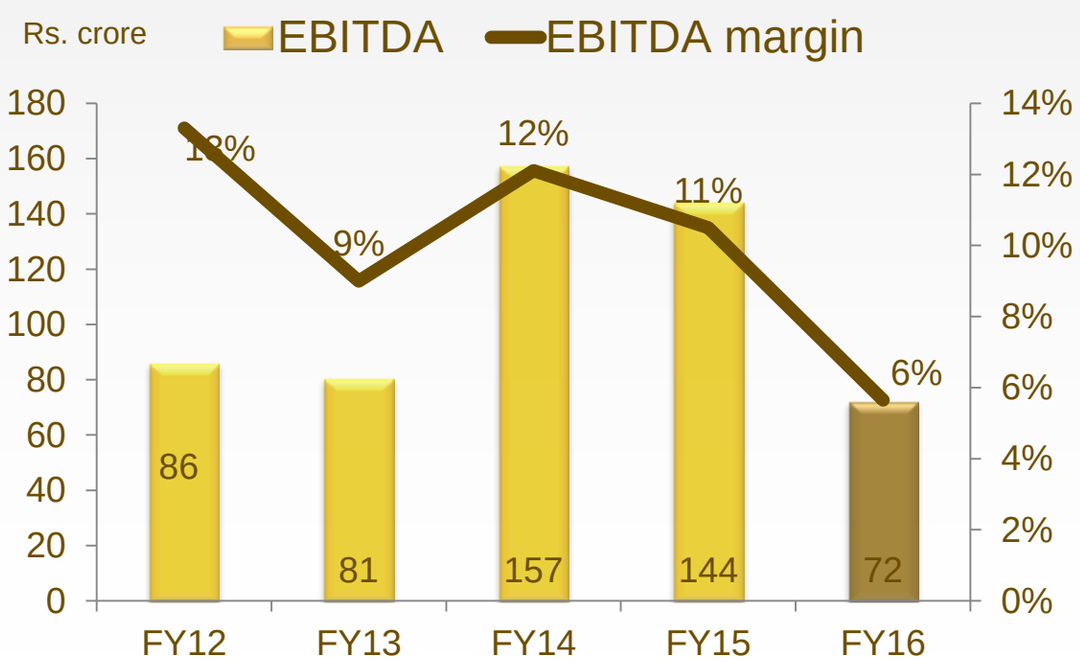
Web Sales



Financials Performance Trends
(Margins)



- Gross margins are up due to lower B2B sales contribution, improved realizations at channels towards costs of returns and Budget Pay, and better operational efficiencies at VGL India. Import duties are also lowered by approx 0.5%

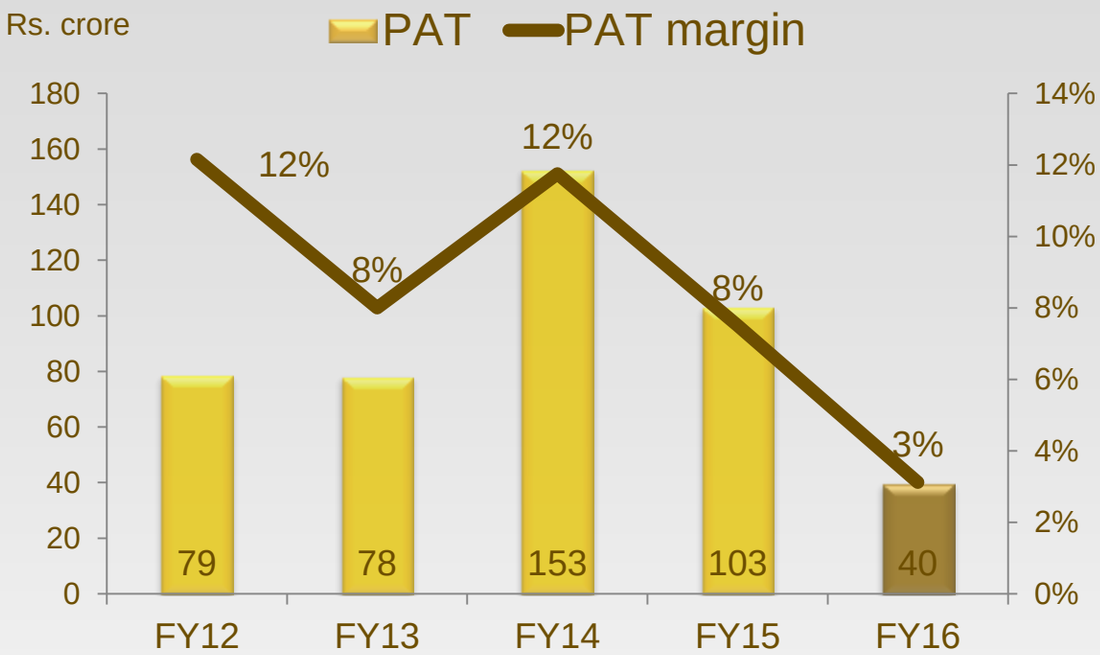


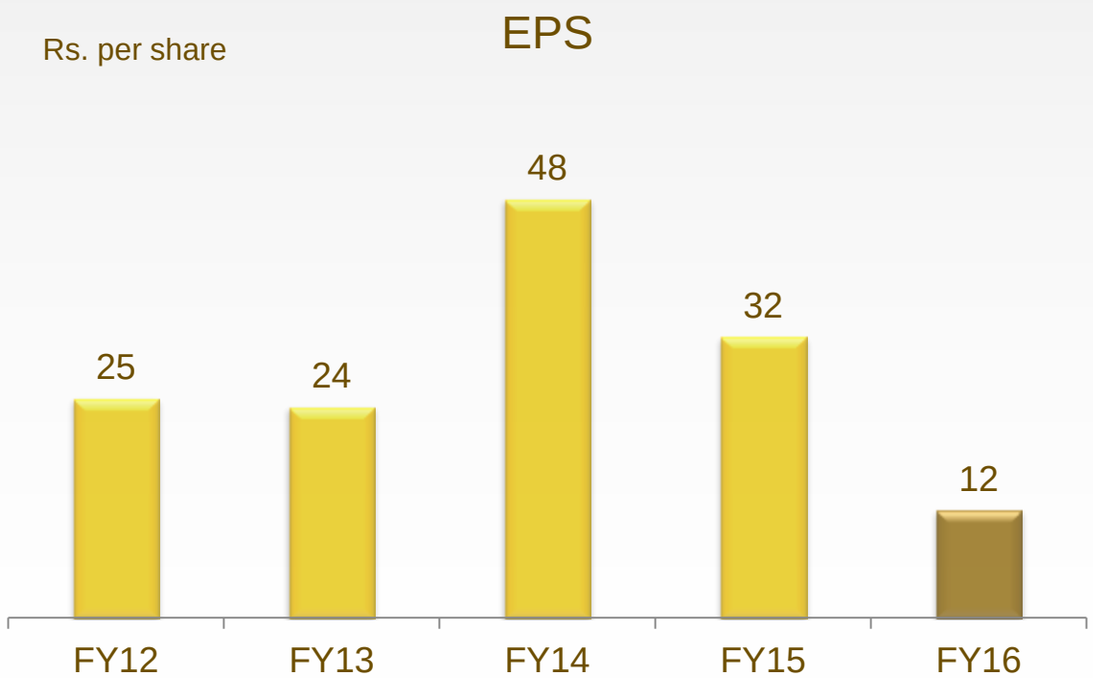
- EBITDA impacted due to lower than expected topline, net of returns, more household coverage in US, larger resource base in planning, sales and merchandising in US and UK.

Note:
EBIDTA excludes exchange gain/loss;

Financials Performance Trends

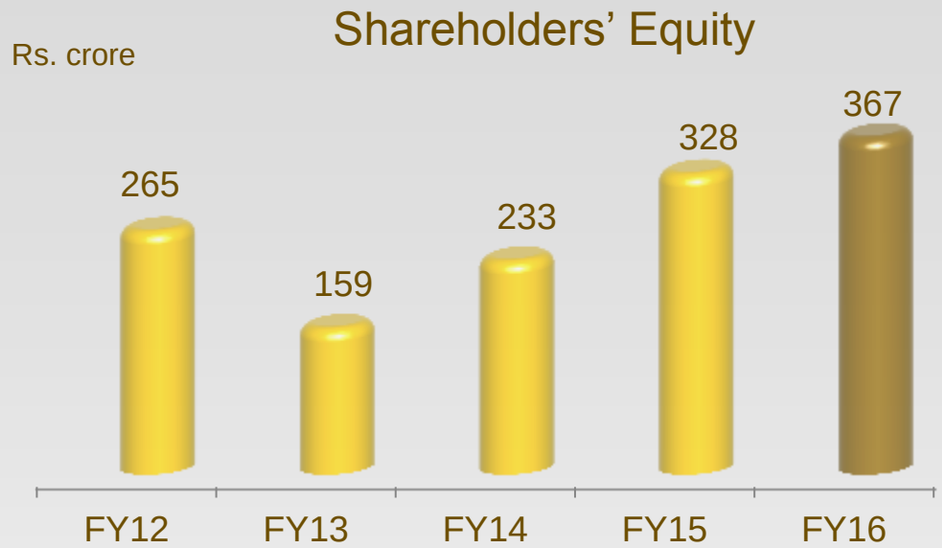
(Profits)



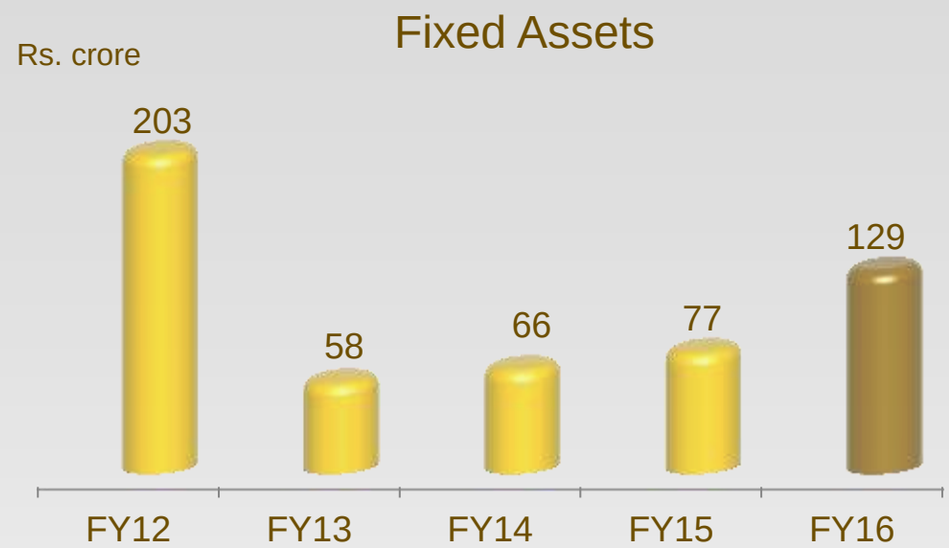


Financials Performance Trends

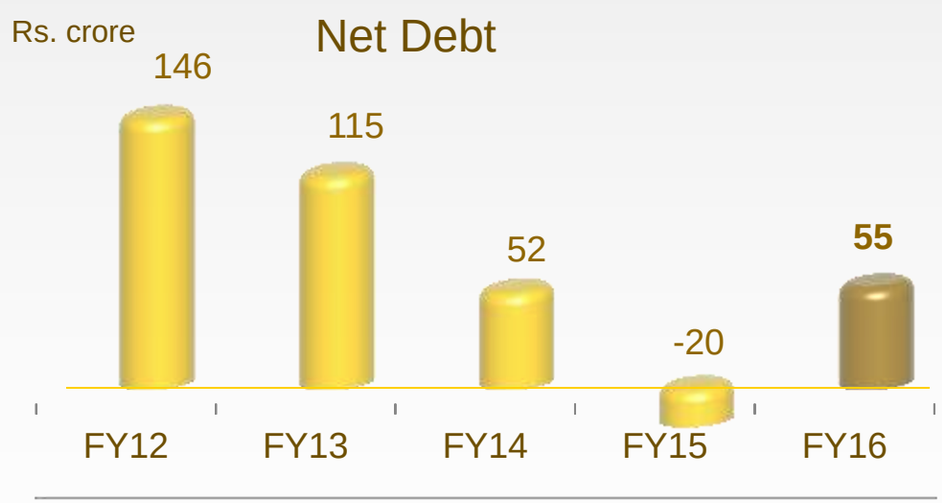
(Balance Sheet)

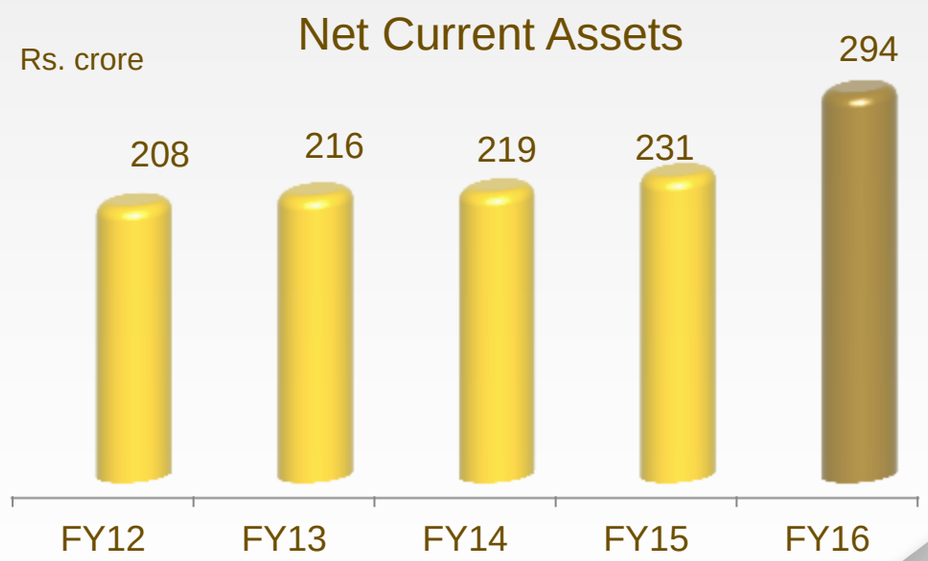


** During FY13, Shareholders' Equity was adjusted lower by Rs. 163.7 crore due to goodwill written off (Rs. 151.1 crore), provision for CDR recompense interest (Rs. 11.2 crore) and write off on liquidation of subsidiary (Rs. 1.5 crore)*



- *During FY13 fixed assets were adjusted lower by Rs. 151.1 cr due to goodwill written off*
- *Includes 11 crore for New channel in UK and around 28 crores for HYBRIS which were lying in work in progress.*

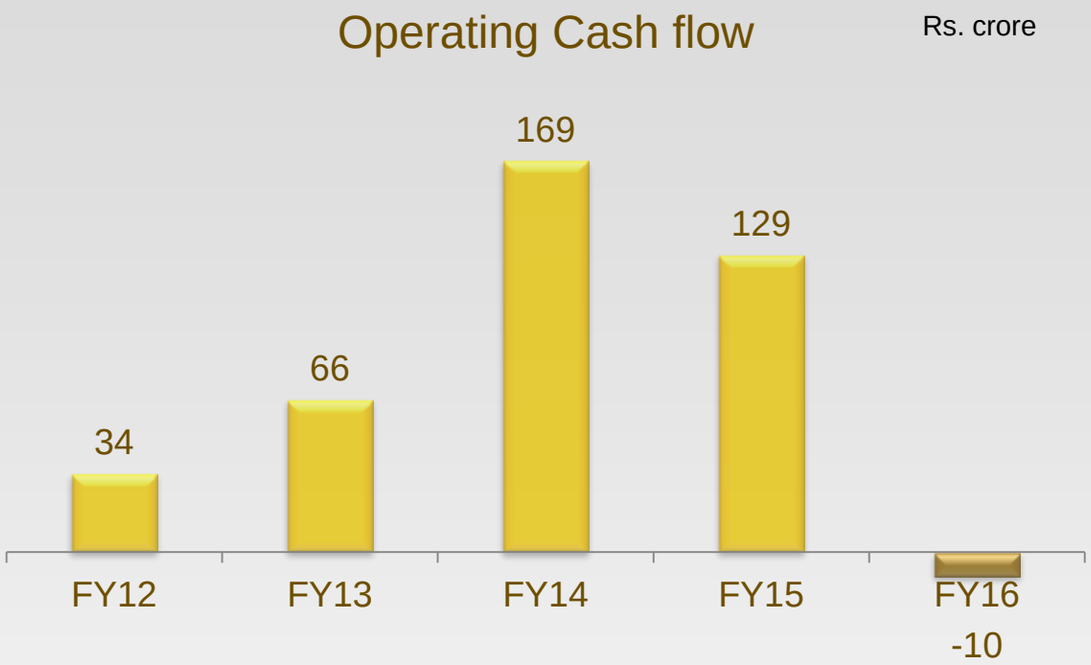




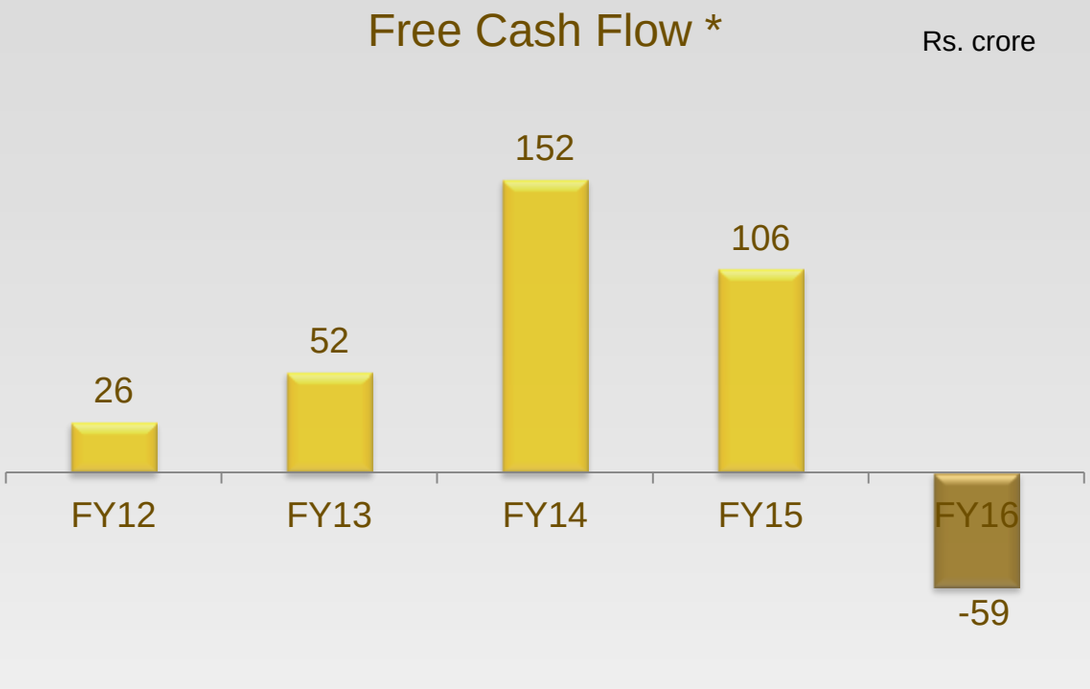
- *Net current Assets are impacted due to capital advances against new channel in UK and SAP based software, SEZ project and stock build up.*

Financials Performance Trends

(Cash Flow)



**Includes Foreign Currency Transaction Reserve*



**Includes Foreign Currency Transaction Reserve*

Operating cash flow impact of lower sales volumes and increased fixed cost structure

- Cash flows have been invested into establishing enhanced manufacturing facilities, more household coverage and towards deeper customer engagement through Budget Pay EMI scheme and returns policy. Going forward, capex and working capital requirement will rationalize and revert to historically lower levels.

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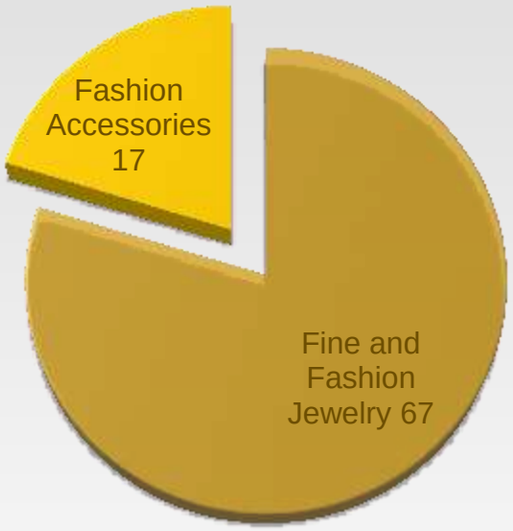
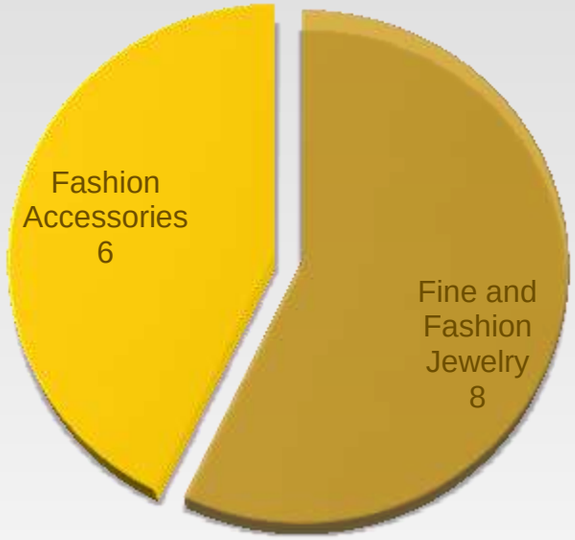
Market Opportunity

US market size (US$ Bn)



UK market size (US$ Bn)

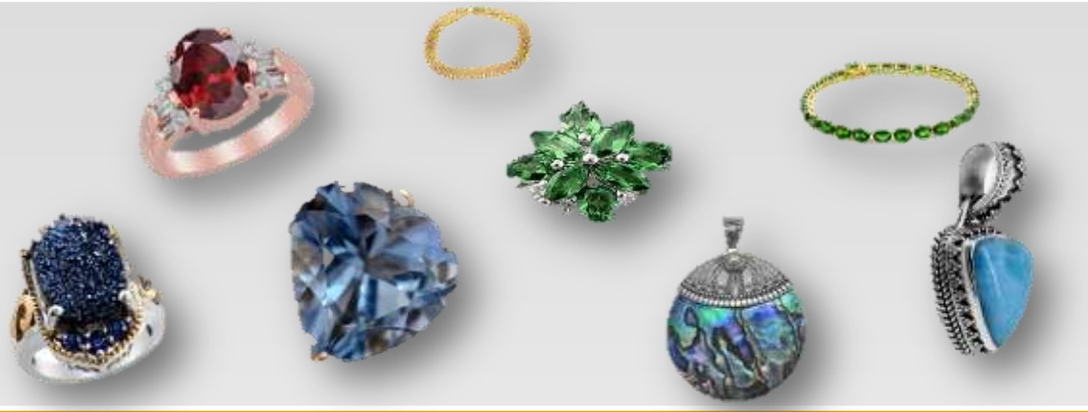


Market share gains through expanded distribution network and introduction of collections/designs mapping market trends

Product Profile

FASHION JEWELLERY

- Bracelets
- Bangles
- Earrings
- Studded jewelry, etc.



FASHION ACCESSORIES

- Watches
- Handbags
- Scarves, etc.

LIFESTYLE PRODUCTS

- Home Décor
- Bed linens
- Pillow Covers
- Towels, etc.

US Market Access on Liquidation Channel

dishtv — Channel #274

Channel #399 & 1399

Verizon FiOS — Channel #159

DIRECTV — Channel #75 & 226

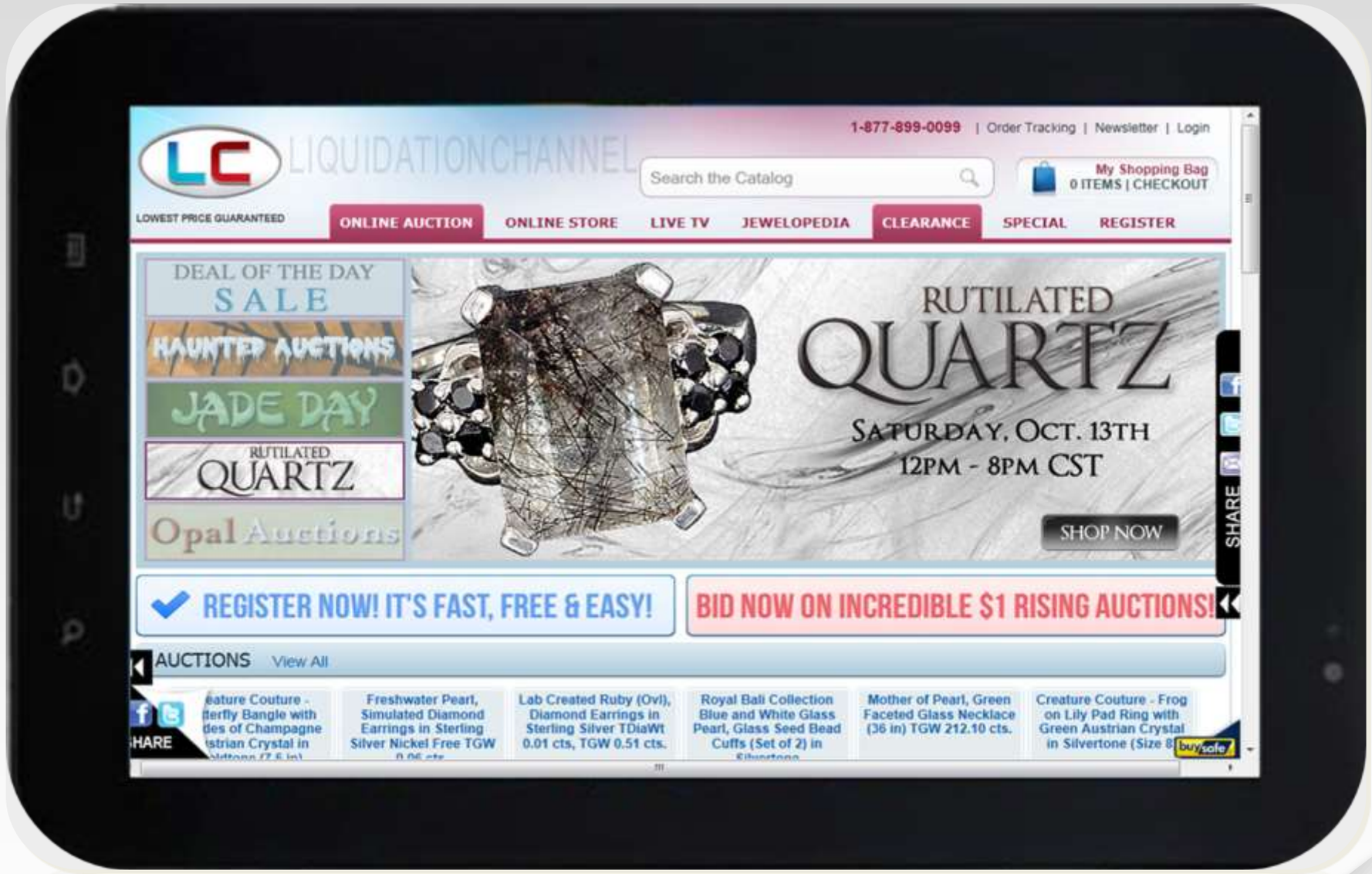
COX *

Roku *

TIME WARNER CABLE *

Charter *

comcast *



https://www.liquidationchannel.com

** Different channel # across various locations*

Access to 85 million (FTE) of the 116 million households in the US

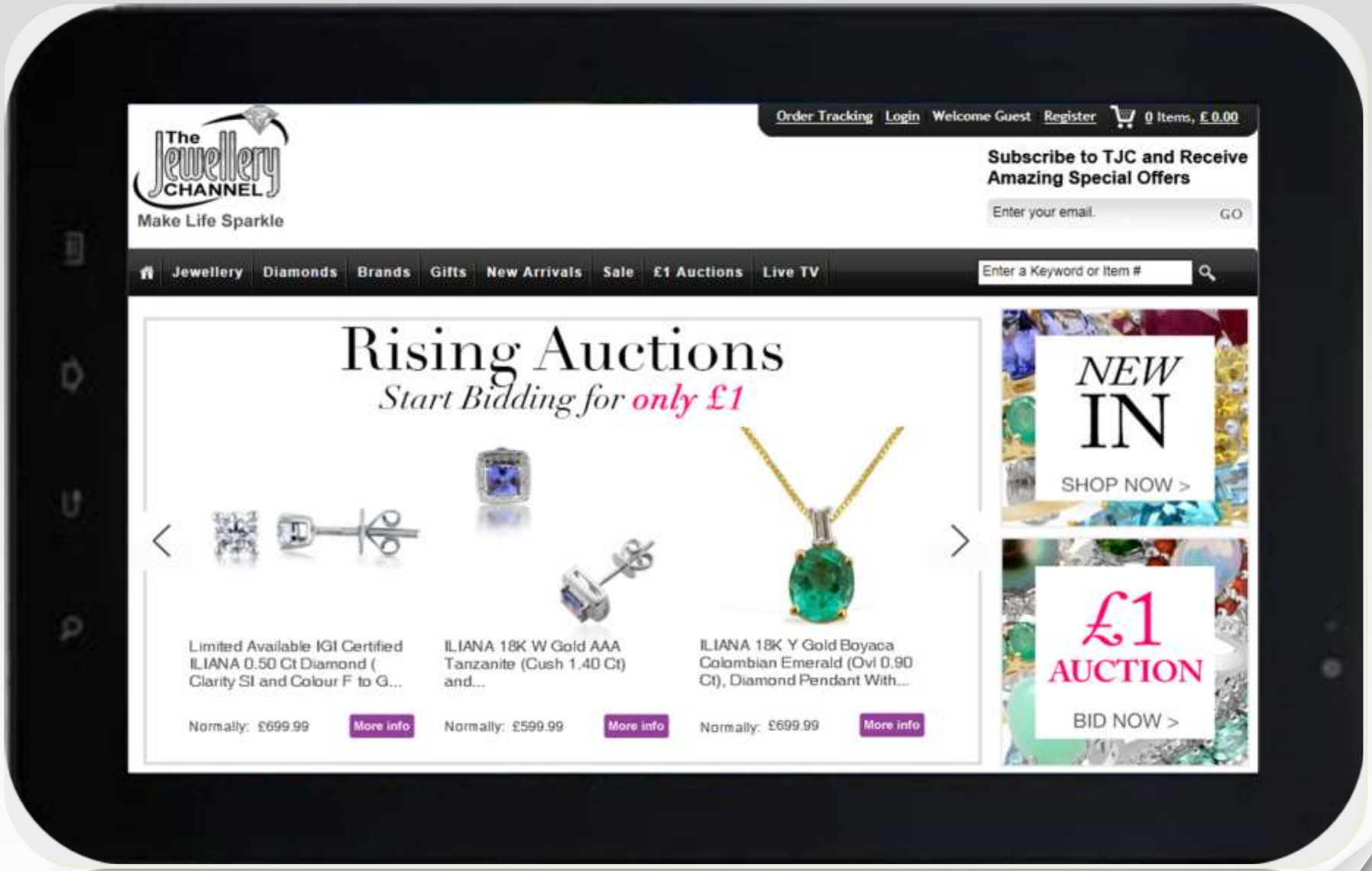
UK Market Access on The Jewellery Channel

Channel #49

Channel #650& #652

Channel #815

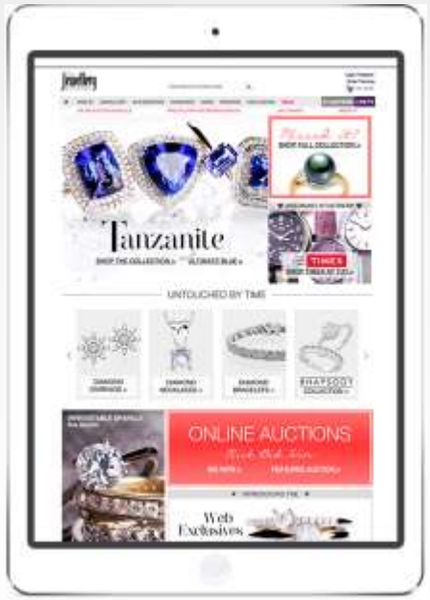
Channel #757



www.thejewellerychannel.tv

Access to 25 out of the total 25 million households

E-Commerce



- Digital presence through liquidationchannel.com and thejewellerychannel.tv
- Retail formats:
  - Catalog
  - Rising Auctions
- Technology enhancements:
  - Hybris (a SAP company) platform implemented in US.
  - Mobile app started for TJC UK
  - IPTV apps developed for Google TV, LG TV, Samsung TV
  - CRM and marketing analytics framework

Increased Focus and Contribution from E-commerce Retail

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 wont 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)

- Planning to add Apple TV app
- We already have presence on following Smart TV's:
  - Samsung SMART TV
  - LG Smart TV
  - Android TV
- We also have apps on streaming devices
  - ROKU
  - Google Chromecast
  - Amazon Fire HD

BRANDING INITIATIVE: Developing new In-house brands and brand ambassadors for live presentation BRANDS

LUCYQ
BY LUCY QUARTERMAINE

ROYAL JAIPUR

TREASURES
FROM THE ORIENT

Living Gold

RACHEL GALLEY
MEMENTO

BALI LEGACY
COLLECTION

TRIBAL INDIA
COLLECTION OF

Beautiful Jewelry Inspired by Italy!
MILAAN

homesmart

Dall'Italia

Hidden Treasures

DESIGNS by Prachi

GP
GIUSEPPE PEREZ
COLLECTION

Sourcing Markets

Manufacturing facility in Jaipur, India

Production Capacity (3 units)	*4 mn pieces p.a.*	*ISO 9001:2008 manufacturing facilities*
Additional Capacity	*2.1 mn pieces p.a.*	*SEZ Green Building with Gold Level facility of 100,000 sq ft*

Over 2,600 people in India across corporate, manufacturing, design, sales & marketing, customer service, logistics etc

Sourcing operations from fashion centric micro markets of Asia

Global supply chain capability of 12 million pieces, continuously expanding

Over 200 people in purchase/ procurement and ancillary functions across Asia

China	Thailand	Indonesia	India
• Guangzhou, Haifeng, Hauadu Shenzhen, Dongguan, Zhuji, Wenzhou, Wuzhou, Yiwu, Hunan	• Bangkok, Chang Mai, Mae Sai, Kanchanaburi, Chanthburi	• Bali, Yogyakarta, Sumatra, Madura Surabaya	• Noida, Jaipur, Nagaland, Kashmir,

Global network for trend spotting and merchandising

Consumption Markets

Access to over 110 million (FTE) households on TV homeshopping in the US, UK and Canada

- Affiliate agreements with major cable, satellite providers
- Improved product presentation by investing into studio facilities

The Jewellery Channel	Liquidation Channel

UK

- The Jewellery Channel and e-commerce
- UK head quarters – Hampton, Middlesex
- Reaching all 25 million households across the U.K.
- Over 90 people in sales & marketing, customer service, logistics, TV production, e-commerce and support functions

USA

- Liquidation Channel and e-commerce
- US head quarters – Austin, Texas
- Access to 85 million (FTE) of the 116 million households in the US, covering all states
- Over 600 people in sales & marketing, customer service, logistics, TV production, e-commerce and support functions

Sourcing Methodology

- Competitive Pricing
- Mapping latest fashions
- Rapid turnaround
- Low investment
- Scale flexibility
- Access to latest manufacturing technologies

Assessing value perception – design / fashion trend / price in target markets

Vendor evaluation process

- Core competency of vendor
- Delivery/ quality/ timeliness
- Proprietary design/ development capability
- Size of product line/ capacity

Focus on best price to customer

- Sourcing price to deliver excellent value
- Multi-vendor quotes to gauge bottom price discovery

Sourcing from appropriate micro-markets in China/Asia

Management Team

Sunil Agrawal

Chairman and Managing Director

- Established Vaibhav in 1980 as a first generation entrepreneur and has led the company's transition into a leading brand for fashion jewelry and lifestyle accessories
- Travels extensively across the world, overseeing operations, sourcing raw material globally and representing the company at major trade shows and jewelry fairs in the US, Europe and Asia

Puru Aggarwal

Group CFO

- 23 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, Liquidation Channel

- 20 years of strong expertise and a proven track record in delivering Omnichannel growth in retail and e-commerce
- Previously Senior Vice President of E-Commerce with hhgregg, 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

Senior Vice President, Group HR

- 30 years of work experience at major international companies including IBM, Unilever and the Stonyfield Farm unit of Groupe Danone
- Tremendous Organization development and senior level HR experience having worked with brands like ACS, Stonyfield and Good Humor – Breyers Ice Cream

Nitin Dugar

Vice President , Strategy – Liquidation Channel 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

Pushpendra Singh

Vice President , Human Resources Asia

- 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

Koteswara Rao N

General Manager - IT, VGL India

- Over 21 years of IT experience involving Delivery Management, Program Management, Process & Productivity Management, Technical Design &Solutions, Application Development for business applications.
- Before joining VGL, he has gained 11 years of experience with Infosys.

Contact Information

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Thank You