VAIBHAV GLOBAL LIMITED

Ref: – VGL/CS/2016/101 **Date : 29th July, 2016**

National Stock Exchange of India Limited (NSE)
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex
Bandra (E), Mumbai-400 051

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Scrip Code: VAIBHAVGBL; 532156

Sub : Financial Results Presentation

Dear Sir / Madam,

Pursuant to regulation 30(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Financial Results Presentation of Q1 FY 2017.

Kindly take the same on record.

Thanking You,

Yours Truly.

For Vaibhav Global Limited

Brahm Prakash
Company Secretary & Compliance Officer

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CIN: L36911RJ1989PLC004945 • Email: 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

Q1 FY2017

July 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

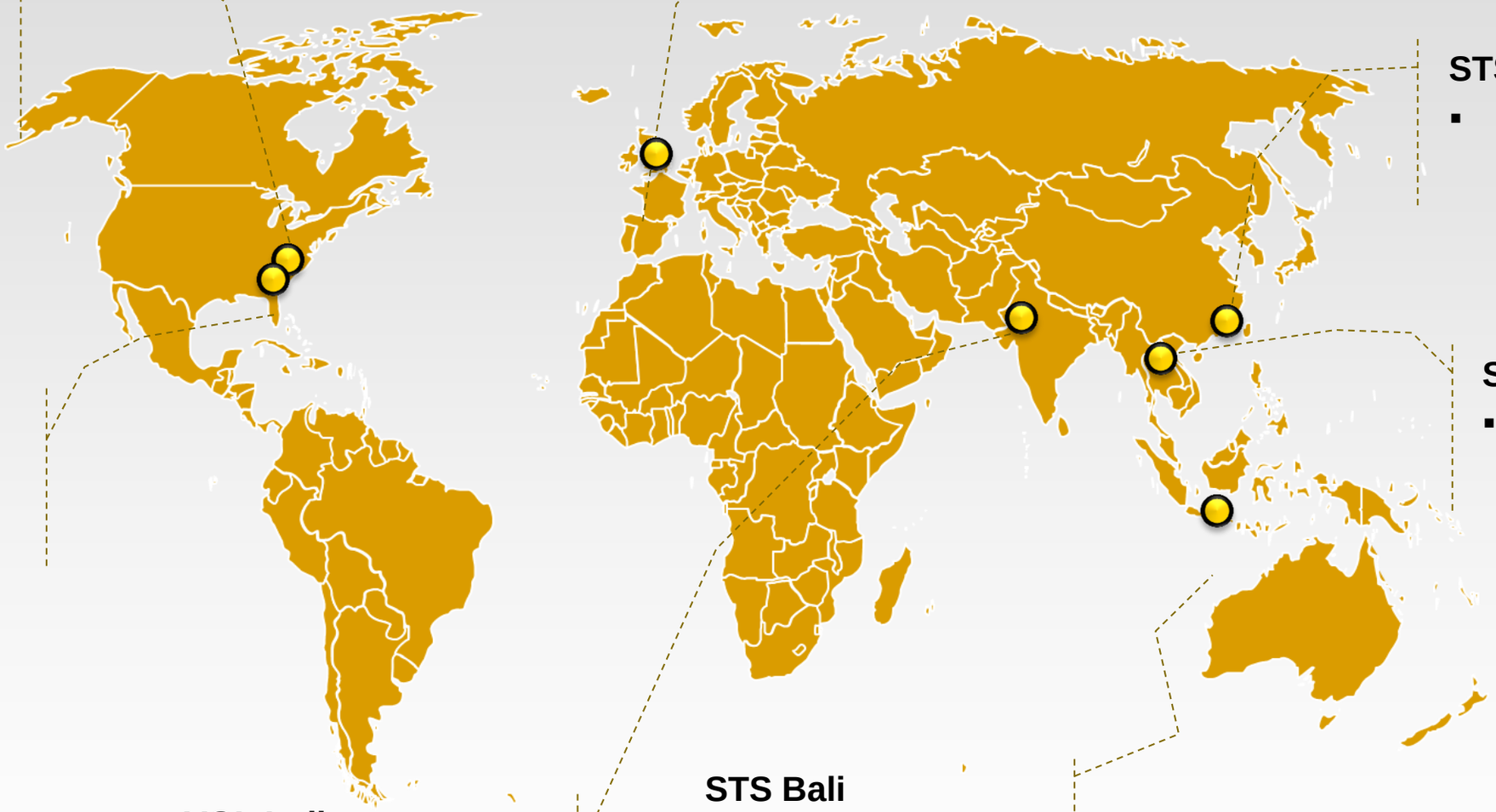
Vaibhav Global – Reach

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 Thailand

- Sourcing Gemstones

STS USA

- B2B Wholesale distribution

VGL India

- Group HQ
- Gemstones & jewelry manufacturing
- Product Development

STS Bali

- Sourcing Gemstones

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Key Highlights for Q1 FY17

Home TV Network Reaches 110 Million Households, FTE Increases 4%

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

Q1FY17 Retail Volumes at 1.73 Million Units

- Home TV shopping volumes at 1.24 million units
- Web shopping volumes at 0.49 million units
- Volumes driven by fashion jewelry
- Deeper customer engagement drives repeat purchases

Q1FY17 - Financial Performance

- Total Income at Rs. 314 crore
- EBITDA at Rs. 20 crore
- Gross Margin stood at 63.9%
- PAT at Rs. 8.6 crore

Operating Highlights

- EMI through Budget Pay payments gets encouraging response – additional focus on net revenue expansion by rationalizing returns on rising auctions and clearance sales
- Upgraded Hybris platform successfully launched
- Web hosting transitioned to cloud-based platform in partnership with Amazon Web Services
- Launched new brands to improve customer loyalty, diversify product mix and target younger/more affluent customers – maintain robustness of brands portfolio through constant evaluation based on customer feedback
- Appointed Mr. Vineet Vashist as Chief Technology Officer at VGL Group

Chairman's Message

Commenting on Q1 FY17 performance, Mr. Sunil Agrawal, Chairman and Managing Director, Vaibhav Global said

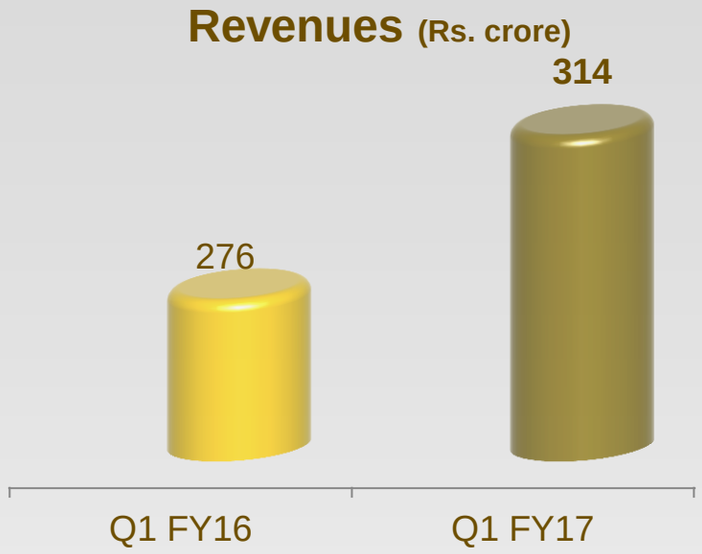
""We have started FY17 on a positive note, the first quarter has seen revenue expansion by 28% on gross basis and 13.5% on net basis. We achieved Gross Margins of 63.9% while EBITDA stood at Rs. 20 crore growing 15% YoY. All this translated to a robust PAT growth of 18% YoY.

Last year, we drove some significant organizational initiatives and these investments are enabling our future readiness. While we now expect to see improvements in key financial and operating parameters this year, we are also keenly monitoring any influence on TV viewership from the upcoming elections in the US. However, the recent Brexit event, that has been much in the news globally, has not had any noticeable impact on our UK operations so far.

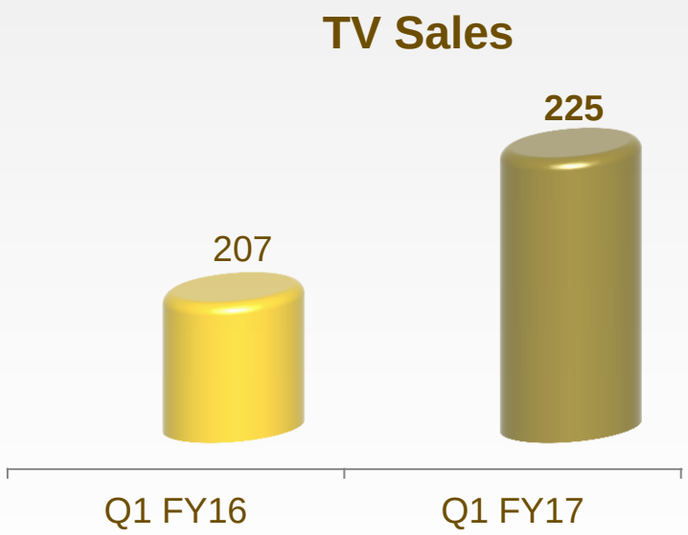
We remain focused on technology changes that dictate customer engagement in our space. Our most recent technology upgrade is the successful launch of the new Hybris platform that supports transactions on Liquidation Channel that went live just a few days ago. We have also started developing advanced mobile platforms for both US and UK customer interface on iOS and Android devices, expected to launch in the second half of the financial year. With the induction of new group CTO, we continue to expand our leadership resources with sharp focus on developing robust new customer interfaces. The leadership team has integrated well and we expect to see long-term value being delivered in the foreseeable future."

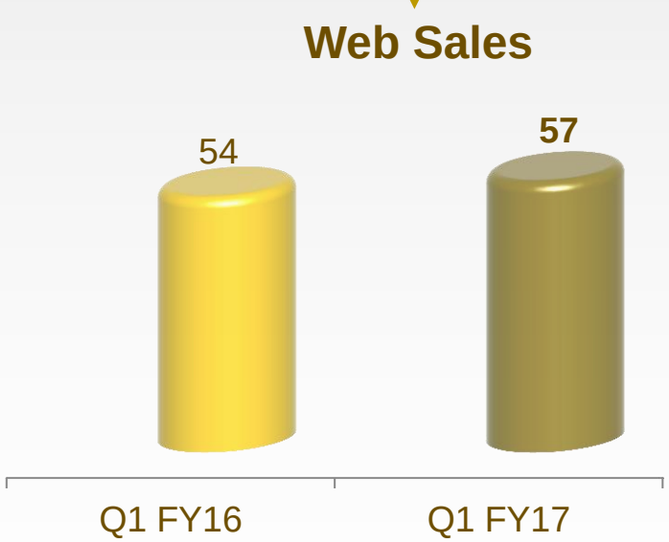
Financials – Q1 FY17 Performance

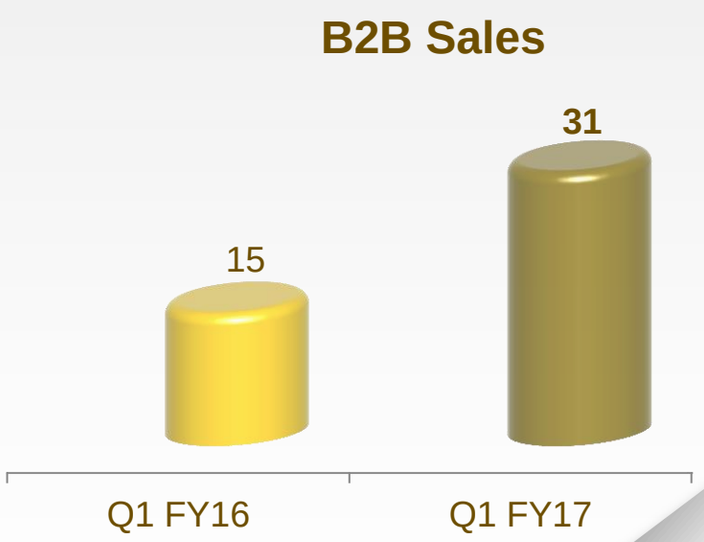
(Revenues)



Jewelry & Lifestyle Products

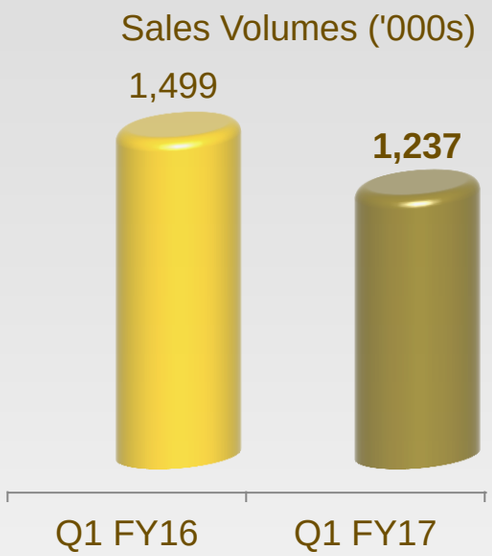


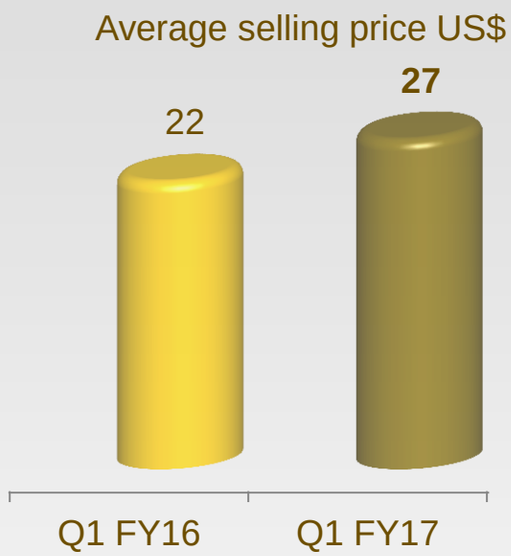




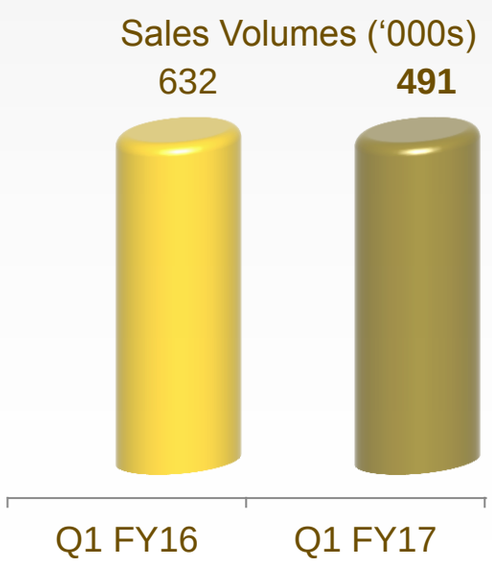
Retail Performance Trends

TV Sales



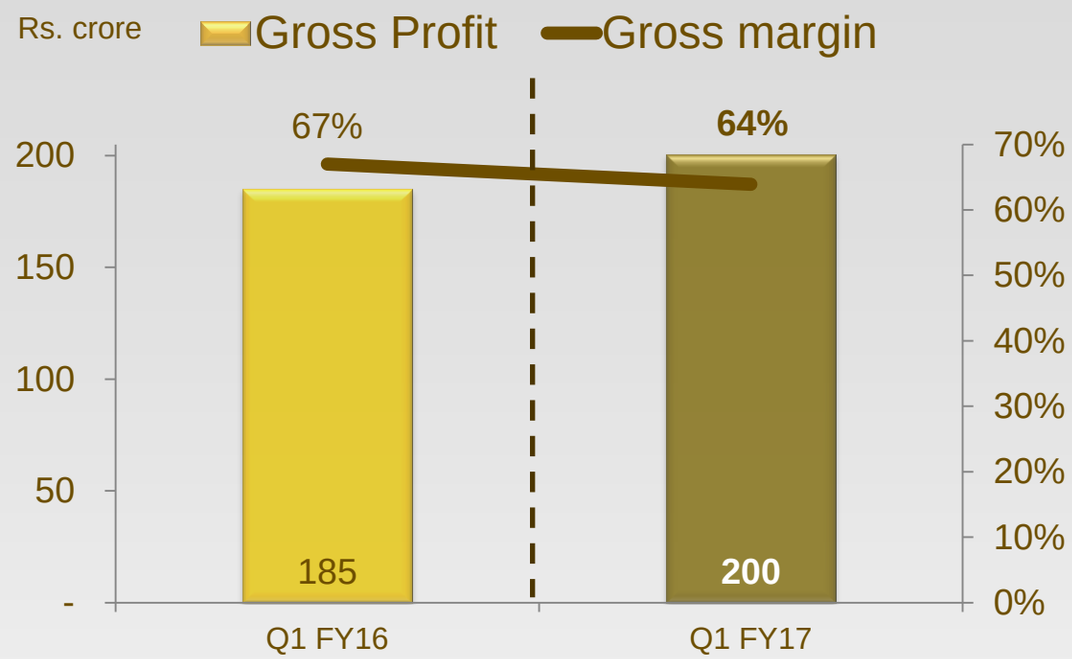


Web Sales



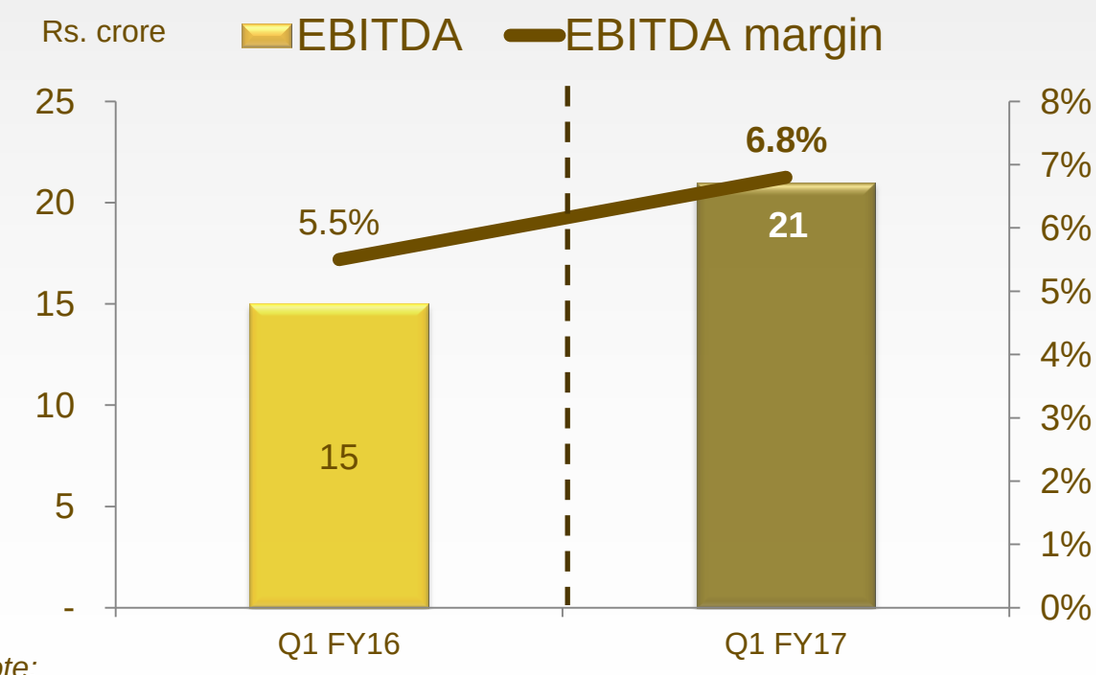
- 'Budget Pay' EMI scheme and easy returns policy led to better average realizations which in turn lowered volumes
- ASP has also enhanced by focusing on introducing higher quality products
- Volumes are lower by only 5% in Q1FY17, a seasonally weak quarter, compared to Q4FY16 (in comparison, volumes reduced by 15% and 18% respectively in the preceding two years)

Financials – Q1 FY17 Performance
(Margins)



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

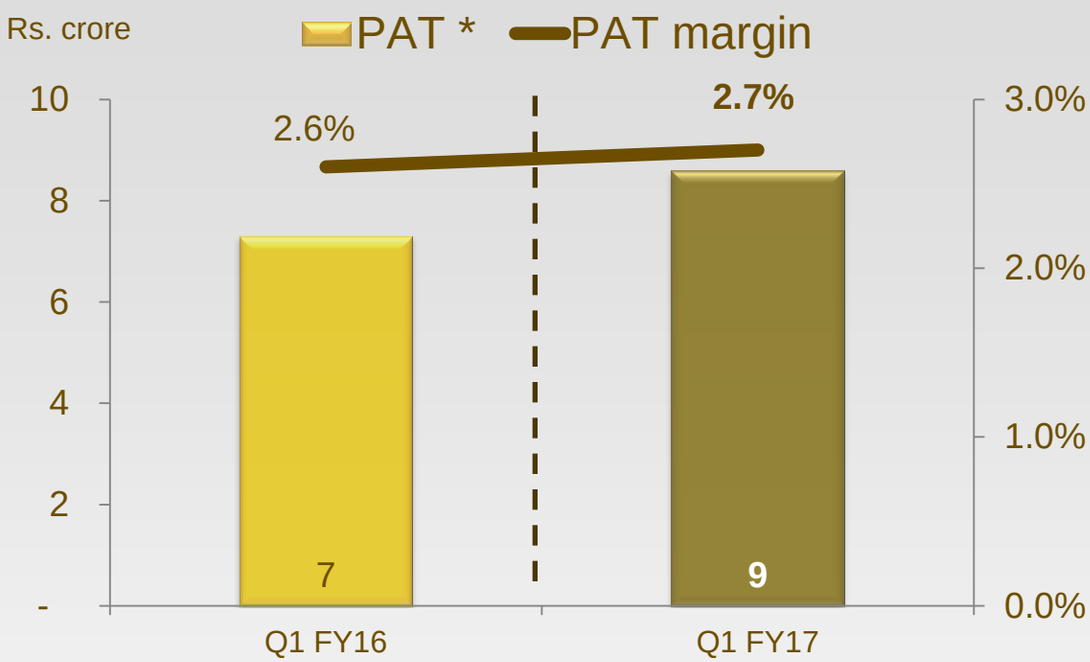
- Q1FY17 gross margin is in line with expectations – Q1FY16 margin was higher due to addition of custom duty to closing stock as per US GAAP
- Higher revenue contribution from opportunistic B2B sales have also diminished margins



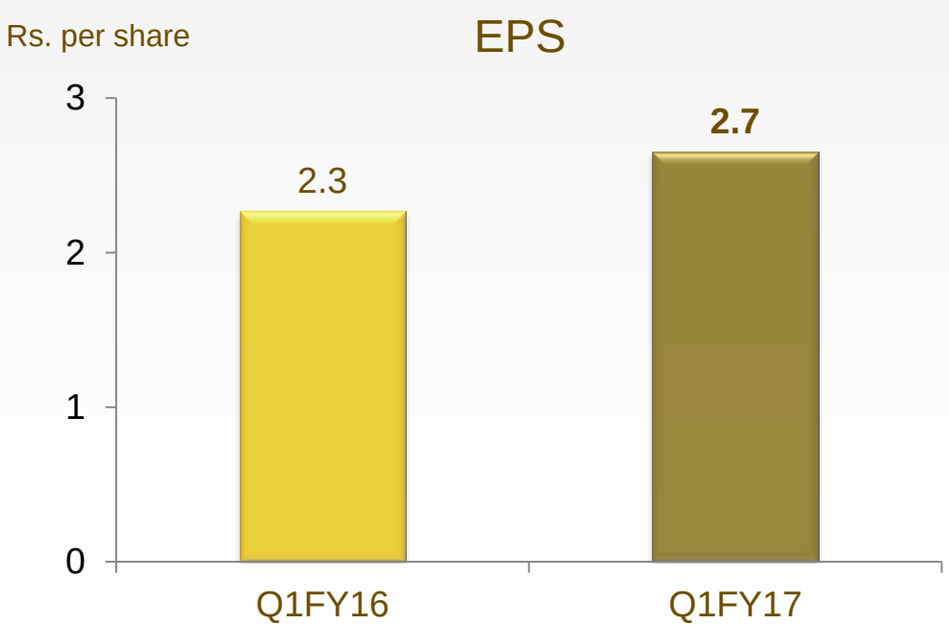
- EBITDA margin benefitted from increase in revenue and operating leverage

Note:
EBIDTA excludes exchange gain/loss;
EBIDTA margin including exchange gain/loss stood at 6.3% in Q1 FY17 v/s 6.2% in Q1 FY16

Financials – Q1 FY17 Performance
(Profits)



* Profit after tax including exchange gain(loss) fluctuation.



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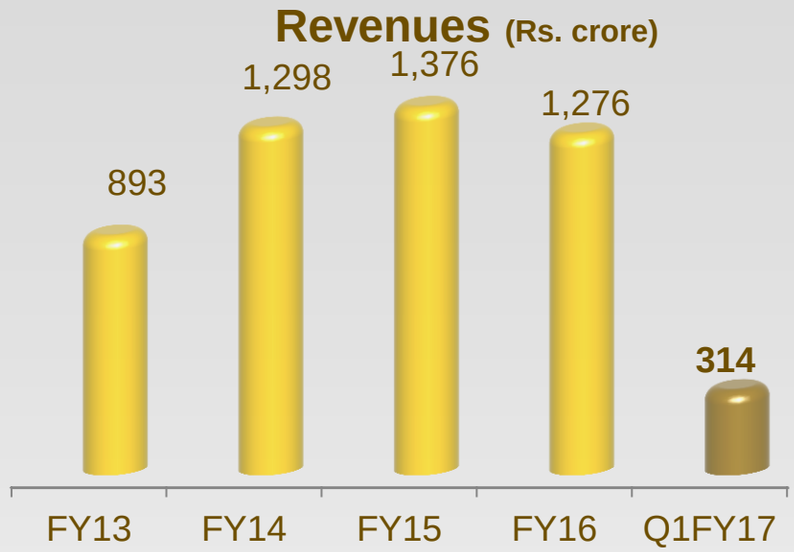
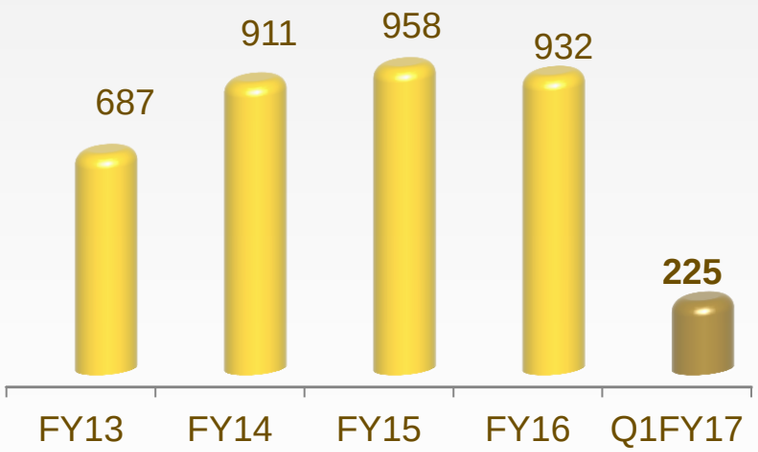
Financials Performance Trends

(Revenues)

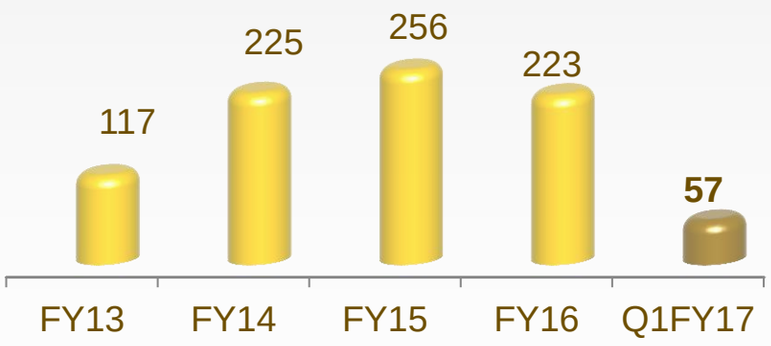


Jewelry & Lifestyle Products

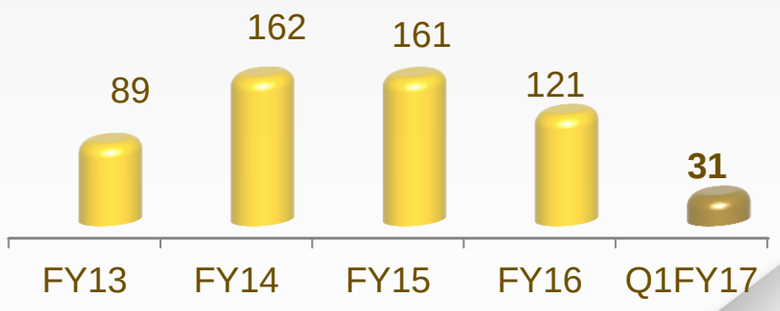
TV Sales



Web Sales



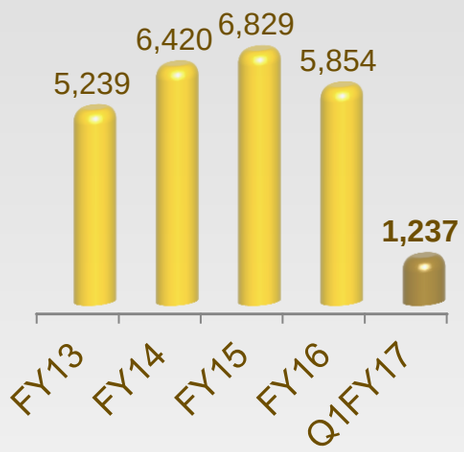
B2B Sales



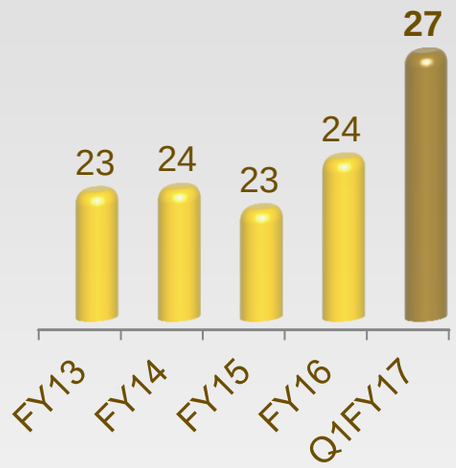
Retail Performance Trends

TV Sales

Sales Volumes ('000s)



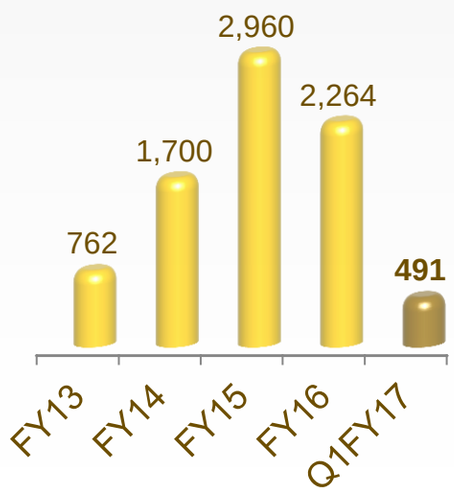
Average selling price US$



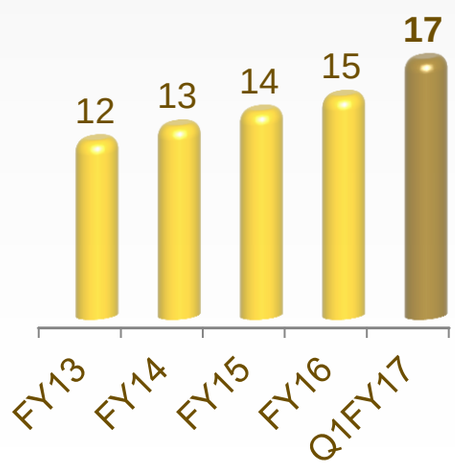
- 'Budget Pay' EMI scheme and easy returns policy led to better average realizations which in turn lowered volumes

Web Sales

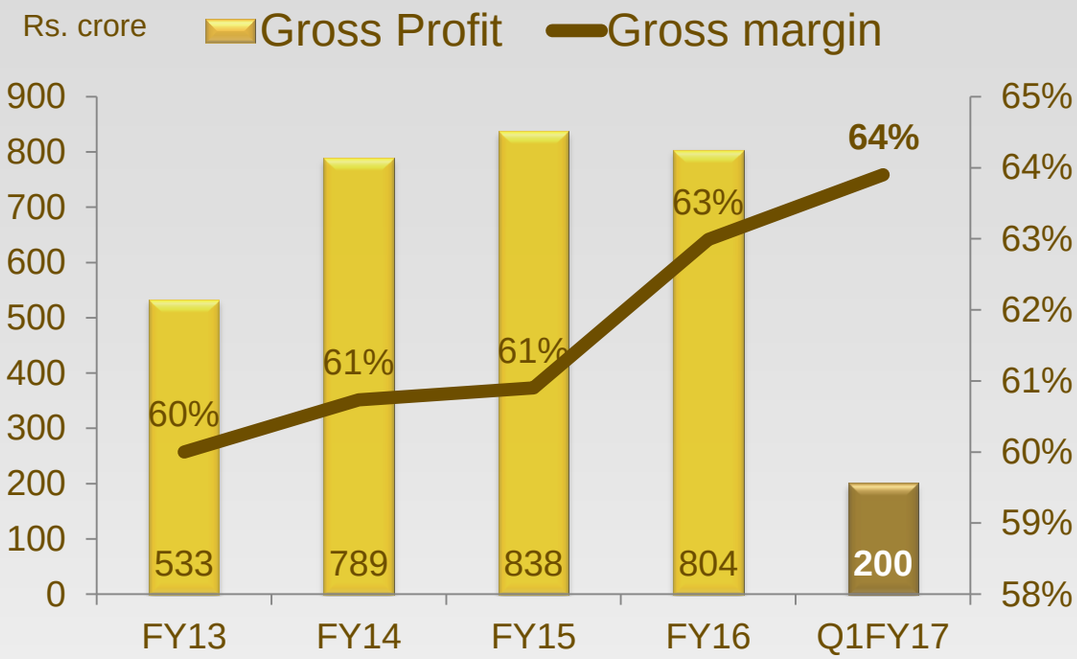
Sales Volumes ('000s)



Average selling price US$

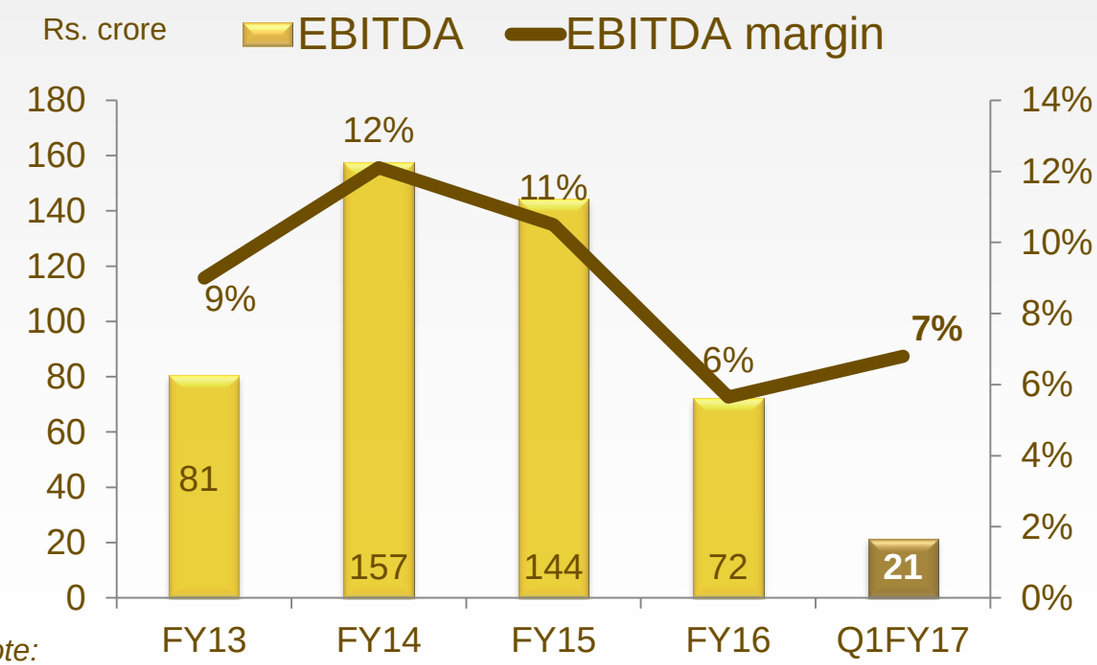


Financials Performance Trends
(Margins)



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

- Gross margins are up due to improved realizations at channels towards costs of returns, Budget Pay and launch of brands

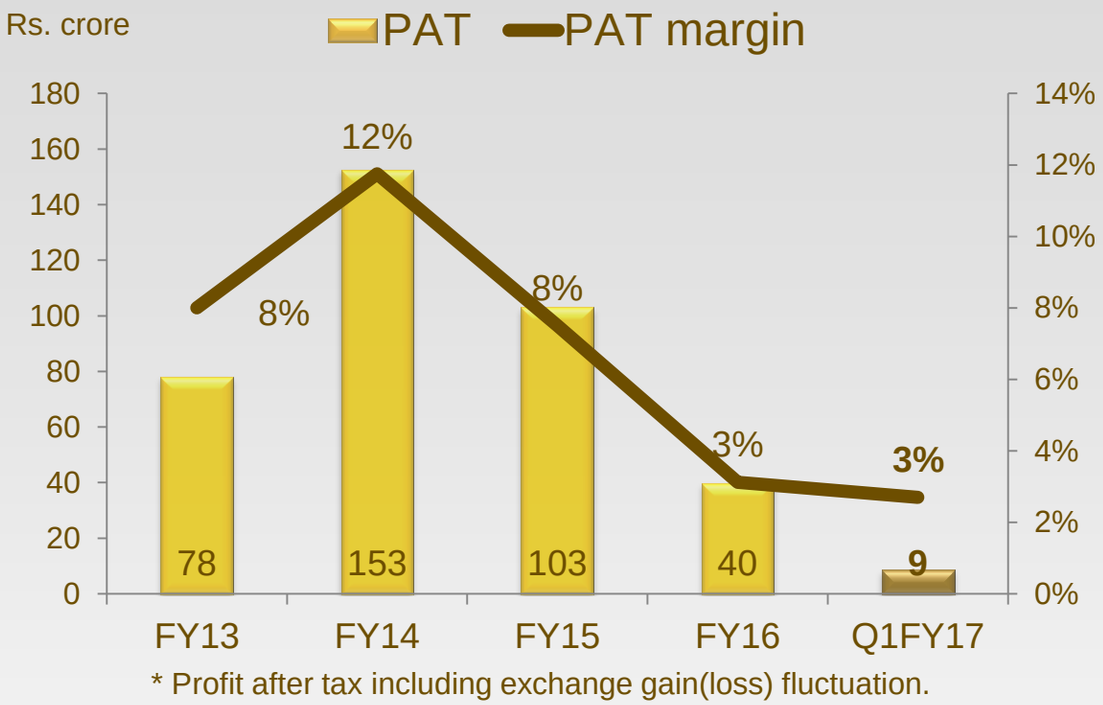


Note:
EBIDTA excludes exchange gain/loss;
EBIDTA margin including exchange gain/loss stood at 6.3% in Q1 FY17 v/s 6.2% in Q1 FY16

- EBITDA improved due to higher topline and operating leverage

Financials Performance Trends

(Profits)



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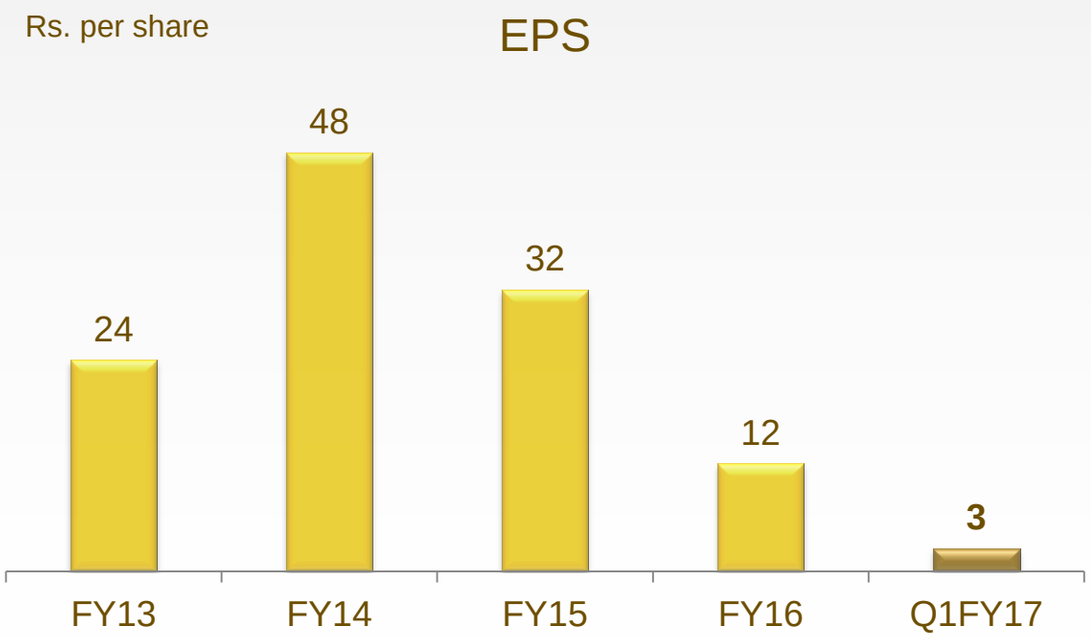
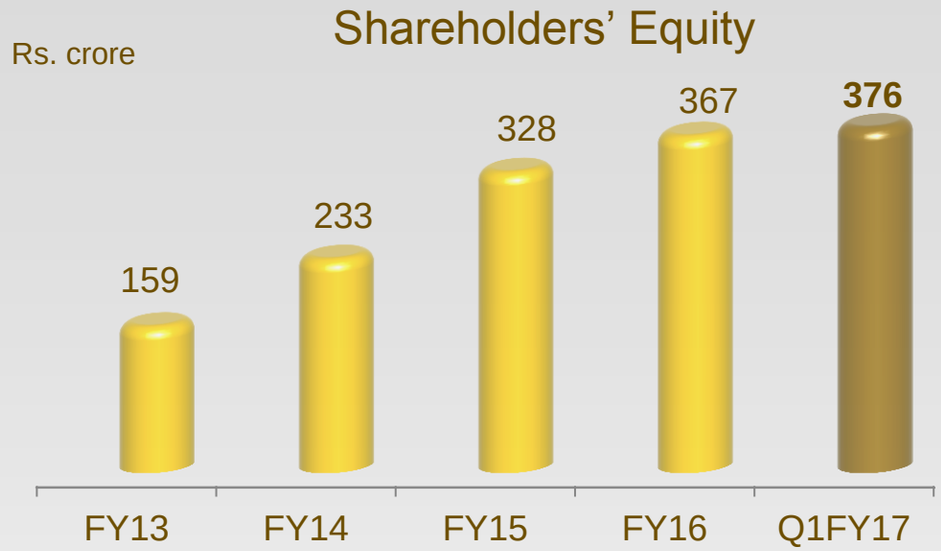
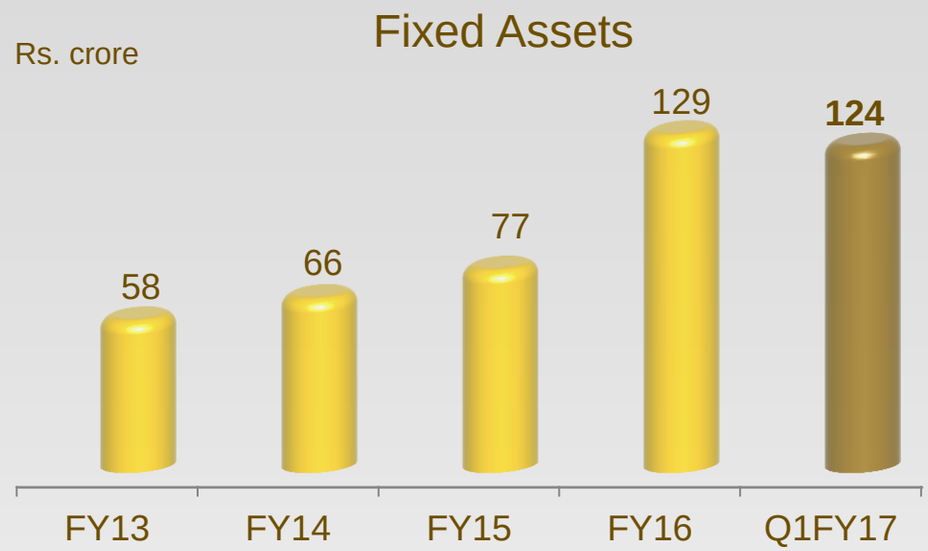


Financials Performance Trends

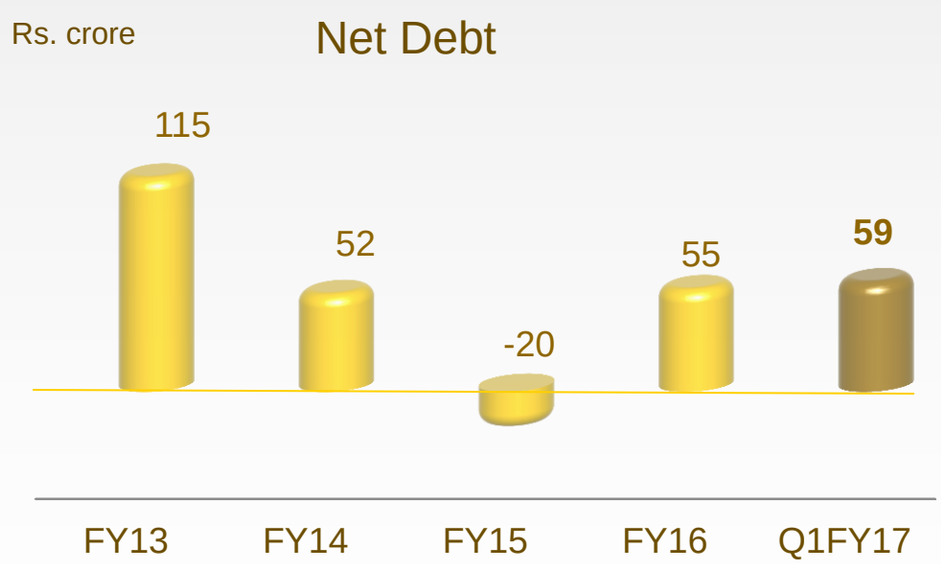
(Balance Sheet)

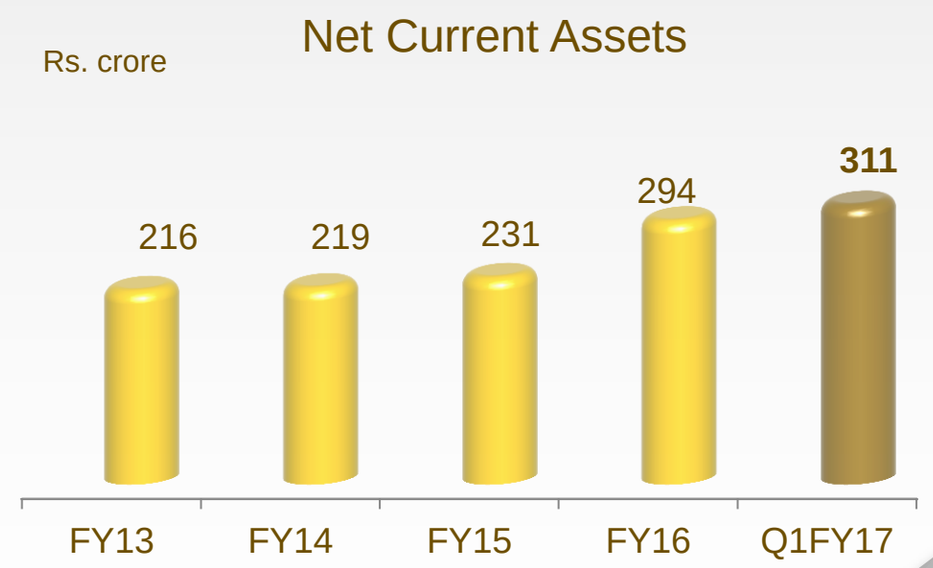


** During FY13, Shareholders' Equity was adjusted lower by Rs. 163.7 crore due to goodwill written off (Rs. 151.1 crore), provision for CDR recompense interest (Rs. 11.2 crore) and write off on liquidation of subsidiary (Rs. 1.5 crore)*



- *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*

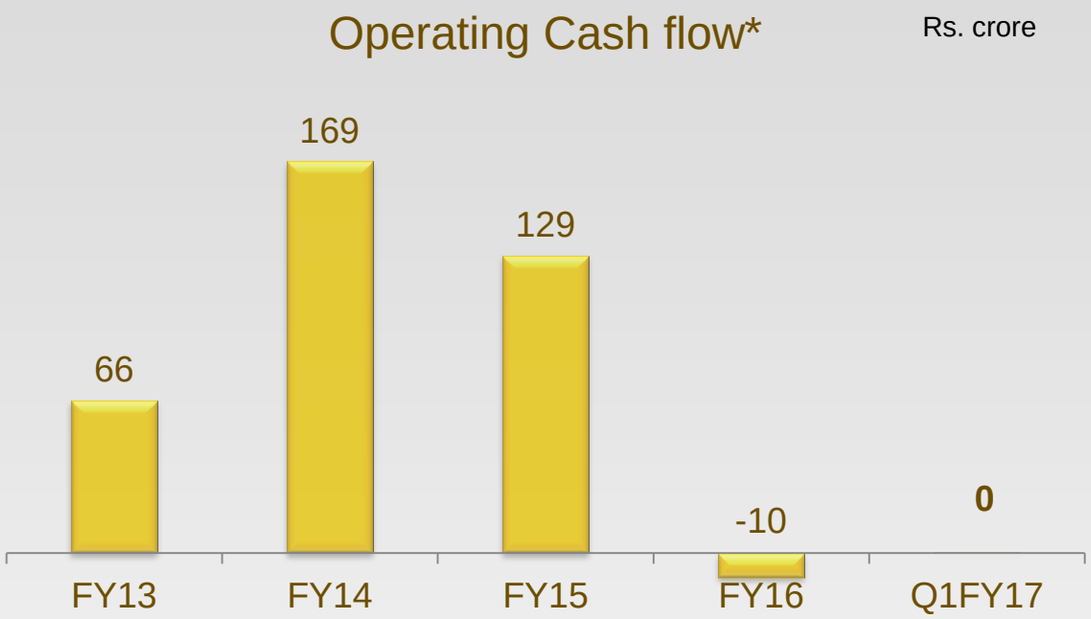




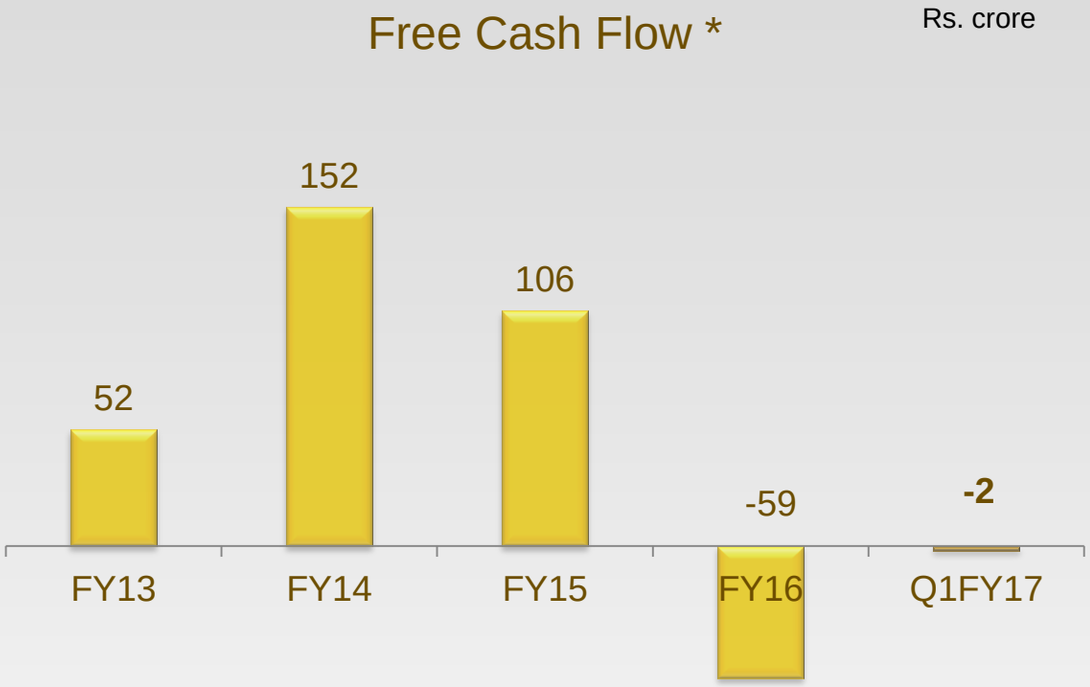
- *Net current Assets are impacted due to SEZ project and stock build up.*

Financials Performance Trends

(Cash Flow)



**Includes Foreign Currency Transaction Reserve*



**Includes Foreign Currency Transaction Reserve*

- 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 and temporary increase in inventory

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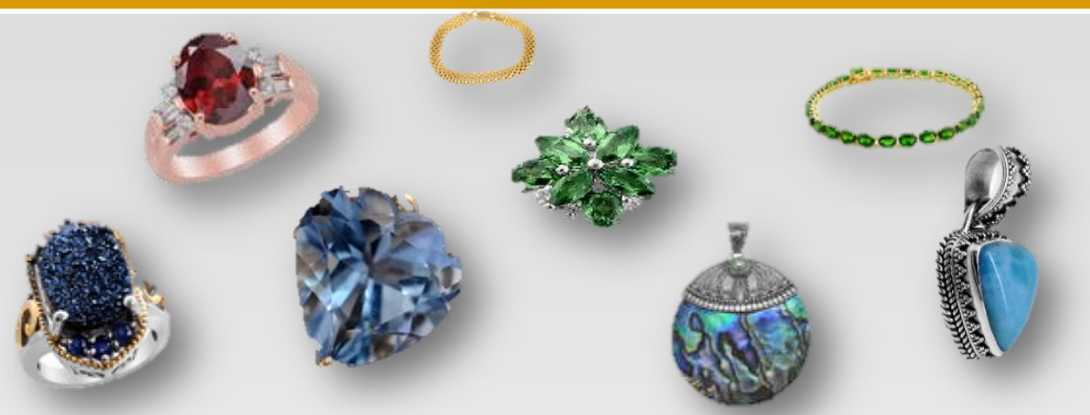
Product Profile

FASHION JEWELLERY

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



FASHION ACCESSORIES

- Watches
- Handbags
- Scarves, etc.

LIFESTYLE PRODUCTS

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

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

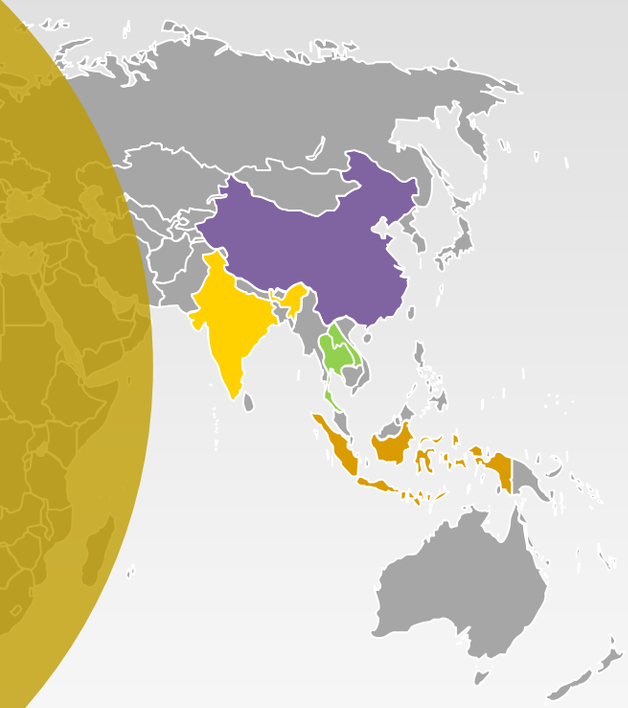
Scale Flexibility

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

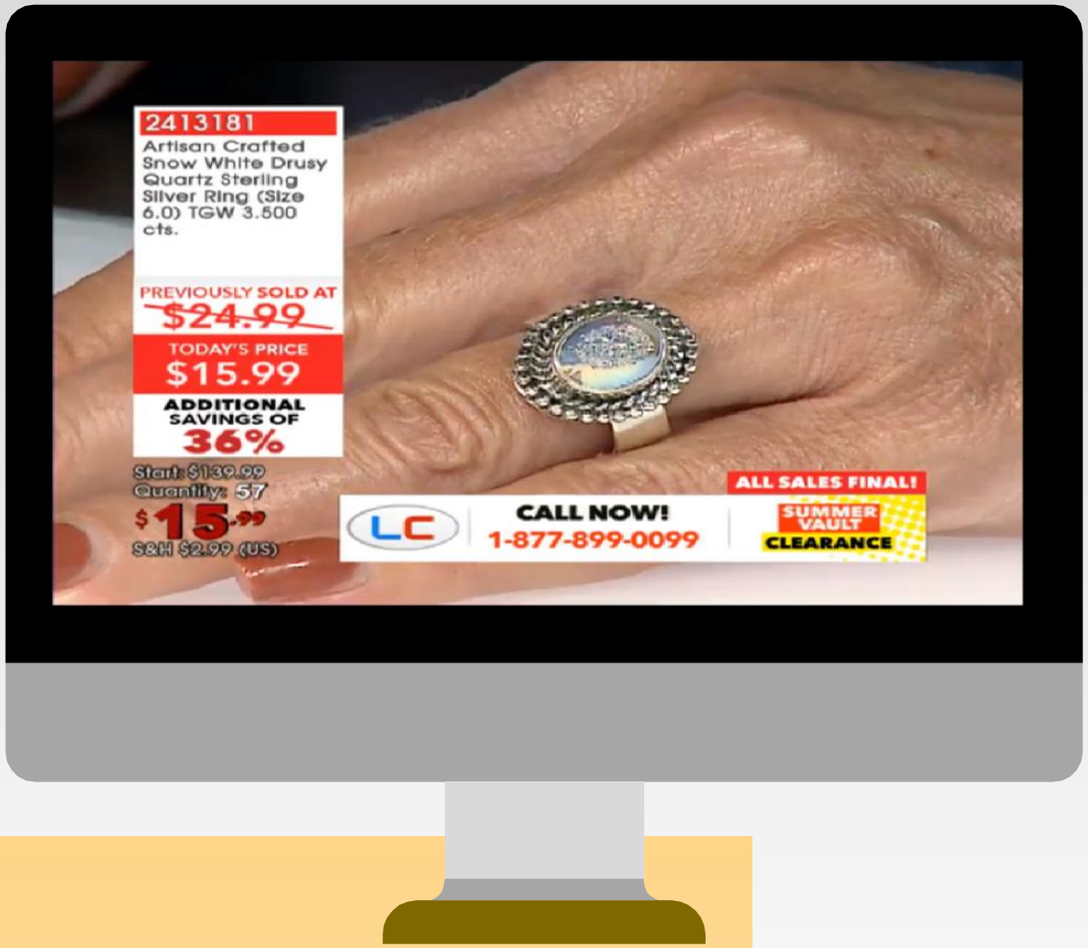
- **Sourcing from appropriate micro-markets in China/Asia**
- **Focus on best price to customer through bottom price discovery**
- **Vendor evaluation process**
- **Assessing value perception – design / fashion trend / price in target markets**

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

- ✓ **85 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**
- ✓ Transitioning to new **warehouse facility**

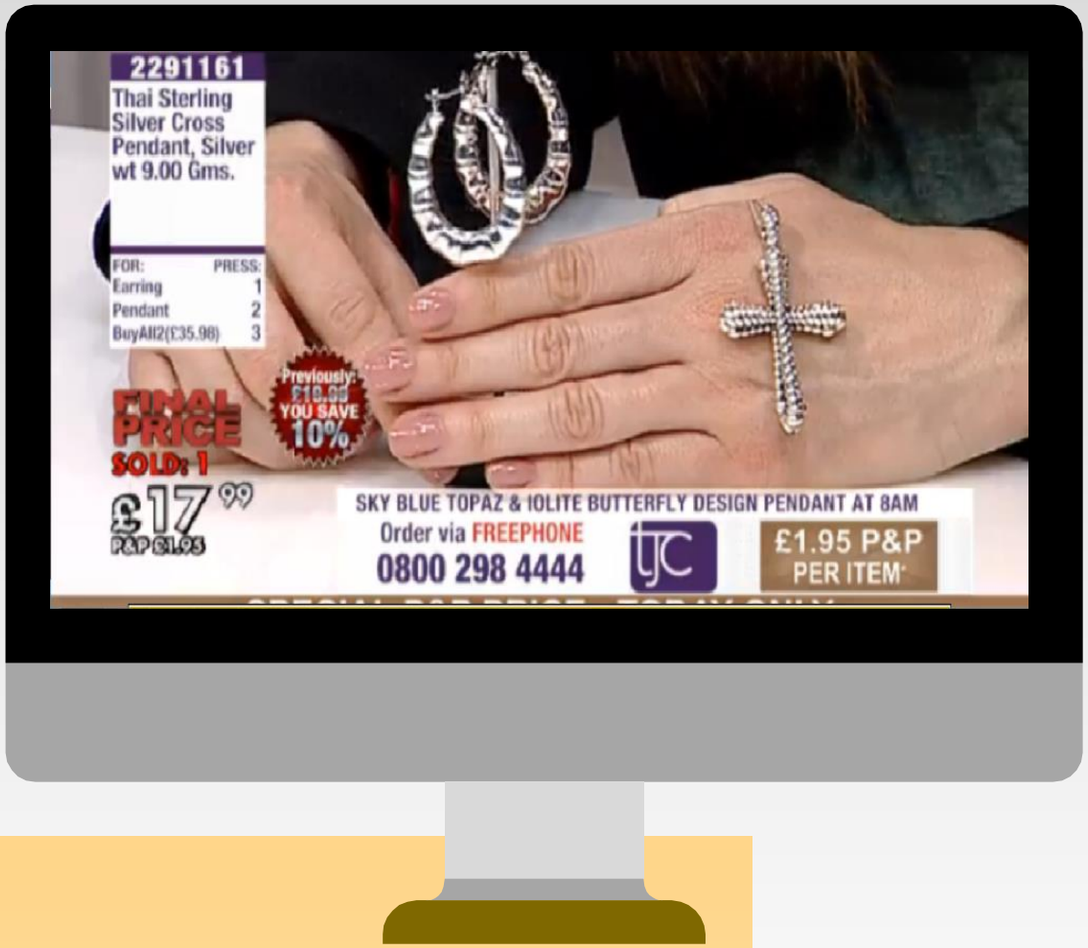
TV Networks – UK (Consumption Markets)

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
- ✓ 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 consumption 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
- ✓ 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

Retail Format	LC US & Canada	TJC UK
	Rising Auction	Rising Auction
	Catalogue Price	Live TV
	Collections	Outlet
	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