VAIBHAV GLOBAL LIMITED

Ref: VGL/CS/2016/138

Date: 28th October, 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: VAIBHAVGBL; 532156

Subject: Financial Results Presentation.

Dear Sir / Madam,

Pursuant to regulation 30(6) of SEBI (LODR) Regulations, 2015, please find enclosed Financial Results Presentation of Q2 & H1 FY 2017.

Kindly take the same on record.

Thanking you,

Yours Truly,

For Vaibhav Global Limited

Brahm Prakash
Company Secretary

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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
Q2 & H1 FY2017

October 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

- 112 million (FTE) households on TV shopping in the US and UK
- 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

Vaibhav Global – Reach

Liquidation Channel USA

- TV channel retail
- E-commerce website

The Jewellery Channel, UK

- TV channel retail
- E-commerce website

STS China, Hong Kong

- Sourcing Gemstones

STS USA

- B2B Wholesale distribution

STS Thailand

- Sourcing Gemstones

STS Bali

- Sourcing Gemstones

VGL India

- Group HQ
- Gemstones & jewelry manufacturing
- Product Development

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Key Highlights for Q2 & H1 FY17

Home TV Network Reaches 112 Million Households, FTE Increases 7% YoY

- 112 million households on full time equivalent (FTE) basis
- 86.6 million households in the US
- 25 million households in the UK

Q2FY17 Retail Volumes stable at 2 Million Units

- Home TV shopping volumes at 1.57 million units
- Web shopping volumes at 0.42 million units
- Volumes driven by TV sales
- Deeper customer engagement drives repeat purchases

Q2FY17 - Financial Performance

- Total Revenue at Rs. 345 crore
- EBITDA at Rs. 17.4 crore
- Gross Margin stood at 59%
- PAT at Rs. 7.3 crore

Operating Highlights

- Expanded presence to 87 million (FTE) households in the U.S. (out of 125 million)
- Focus on strengthening in-house brands, improve programming via engaging storytelling and on-air guest experts to improve customer experience
- EMI through Budget Pay and Return Policy drawing encouraging response from customers, aiding higher realisations
- Proficient technology leadership team and aggressive digital marketing aiding superior customer interface
- Advanced Mobile-commerce app with Live TV module to be launched in the US and UK in H2 FY17
- Budget Pay on TV to be launched in the UK and on the Web for US shortly

Chairman's Message

Commenting on Q2 & H1 FY17 performance, Mr. Sunil Agrawal, Chairman and Managing Director, Vaibhav Global said

*"The positive momentum in revenue performance continues in the second quarter with revenue growing by **21%** on gross basis and **16%** on net basis. This is at a time when there was effect of US presidential debates on TV viewership and impact of devaluation of the Pound on UK revenue translation. However, business fundamentals in both geographies remain positive and retail revenues for Q2FY17 in constant currency terms grew by **7.1%** in the US and **11.6%** in UK. Resumption of growth in TV volumes was a key positive for the quarter.*

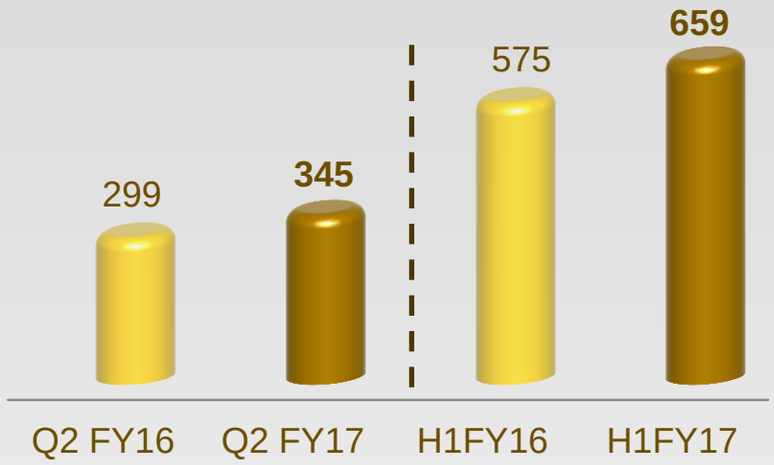
We are launching our much advanced shopping app with Live TV module in both the US and UK shortly. We are also launching advanced e-commerce enabled Smart TV apps in both the markets in the coming quarter. Our recently hired senior business and technology leaders are helping us drive the business forward towards increasing market share. Furthermore, we continue to improve the overall customer experience with initiatives such as improved programming, better logistics, storytelling and on-air guest experts. Our new studios in the US will be operationalised this quarter, which will further enhance our ability to present our products better.

*The recent organizational and operational initiatives of the last few quarters, such as Budget Pay and returns policy, are beginning to show results. We have now expanded our presence to **87 million** households in the US. We are deepening our direct engagement with consumers through aggressive digital marketing initiatives. These investments are expected to deliver more positive benefits. We remain confident about the robustness of the deep value proposition we bring to our customers and look forward to enhancing shareholder value in the future."*

Financials – Q2 & H1 FY17 Performance

(Revenues)

Revenues (Rs. crore)



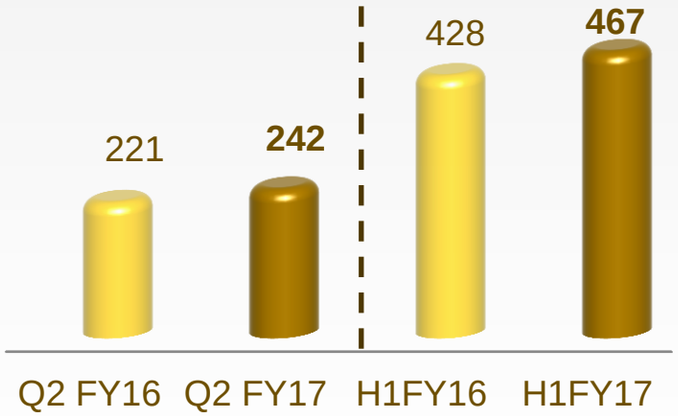
Net Revenue

Local currency	Q2 16-17	Q2 15-16	% change
LC - USD Mn	32.36	30.20	7.2%
UK - GBP Mn	8.53	7.65	11.6%

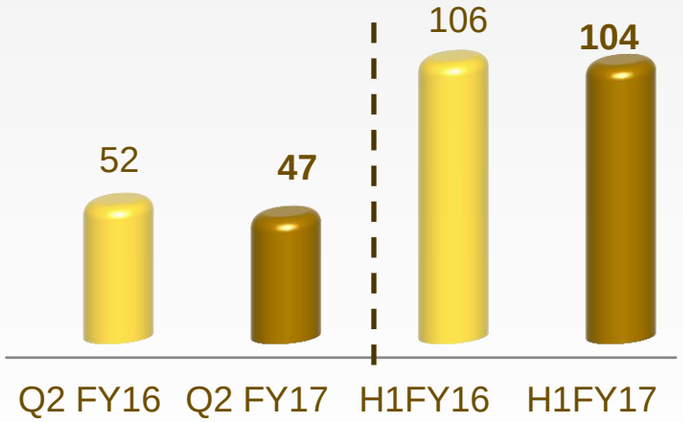
- *LC USA growth of 7.2% YoY in Q2*
- *TjC UK grew at 11.6% YoY in Q2*

Jewelry & Lifestyle Products

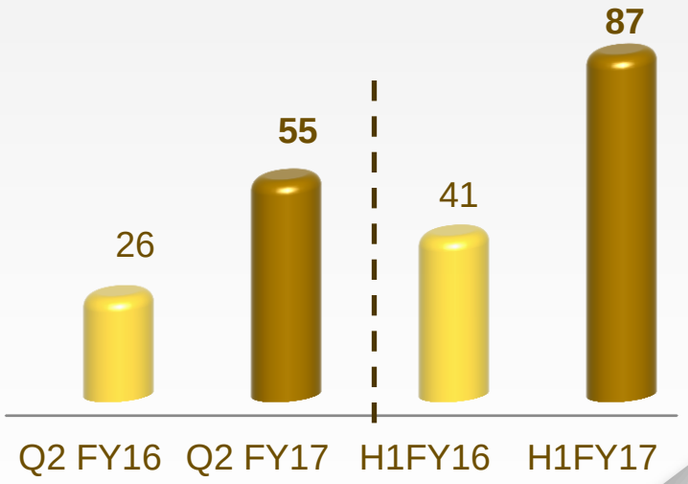
TV Sales Rs. crore



Web Sales Rs. crore



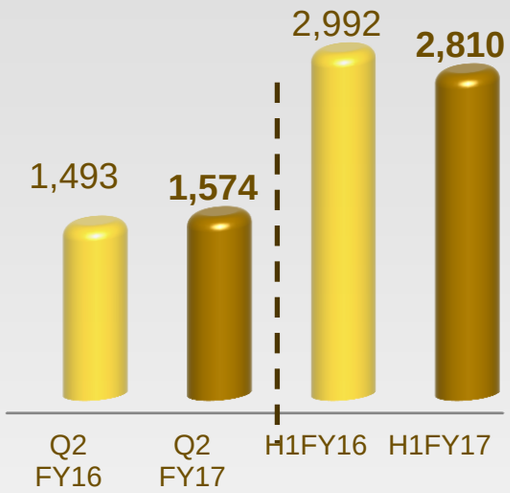
B2B Sales Rs. crore



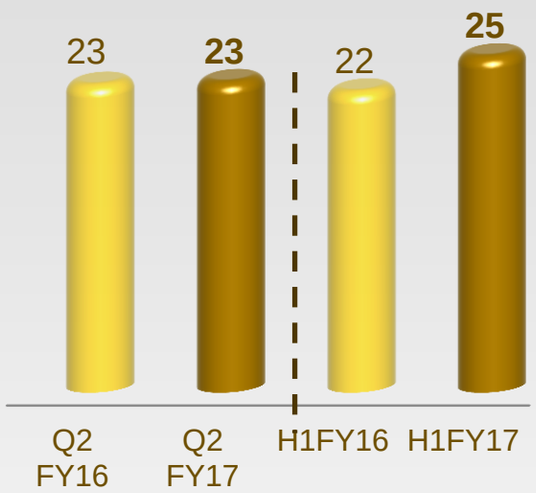
Retail Performance Trends

TV Sales

Sales Volumes ('000s)

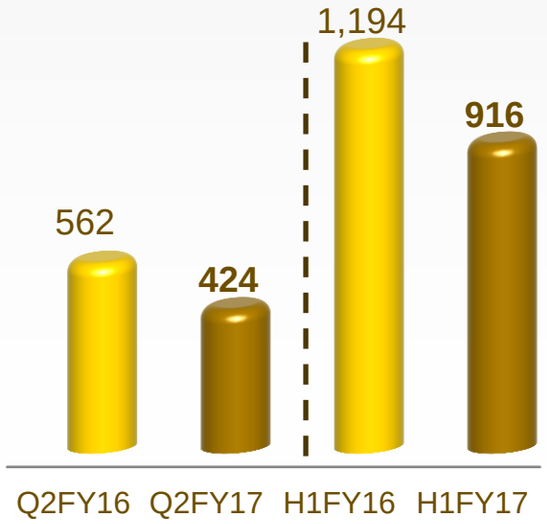


Average selling price US$

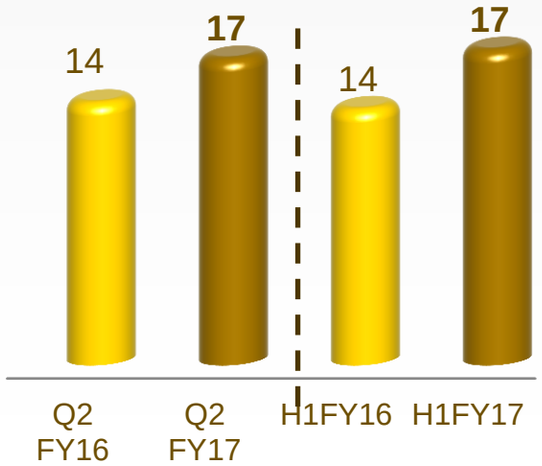


Web Sales

Sales Volumes ('000s)

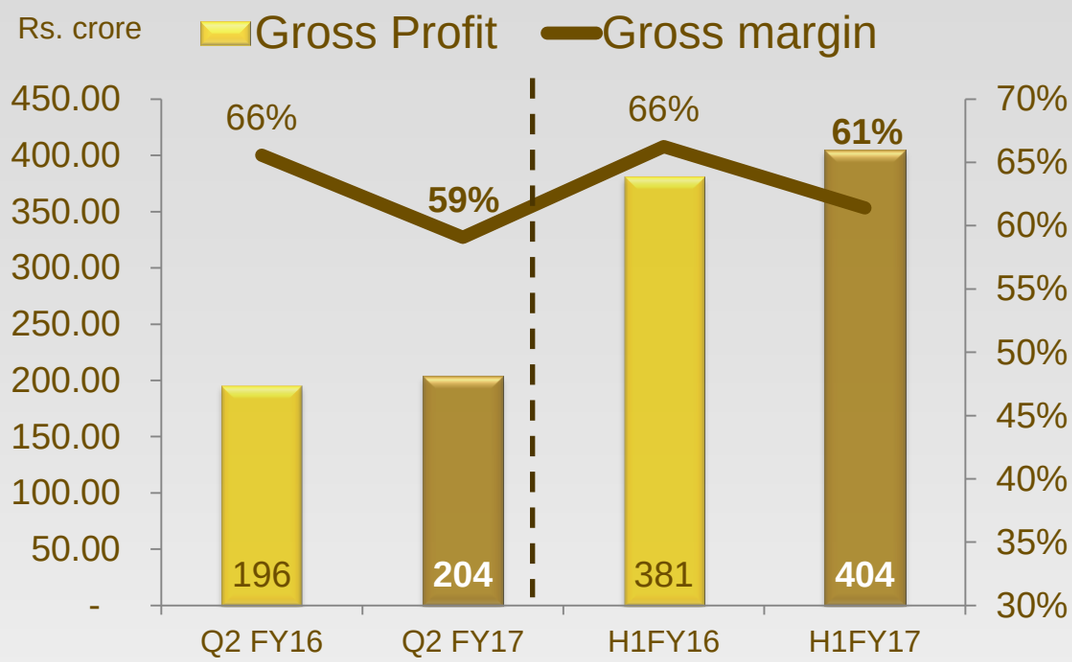


Average selling price US$



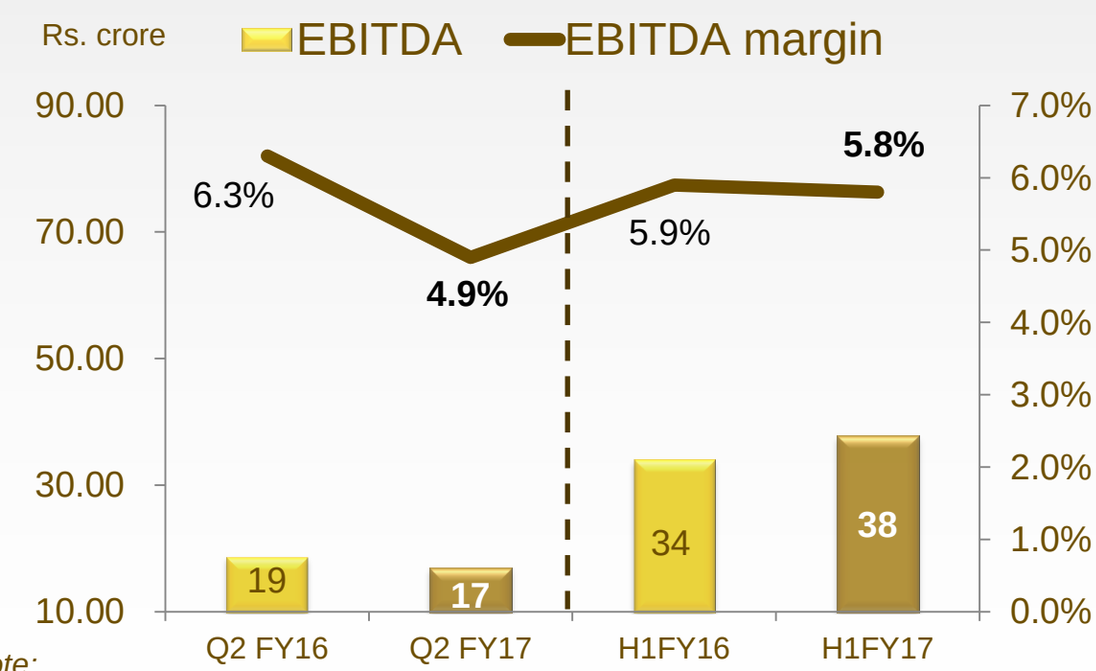
- 'Budget Pay' EMI scheme and easy returns policy led to better average realizations which in turn affected ASP & volumes.
- TV volumes grew by 5.42% YoY in Q2FY17.
- TV ASP went down from Q1 $27 to Q2 $23
- Web ASP went down from Q1 $18 to Q2 $17

Financials – Q2 & H1 FY17 Performance
(Margins)



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

- Q2FY17 retail gross margin is in line with expectations – decline is due to:
- 1) GBP devaluation conversion to INR.
- 2) Higher revenue contribution from opportunistic B2B sales.

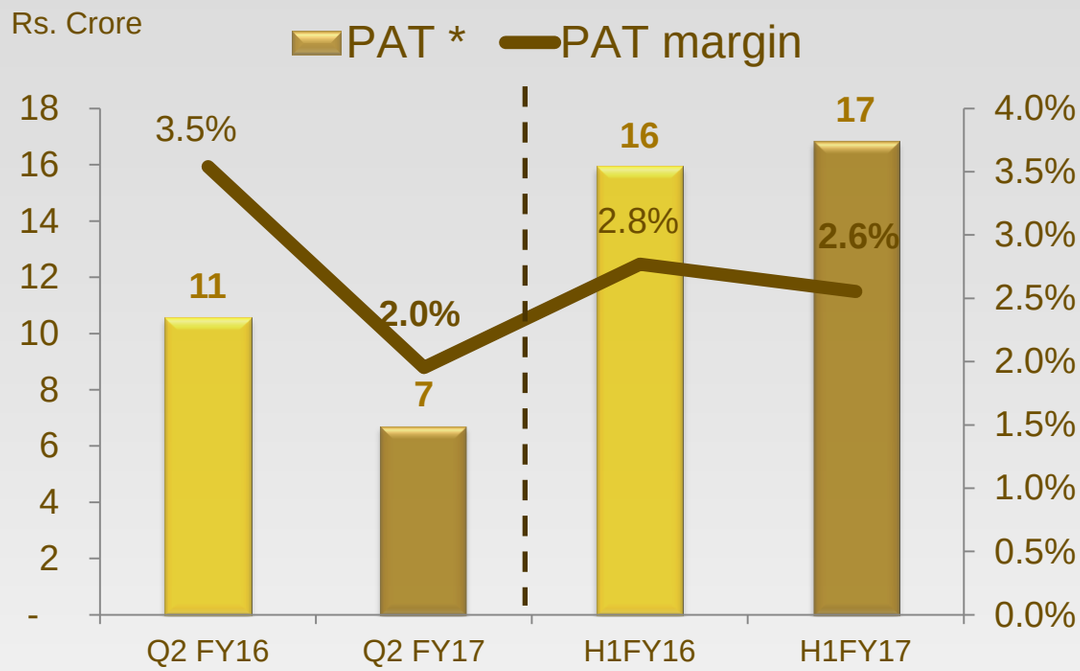


Note:
EBIDTA excludes exchange gain/loss;
EBIDTA margin including exchange gain/loss stood at 5.0% in Q2FY17 v/s 6.8% in Q2FY16
EBIDTA margin including exchange gain/loss stood at 5.7% in H1FY17 v/s 6.5% in H1FY16

- EBITDA margins are impacted due to higher cost base on account of more US households covered, provisioning for Budget Pay and additional IT support.

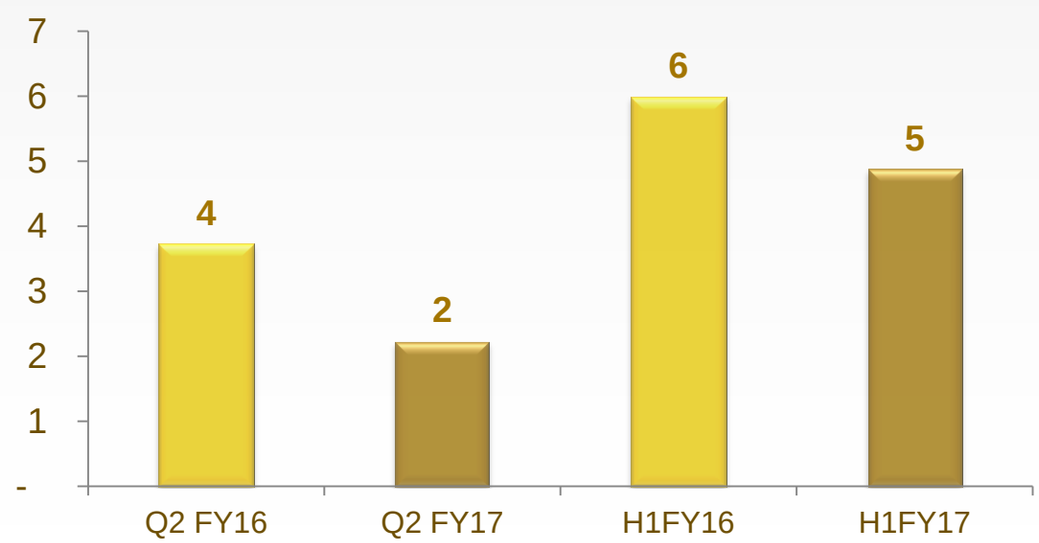
Financials – Q2 & H1 FY17 Performance

(Profits)



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

Rs. per share



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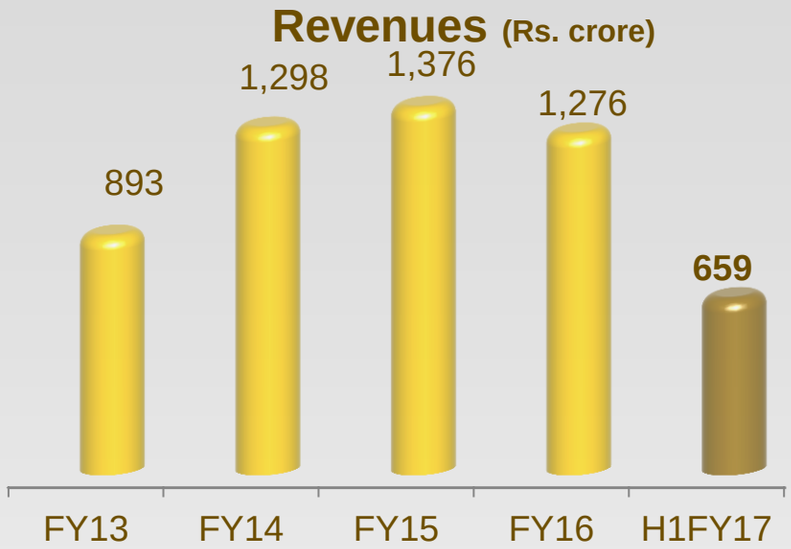
Financials Performance Trends

(Revenues)

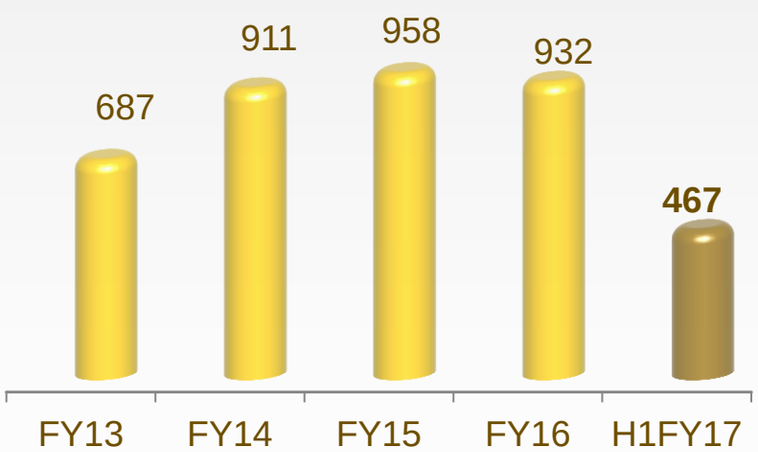


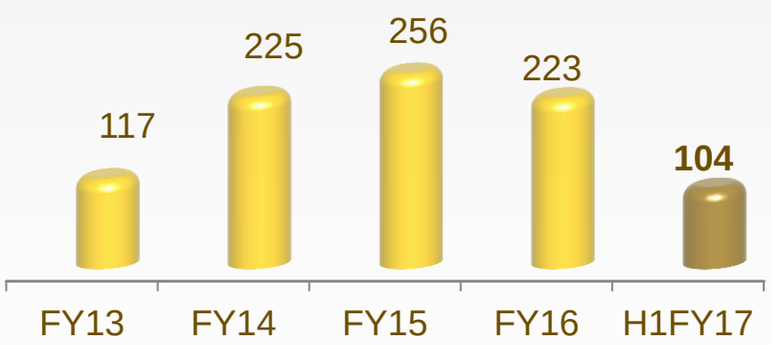
Net Revenue

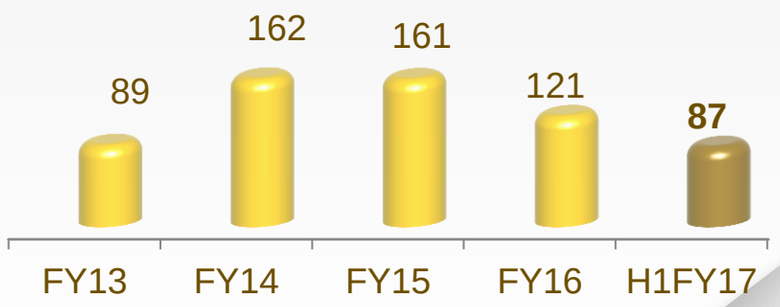
Local currency	H1 16-17	H1 15-16	% change
LC - USD Mn	63.99	60.39	6.0%
UK - GBP Mn	16.00	14.89	7.4%

- *LC USA growth of 6% YoY in H1*
- *TjC UK grew at 7.4% YoY in H1*

Jewelry & Lifestyle Products

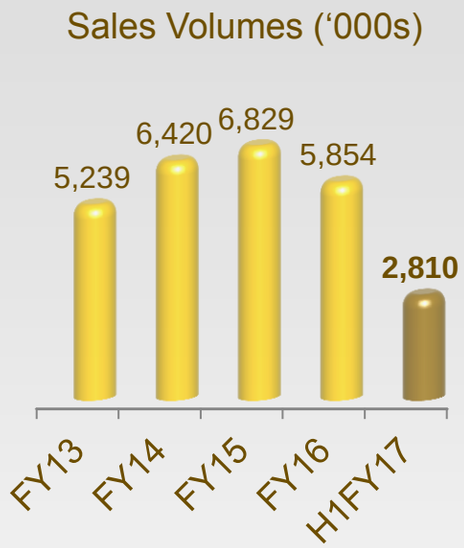


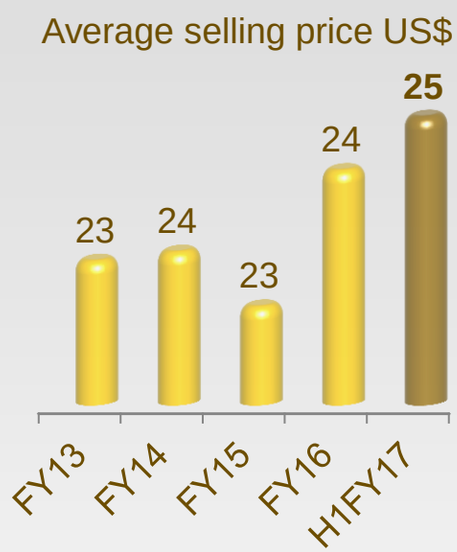




Retail Performance Trends

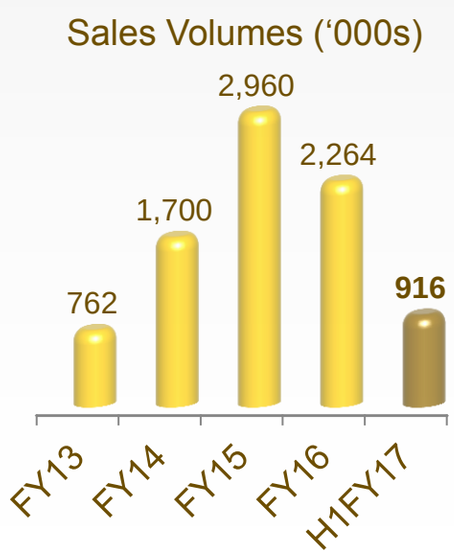
TV Sales

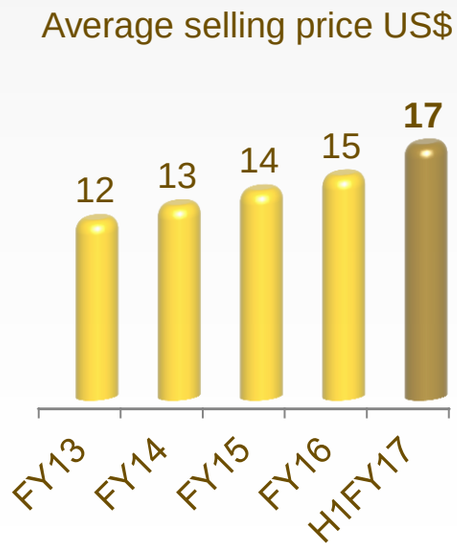




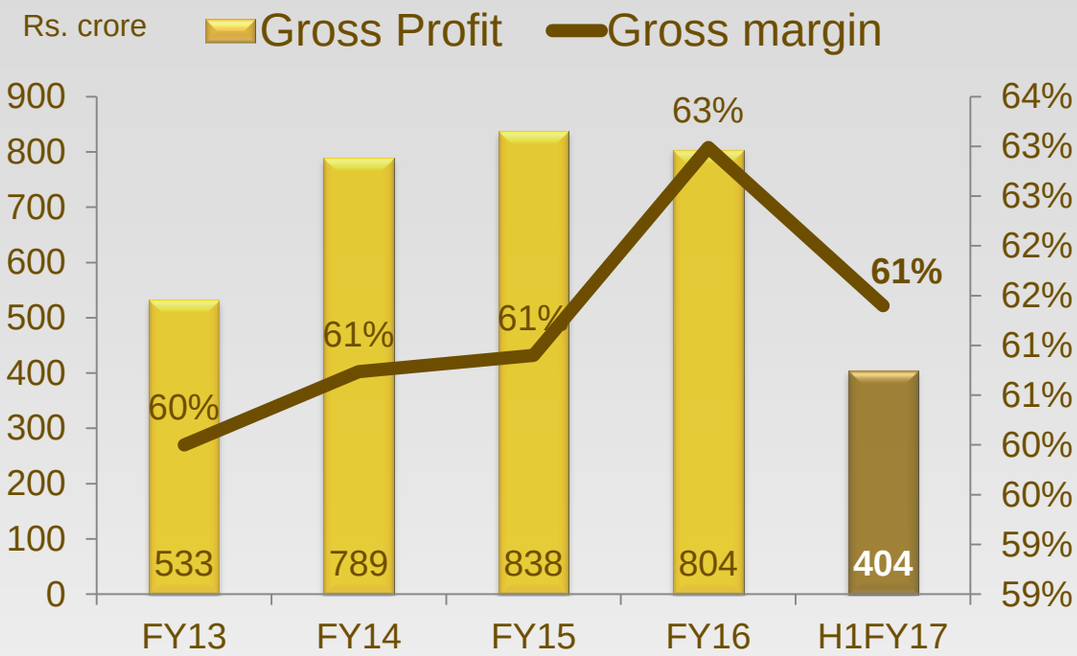
- 'Budget Pay' EMI scheme and easy returns policy led to better average realizations which in turn affected volumes

Web Sales





Financials Performance Trends
(Margins)



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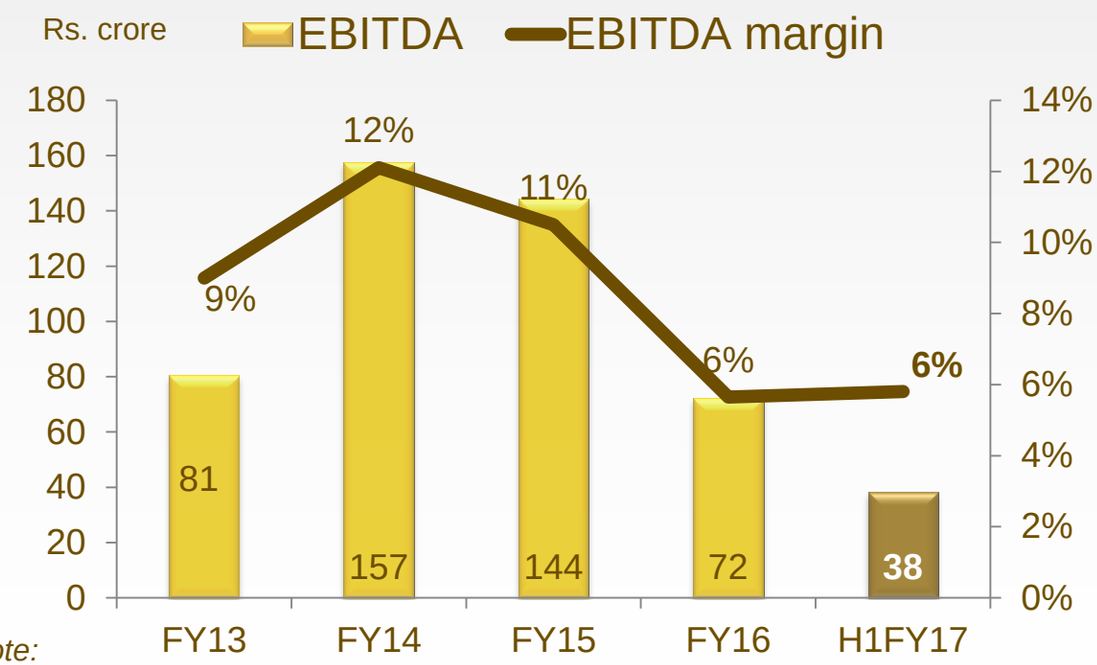
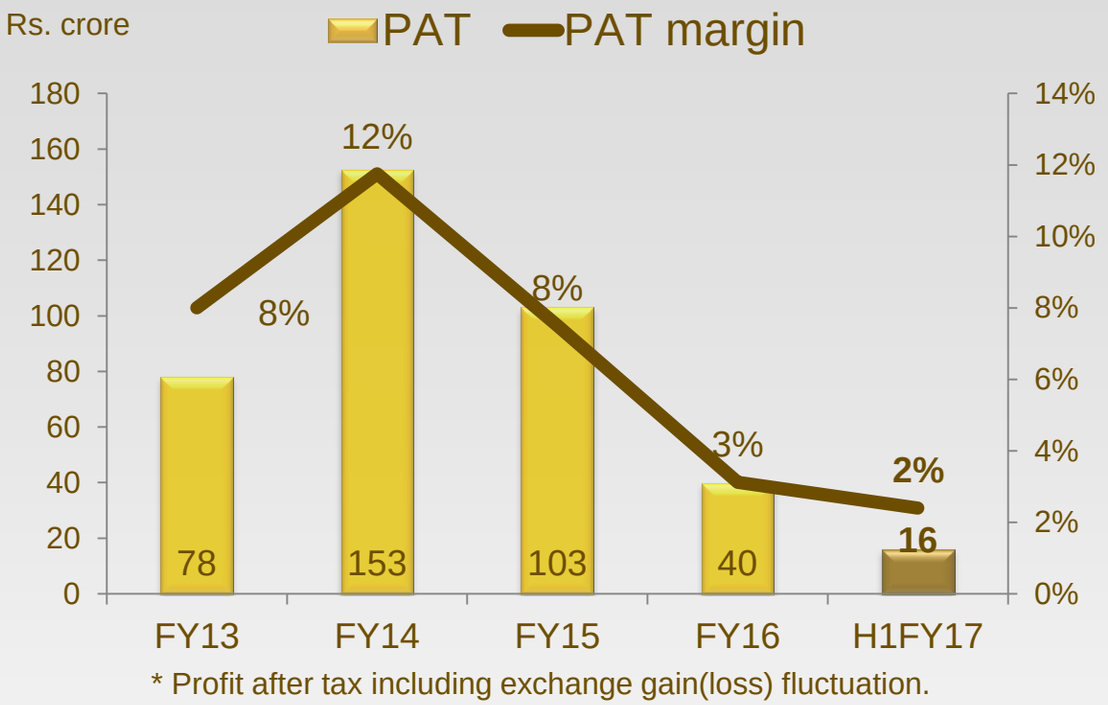


Note:
EBIDTA excludes exchange gain/loss;
EBIDTA margin including exchange gain/loss stood at 5.6% in H1FY17 v/s 6.5% in H1FY16

- EBITDA remained flat despite increase in topline due to rise in material cost and direct expenses as we are operating at expanded capacity levels

Financials Performance Trends

(Profits)



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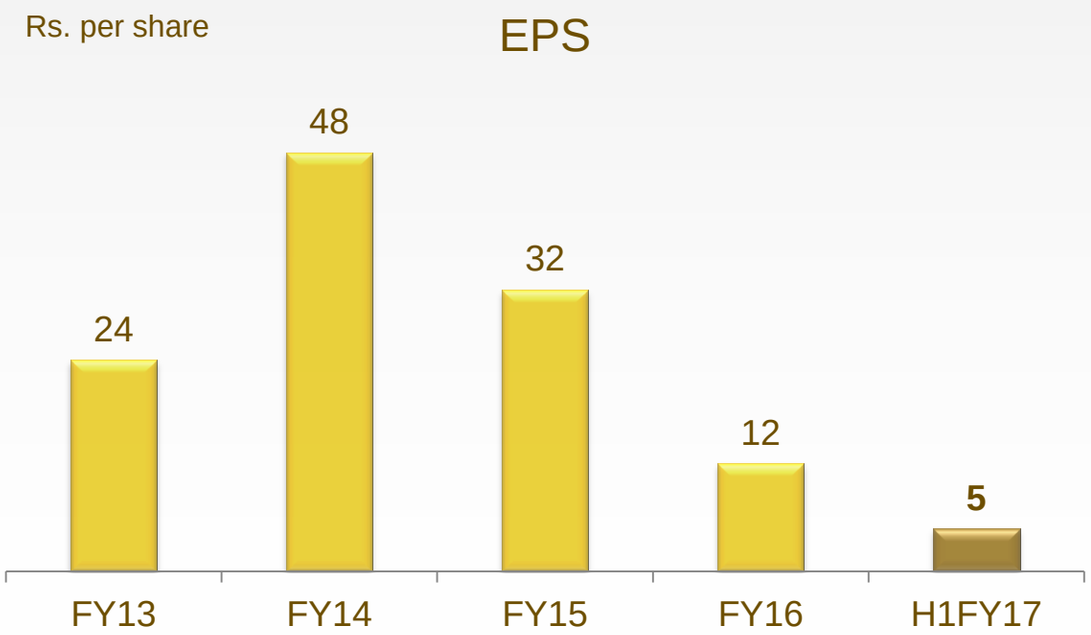
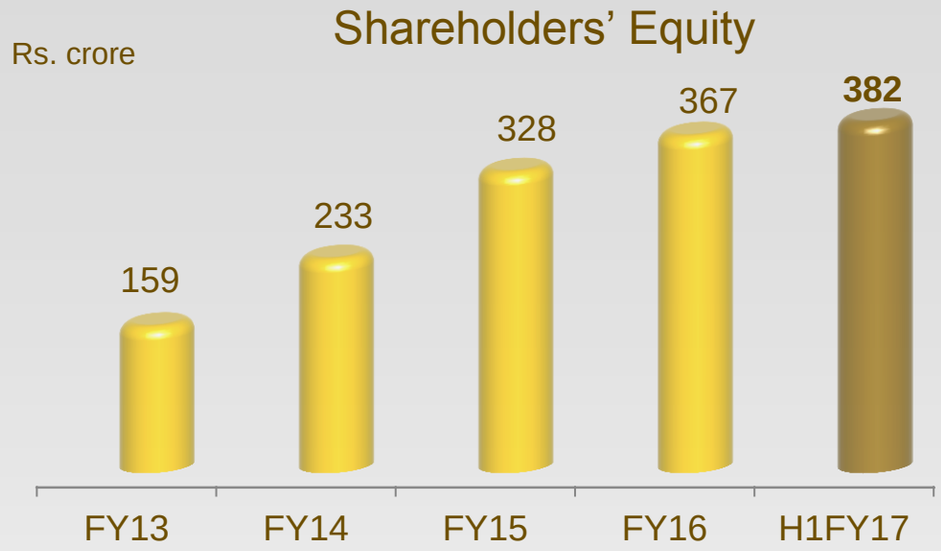
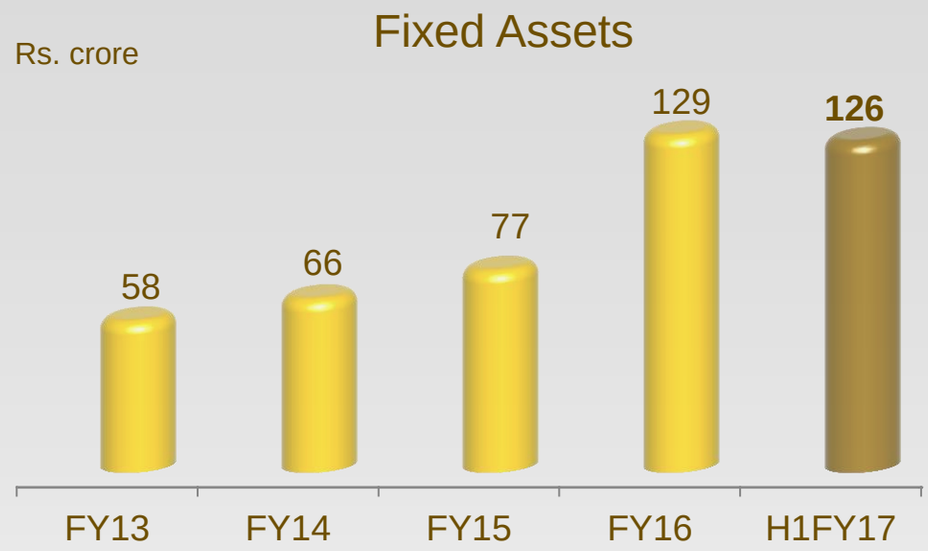


Financials Performance Trends

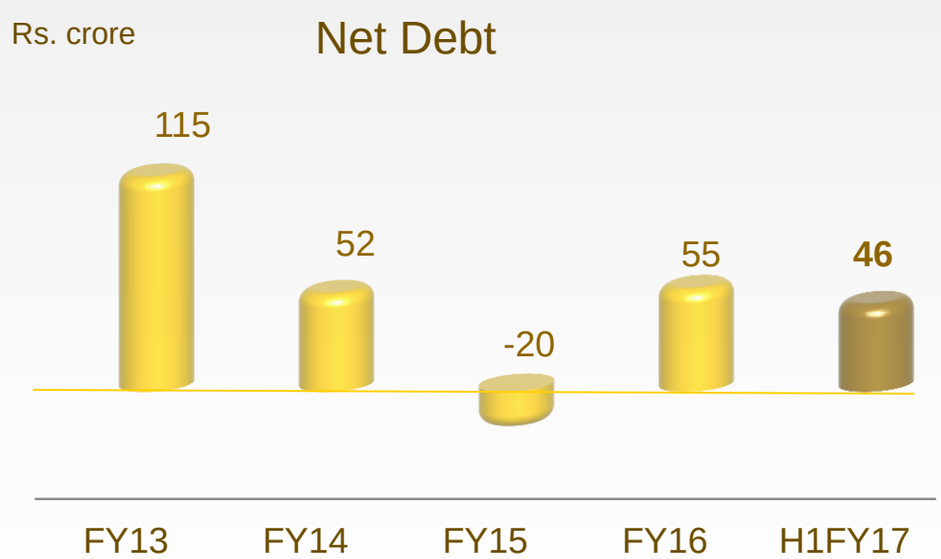
(Balance Sheet)

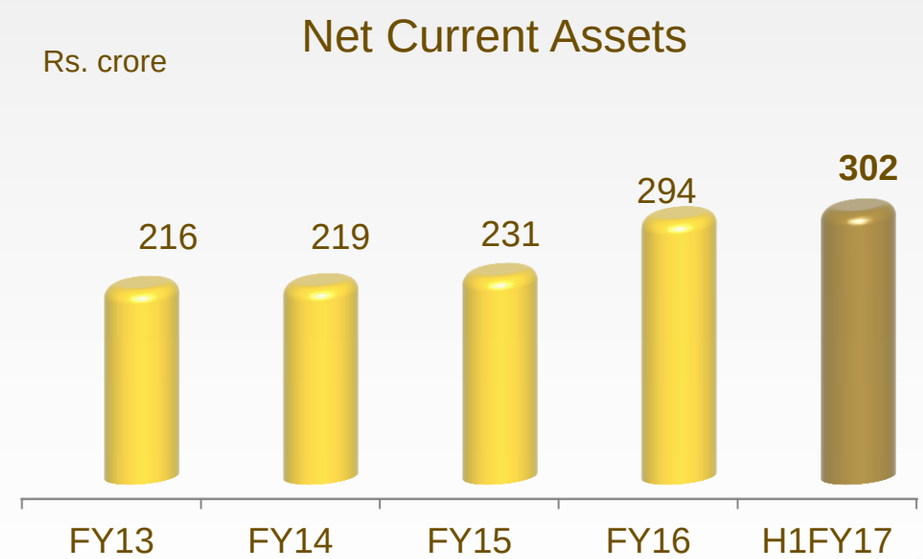


** During FY13, Shareholders' Equity was adjusted lower by Rs. 163.7 crore due to goodwill written off (Rs. 151.1 crore), provision for CDR recompense interest (Rs. 11.2 crore) and write off on liquidation of subsidiary (Rs. 1.5 crore)*



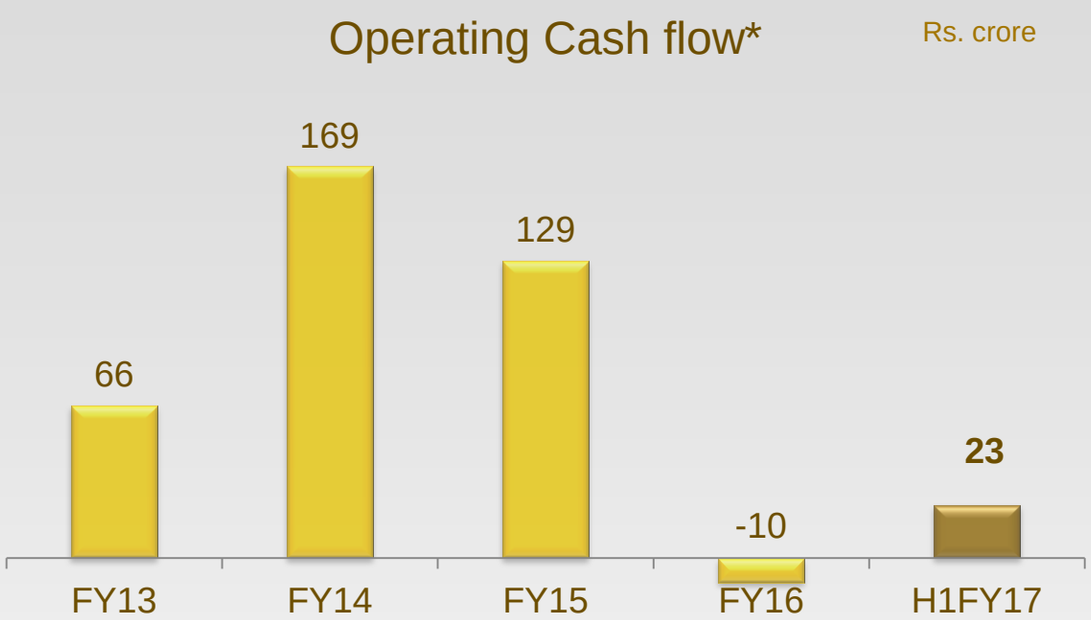
- *During FY13 fixed assets were adjusted lower by Rs. 151.1 crore due to goodwill written off*
- *FY16 includes Rs. 11 crore for new channel in UK and around Rs. 28 crore for HYBRIS, both of which were lying in work in progress*



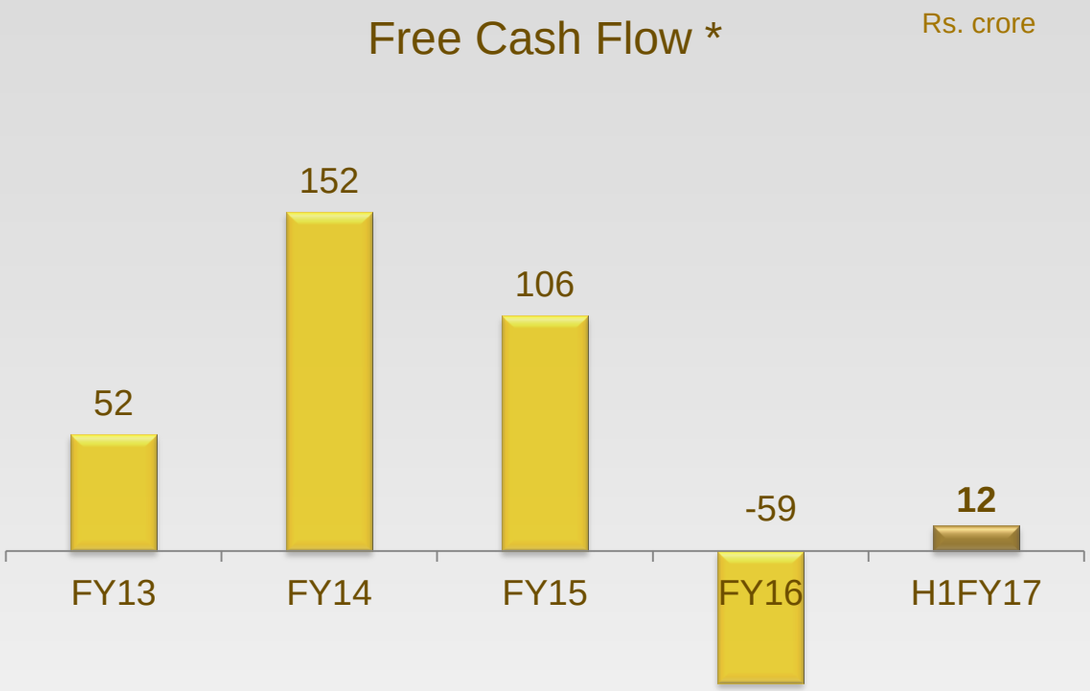


Financials Performance Trends

(Cash Flow)



*Includes Foreign Currency Transaction Reserve



*Includes Foreign Currency Transaction Reserve

- Positive cash flow has re-emerged as we have almost completed our expansionary CapEx.
- Cash flows have been invested into establishing enhanced manufacturing facilities, more household coverage and towards deeper customer engagement through Budget Pay EMI scheme, returns policy.

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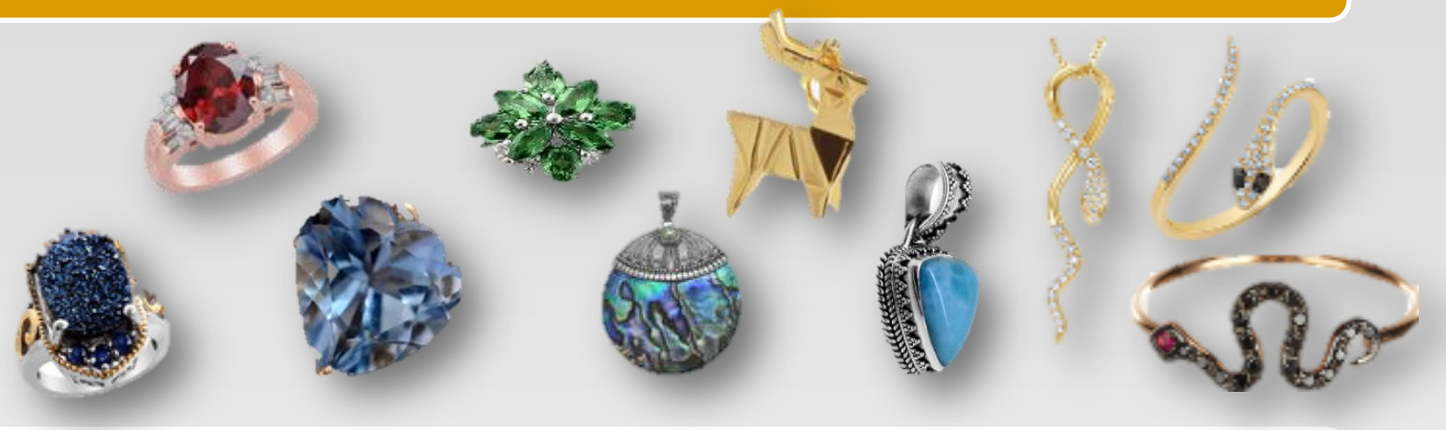
Product Profile

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 In-house brands and brand ambassadors for live presentation of 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

GP
GIUSEPPE PEREZ
COLLECTION

Hidden Treasures

DESIGNS by Prachi

Sourcing

*Global supply chain capability of **12 million pieces**, continuously expanding*

In-House designers & craftsmen

No middlemen

Access to latest manufacturing technology

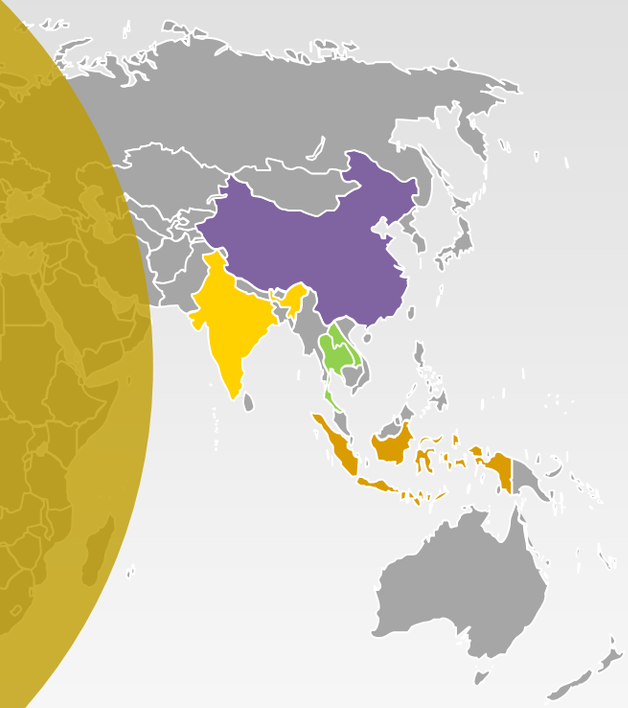
Scale Flexibility

Low Investment

Rapid turnaround

Mapping Latest Fashion

Competitive Pricing



India

Noida, Jaipur, Nagaland, Kashmir

Indonesia

Bali, Yogyakarta, Sumatra, Madura Surabaya

Thailand

Bangkok, Chang Mai, Mae Sai, Kanchanaburi, Chanthburi

China

Guangzhou, Haifeng, Hauadu Shenzhen, Dongguan, Zhuji, Wenzhou, Wuzhou, Yiwu, Hunan

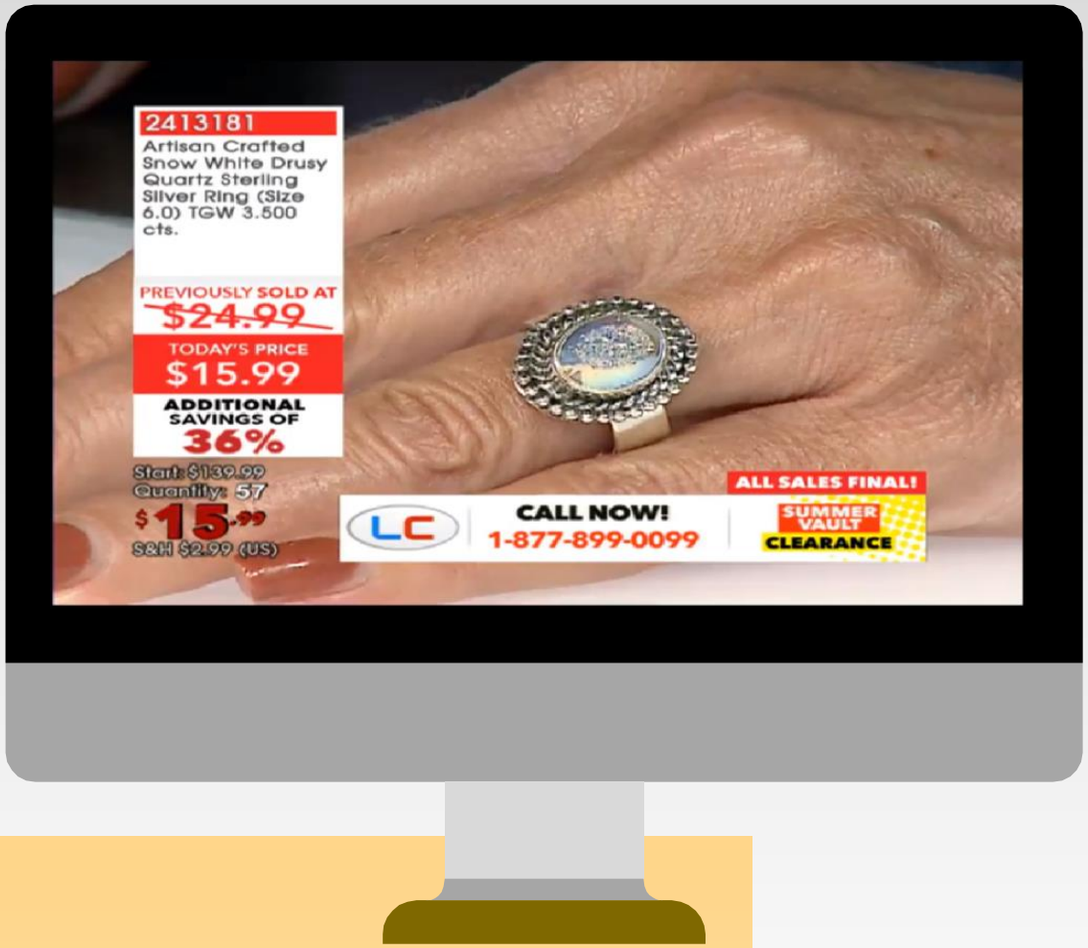
- **Sourcing from appropriate micro-markets in China/Asia**
- **Focus on best price to customer through bottom price discovery**
- **Vendor evaluation process**
- **Assessing value perception – design / fashion trend / price in target markets**

Manufacturing

- ✓ Four ***ISO 9001:2008*** facilities in **Jaipur**, with capacity of producing ***7 million*** 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 ***3,000*** 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 – US & Canada (Consumption Markets)

dishtv	Channel #274	COX	*
AT&T	Channel #399 & 1399	Roku	*
Verizon FiOS	Channel #159	TIME WARNER CABLE	*
DIRECTV	Channel #75 & 226	Charter	*
		comcast	*



The Liquidation Channel, USA & Canada

- ✓ **87 million** households shopping (FTE, out of 125 mn)
- ✓ Based out of Austin, Texas
- ✓ **Over 500 people** in sales & marketing, customer service, logistics, TV production, e-commerce and support functions
- ✓ Setup a **new cost-effective call center in Mexico** to optimize US-based retail operation costs
- ✓ **'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 operationalised**

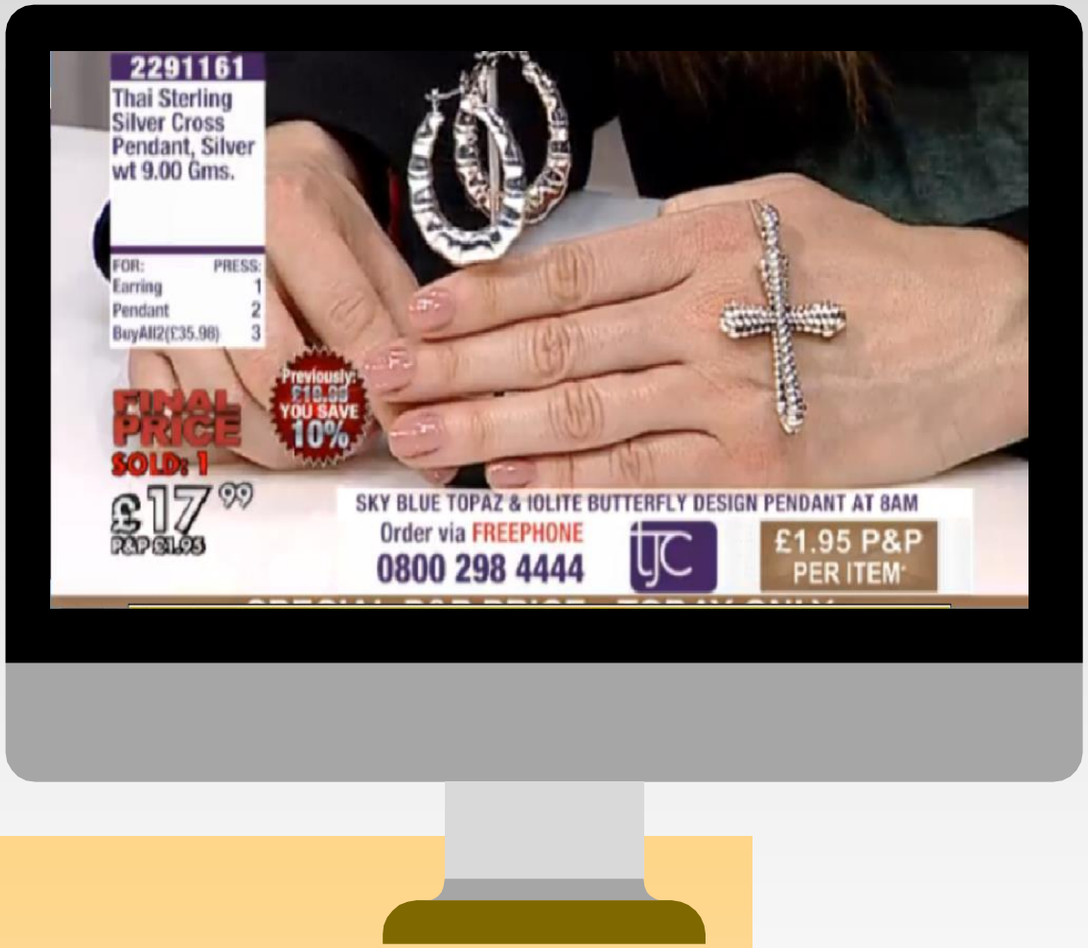
TV Networks – UK (Consumption Markets)

Channel #49

Channel #815

Channel #650& #652

Channel #757



The Jewellery Channel, United Kingdom

- ✓ **25 million** households shopping(FTE, out of 25 mn)
- ✓ Based out of Hampton, Middlesex
- ✓ **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 on TV soon**
- ✓ Targeted behavioural marketing through **IBM Unica** platform
- ✓ **TjC live stream** available on multiple platforms like **Youtube**
- ✓ **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.liquidationchannel.com **USA**

- ✓ Upgraded SAP-Hybris v5.7 platform
- ✓ Better website optimization on mobile devices
- ✓ Migration of Web Hosting to Amazon Web Services
- ✓ Enhanced customer engagement on all social platforms; targeted marketing
- ✓ FAST BUY- one click payment

www.TjC.co.uk **UK**

- ✓ Latest DemandWare Platform
- ✓ Better Website optimization for all devices
- ✓ Enhanced customer engagement
- ✓ Europe delivery started through E-commerce platform
- ✓ Launched Ebay store recently
- ✓ Aggressive digital marketing campaigns

Retail Format	LC US & Canada	TJC UK
	Rising Auction	Rising Auction
	Catalogue Price	Live TV
	Collections	Web Exclusive
	Live TV	Sale
	Clearance	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)

- 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

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

- 24 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 USA

- 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

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

- 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