



VAIBHAV GLOBAL LIMITED

Ref: – VGL/CS/2016/17

Date : 27th January, 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 Q3 & 9 Months FY 2015-2016.

Kindly take the same on record.

Thanking You,

Yours Truly.

For Vaibhav Global Limited

Brahm Prakash
Company Secretary & Compliance Officer

Vaibhav Global Limited

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

Financial Results Presentation Q3 & 9M FY2016

January 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

- 108 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

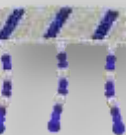


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Key Highlights for Q3 & 9M FY16

Home TV Network Reaches Over 100 Million Households, FTE Increases 11%

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

Q3 Retail Volumes at 2.1 Million Units

- Home TV shopping volumes at 1.56 million units
- Web shopping volumes at 0.56 million units
- Volumes driven by fashion jewelry
- Deeper customer engagement drives repeat purchases

Financial Performance

- Total Income at Rs. 354 crore
- EBITDA at Rs. 24 crore
- Gross Margin expansion to 60% from 59%
- PAT at Rs. 12 crore

Operating Highlights

- EMI through Budget Pay payments gets encouraging response
- Commenced commercial production at new SEZ manufacturing unit located at Jaipur, Rajasthan
- Target younger and 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. Koteswar Rao as GM IT to strengthen application delivery at VGL Group
- CARE reaffirmed A2 short term rating and assigned BBB+ long term rating



Chairman's Message

Commenting on Q3 & 9M FY16 performance, Mr. Sunil Agrawal, Chairman and Managing Director, Vaibhav Global said:



“Expanding our global competitiveness, we have made a number of initiatives in the recent past. We laid the foundation for further cost optimization by successfully operationalizing our environmentally sustainable and tax efficient SEZ production facility, housed in a gold standard green building, ahead of schedule at lower than estimated cost. We have also set up a new, cost effective call center in Mexico to optimize cost of our US-based retail operations. We have strengthened our leadership team by recruiting President and Director Sales at Liquidation Channel,(USA) and GM IT in India.

Our recently upgraded customer engagement platforms continued to move towards full optimization. We believe that the enhanced customer experience will drive more traffic to our retail channels and allow more efficient apportionment of the committed fixed/semi-variable cost base.

Black Friday was a red letter day at Liquidation Channel, our US TV sales platform, as we crossed \$ 1 million in daily sales for the first time ever. In addition, our ‘Budget Pay’ EMI scheme and easy returns policy continue to elicit positive response from customers resulting in better average realizations.

Some of the in-house brands launched over the last few months did quite well in the holiday season compared to generic sales. We constantly fine tune our offerings with the benefit of ongoing customer feedback and also scale back underperforming lines.

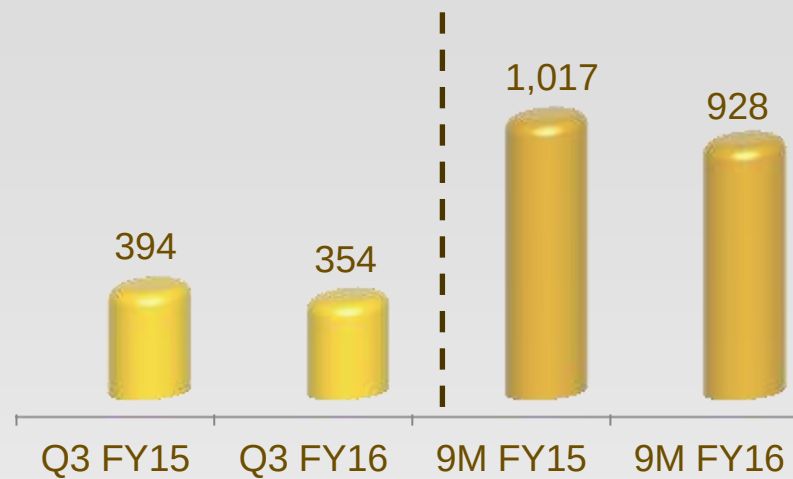
Having established some key business dynamics, we now look forward to maintain the improved business momentum from Q3 into the current quarter and next year.”



Financials – Q3 & 9M FY16 Performance

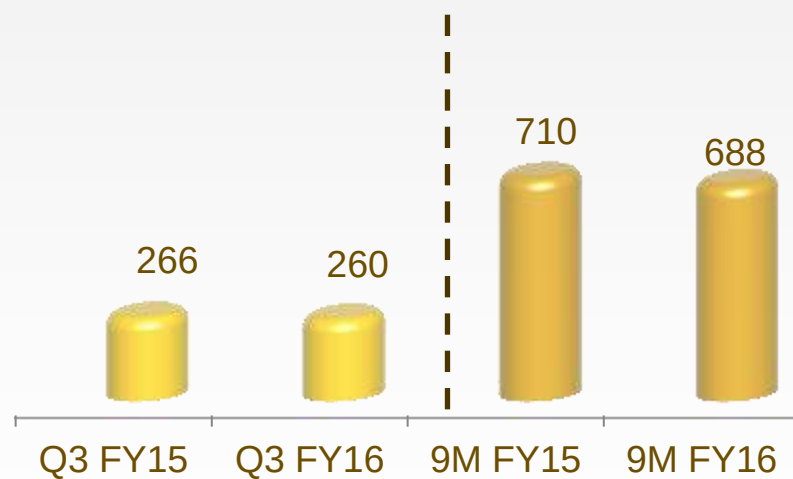
(Revenues)

Revenues (Rs. crore)

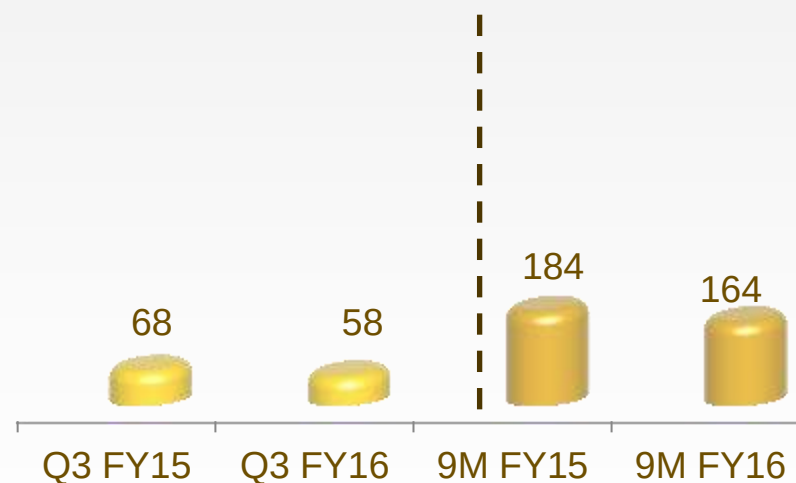


Jewelry & Lifestyle Products

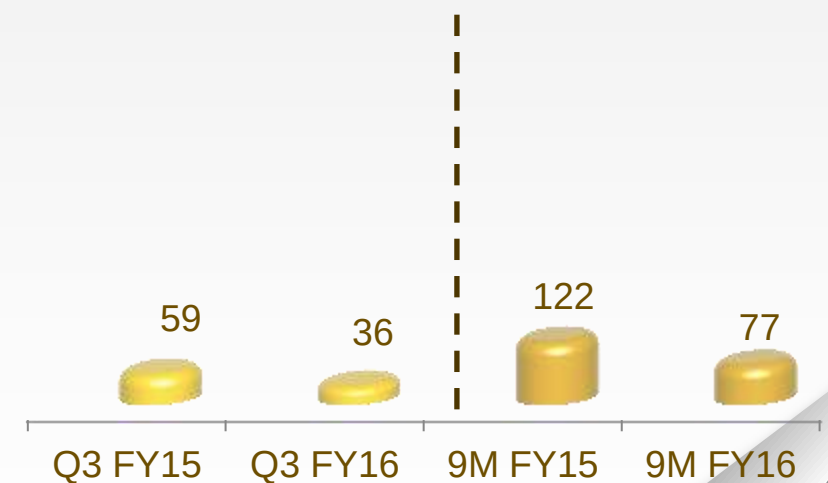
TV Sales



Web Sales

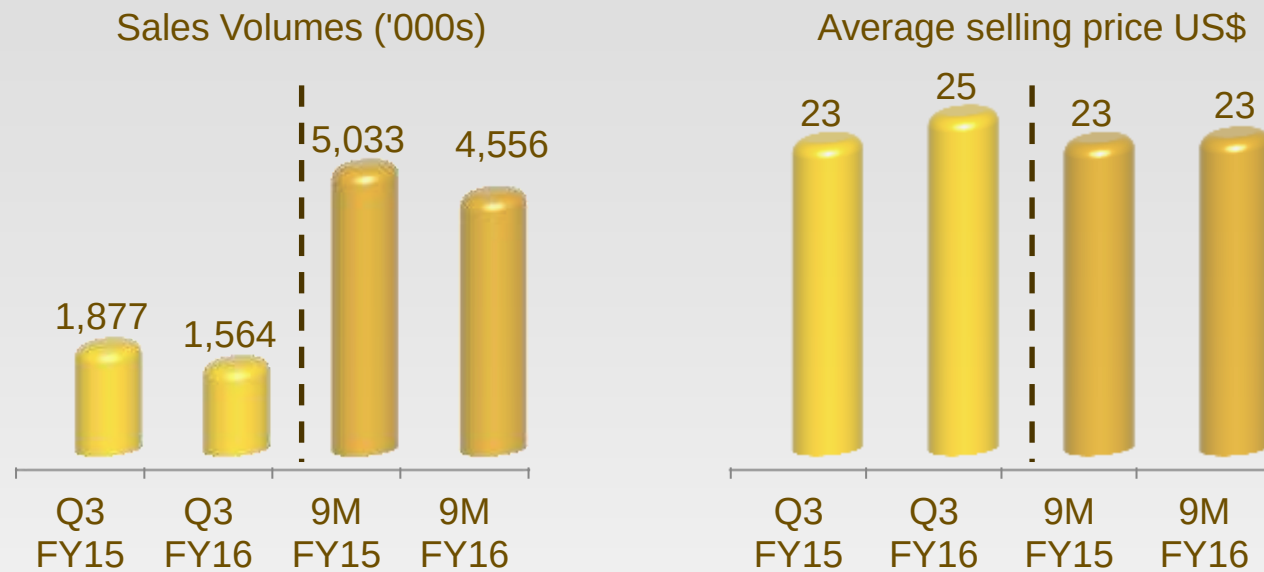


B2B Sales



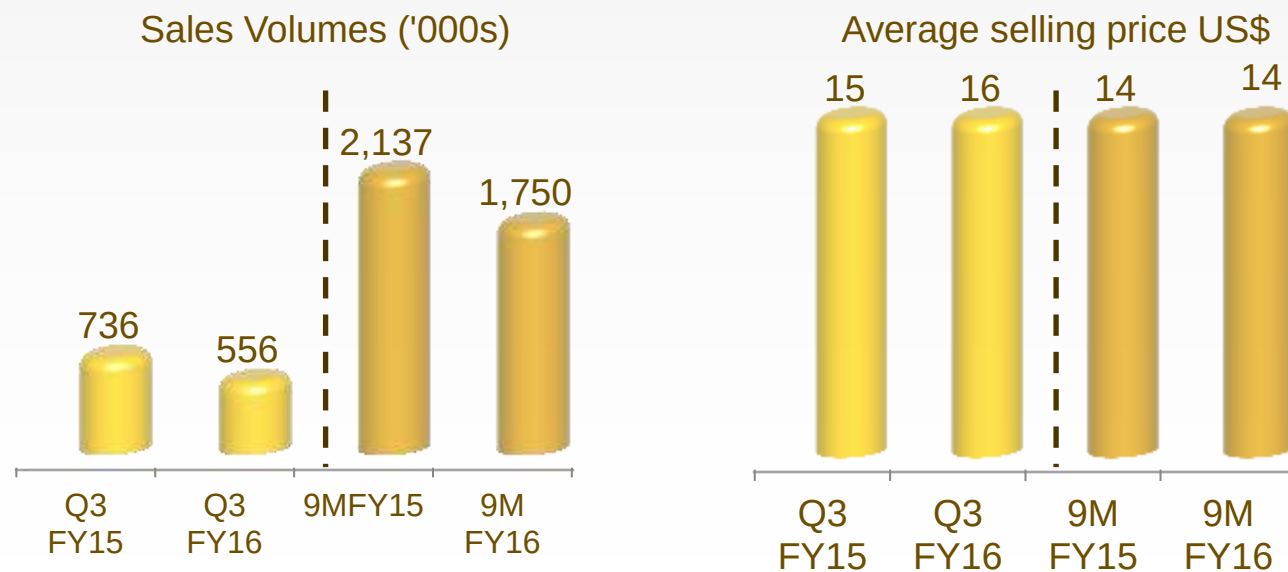
Retail Performance Trends

TV Sales



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

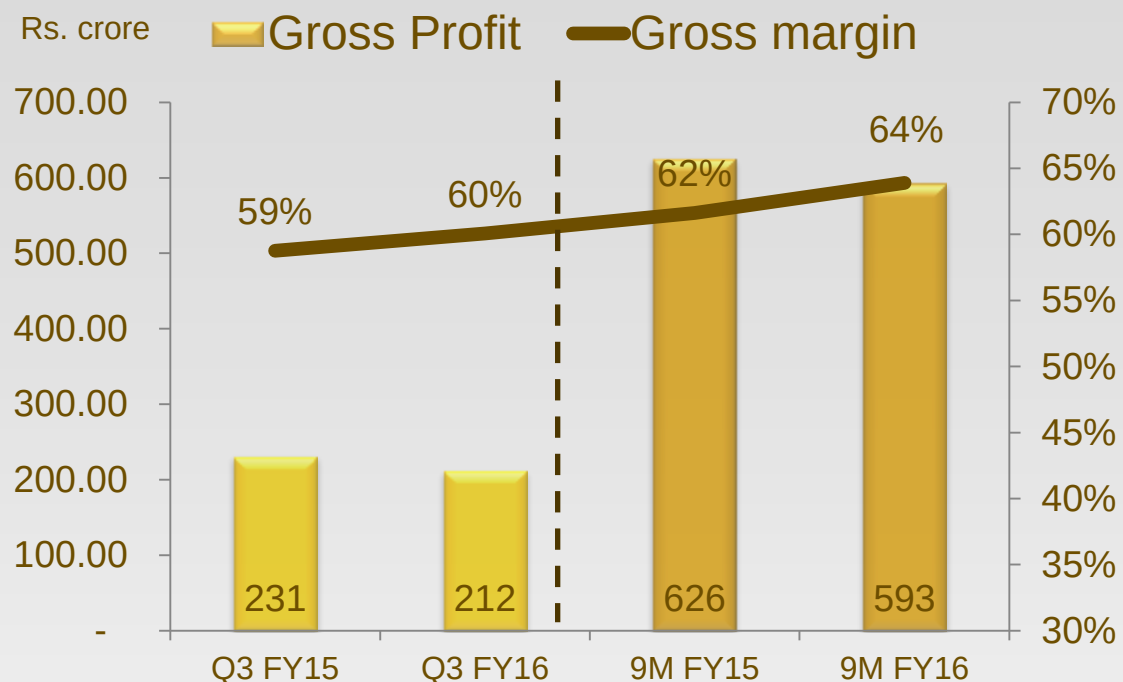
Web Sales



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

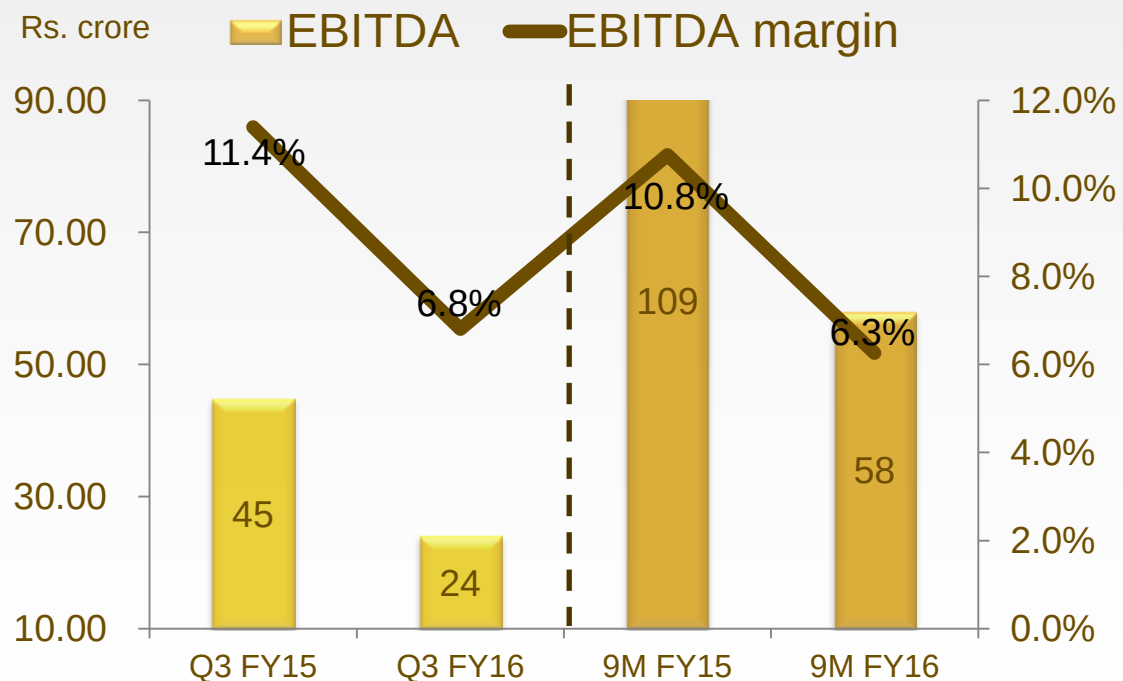
Financials – Q3 & 9M FY16 Performance

(Margins)



- Conscious increase in gross margin to incorporate Budget Pay and returnability. Lower B2B sales contribution has also improved average margins.

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

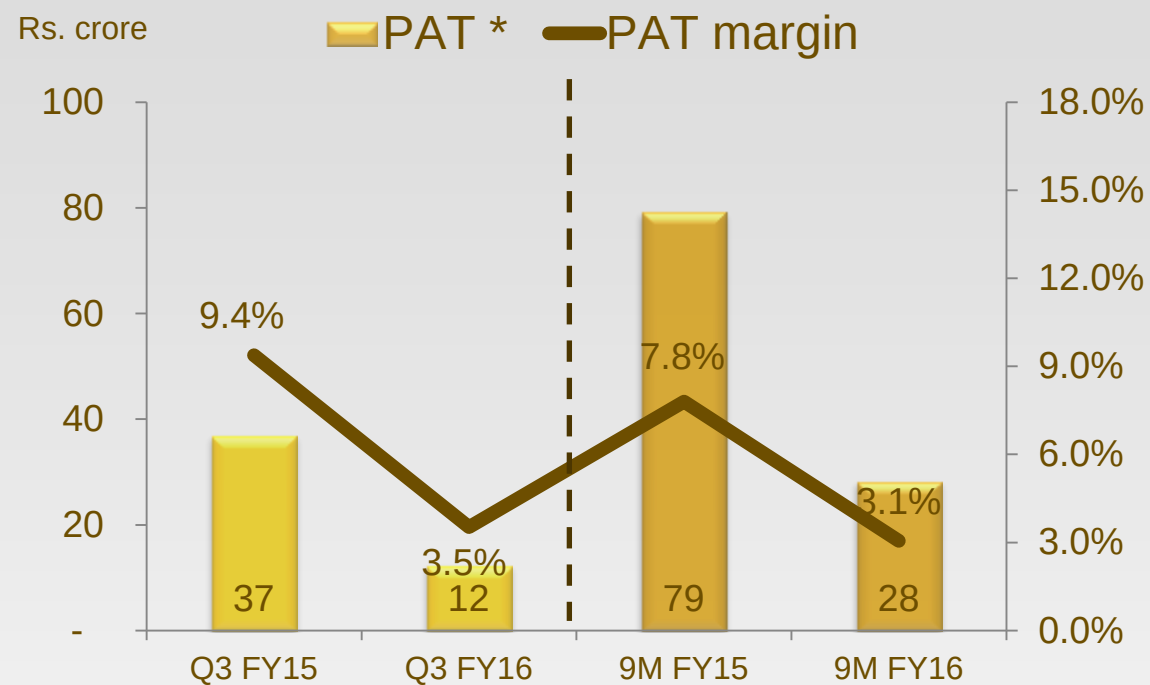


- EBITDA margin impacted due to slower than expected topline growth even as cost base has expanded from more US households covered, larger manpower in planning, sales and merchandising in US and UK.

Note:
 EBITDA excludes exchange gain/loss;
 EBITDA margin including exchange gain/loss stood at 6.5% in 9M FY16 v/s 11.4% in 9M FY15
 EBITDA margin including exchange gain/loss stood at 6.6% in Q3 FY16 v/s 11.9 % in Q3 FY15

Financials – Q3 & 9M FY16 Performance

(Profits)



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

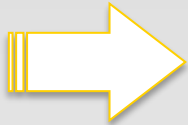
- 
- PAT is lower due to lower than expected topline, higher depreciation cost and increase in tax rate.



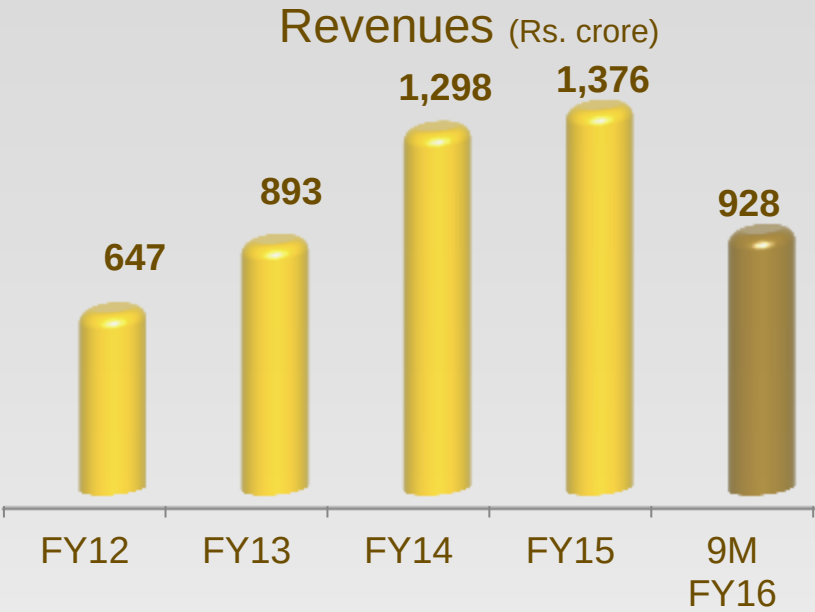
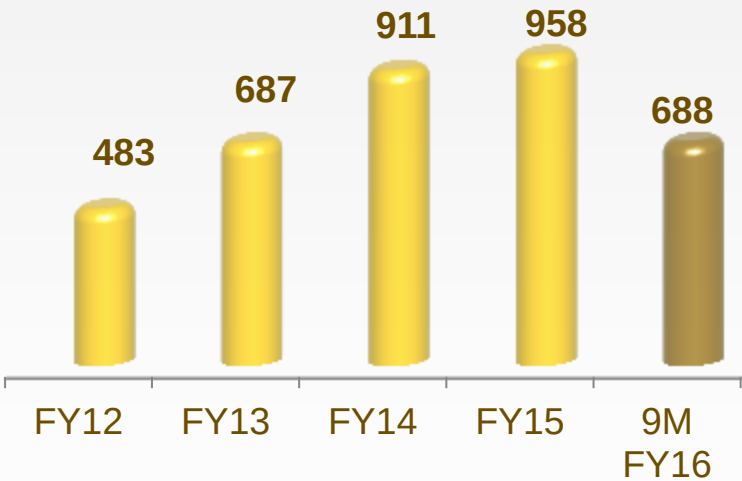
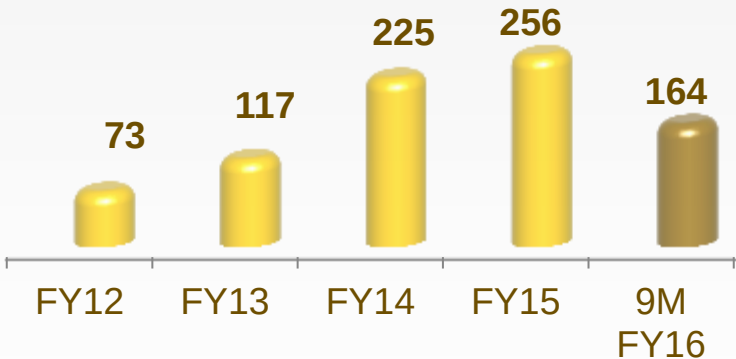
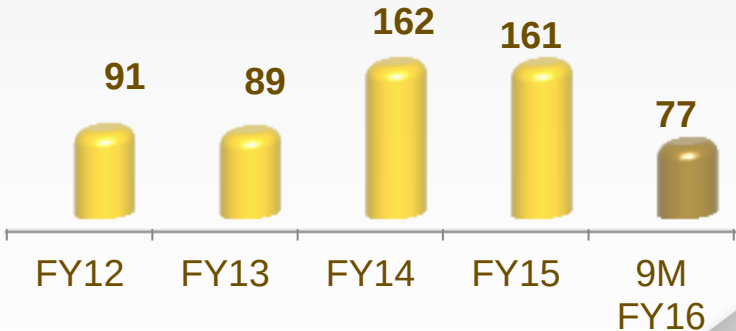
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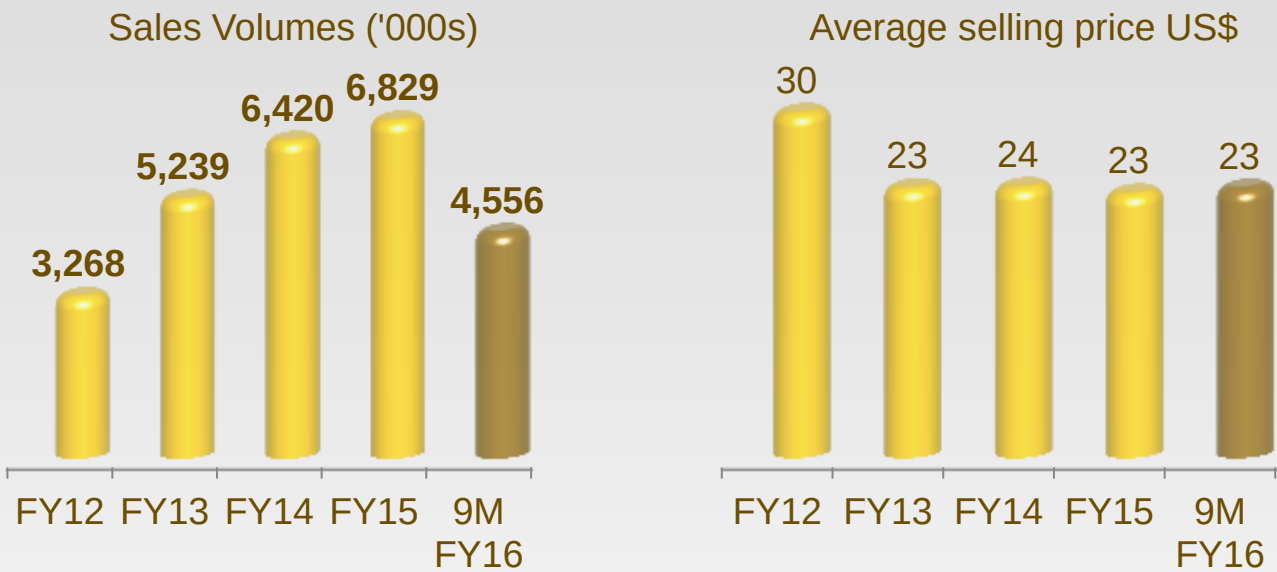
Financials Performance Trends

(Revenues)



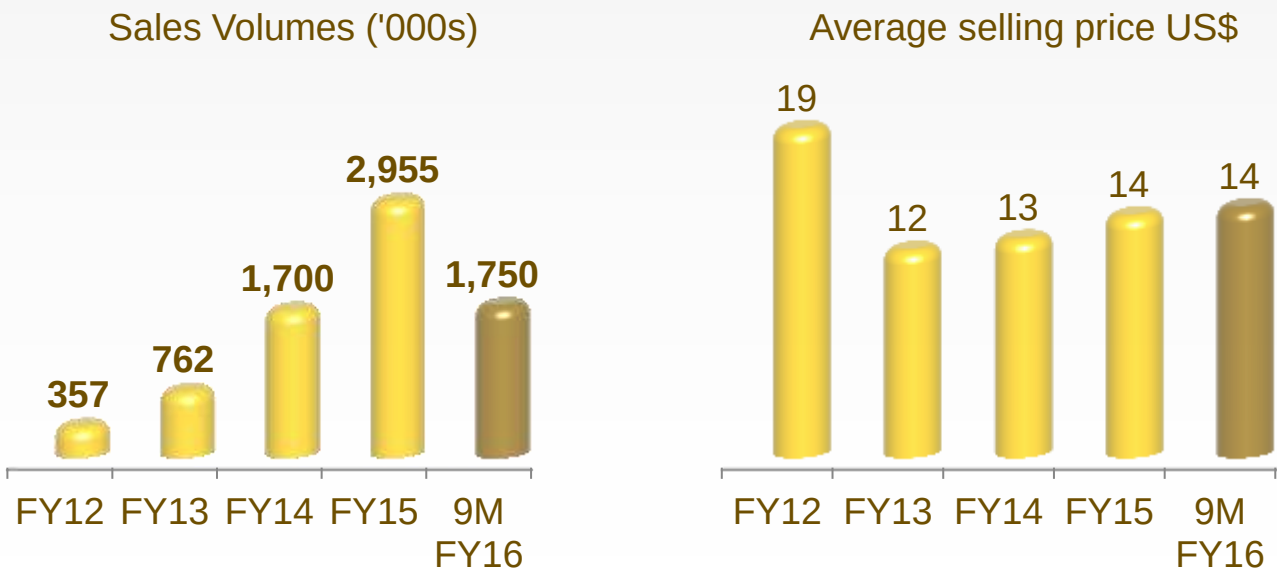
Retail Performance Trends

TV Sales



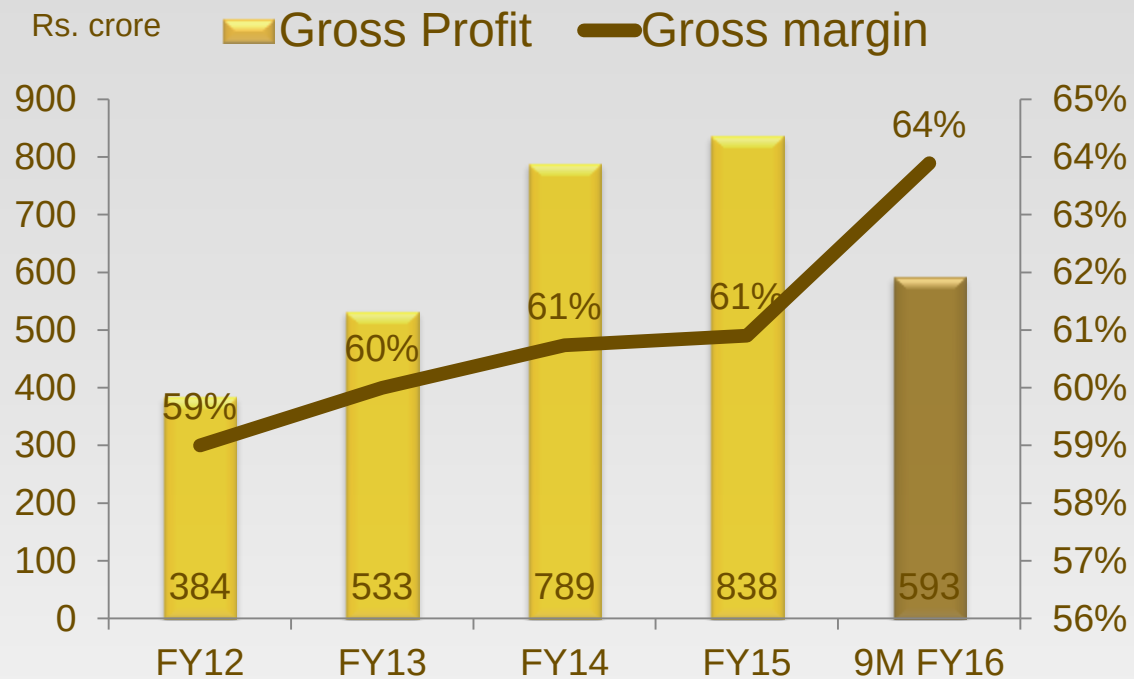
- TV ASP fairly stable, expected to move marginally higher in the coming period owing to returns policy and Budget Pay.

Web Sales

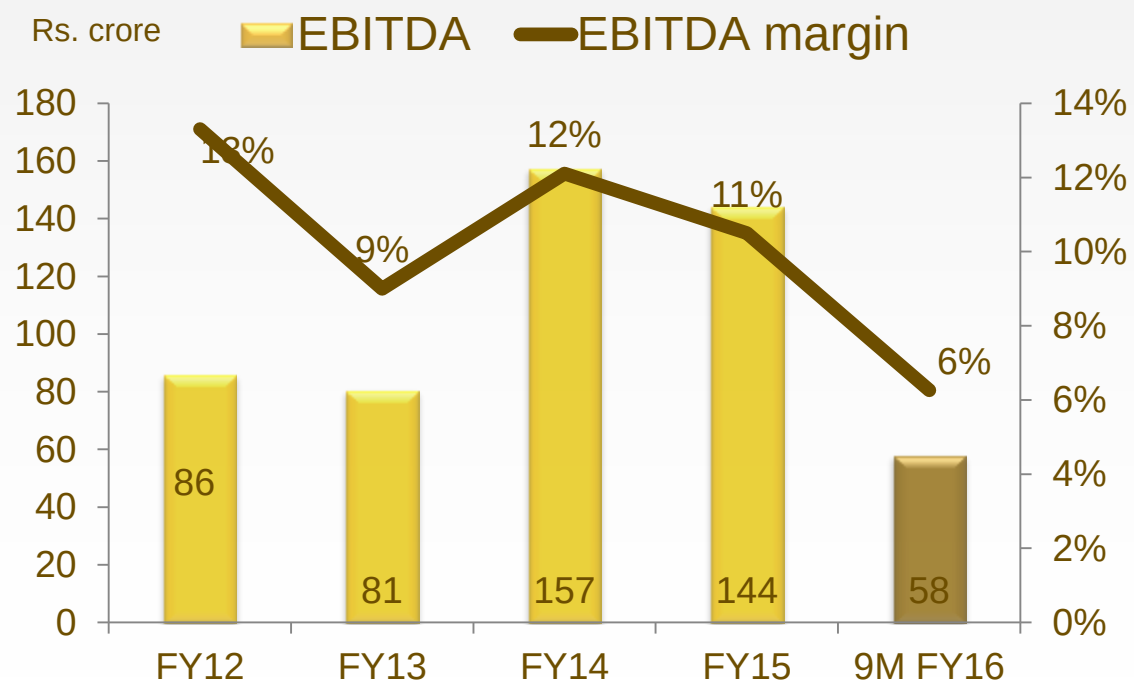


Financials Performance Trends

(Margins)



- Gross margins are up due to lower B2B sales contribution, addition of import duty in stock value at channels, improved realizations at channels towards costs of returns and Budget Pay, and better operational efficiencies at VGL India.



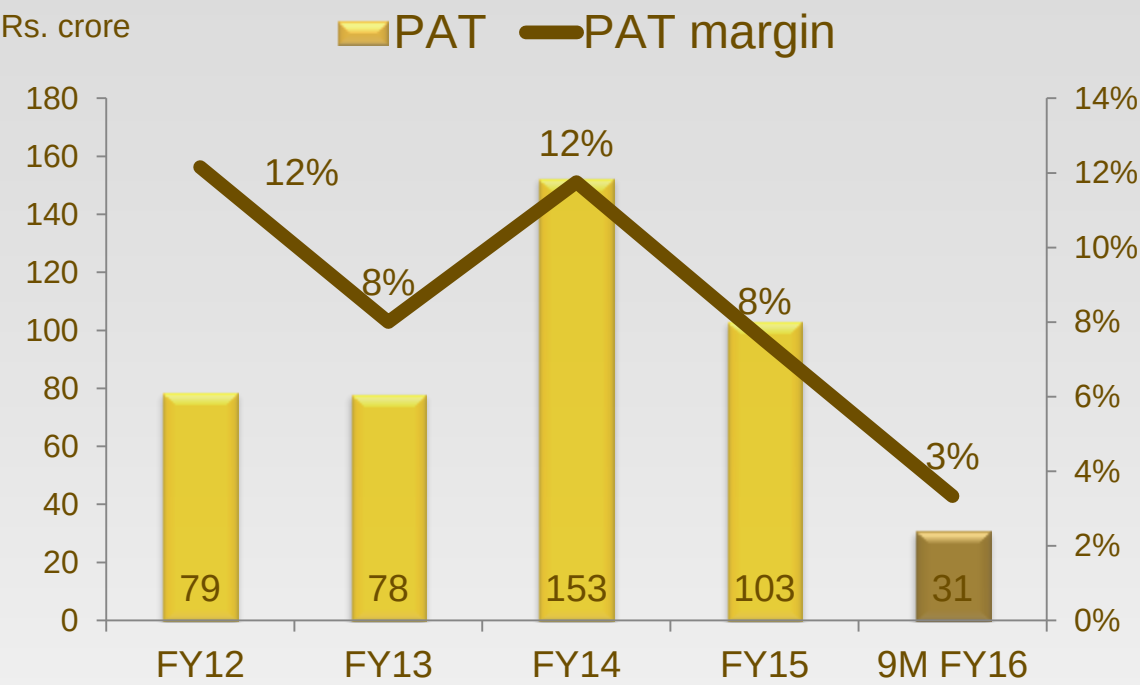
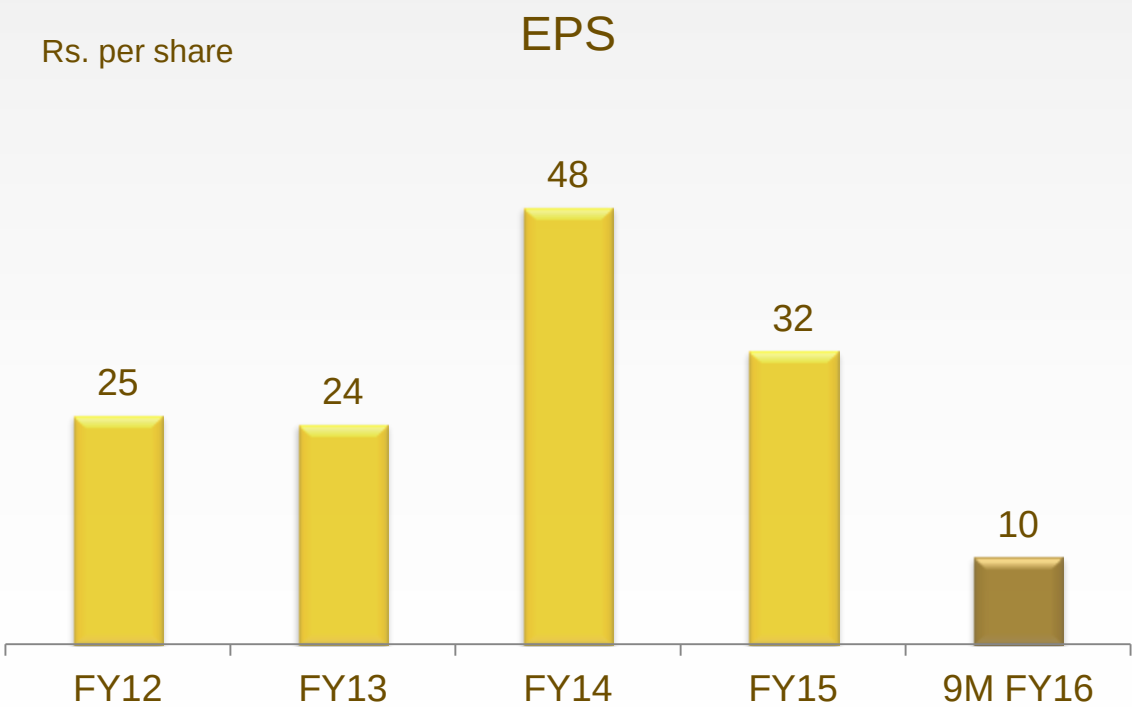
- EBITDA impacted due to lower than expected topline, net of returns, more household coverage in US, larger resource base in planning, sales and merchandising in US and UK.

Note:
EBITDA excludes exchange gain/loss;



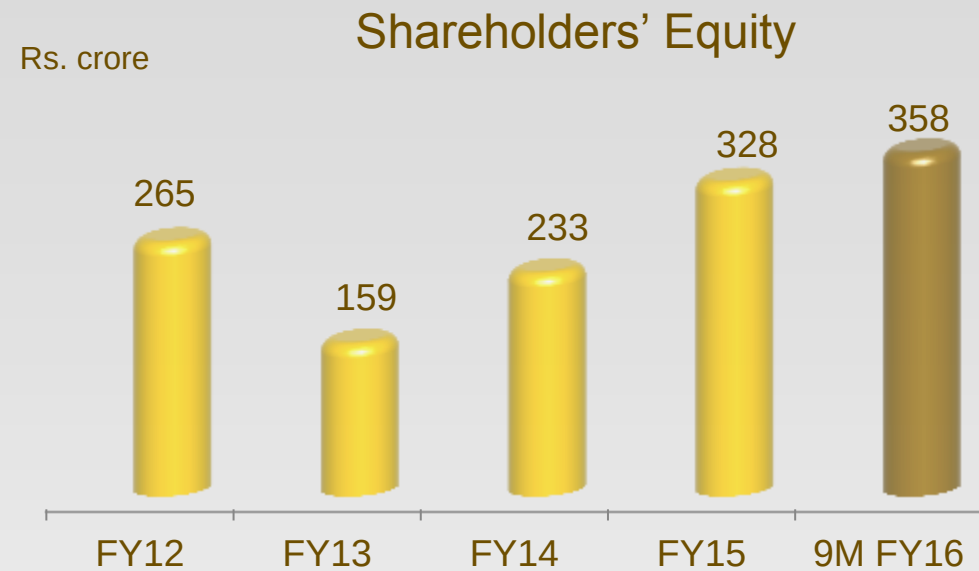
Financials Performance Trends

(Profits)

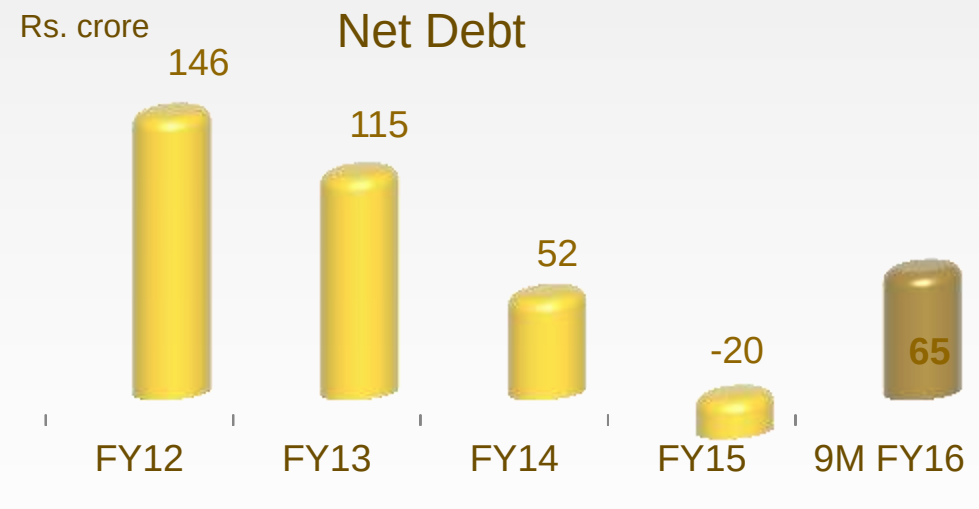
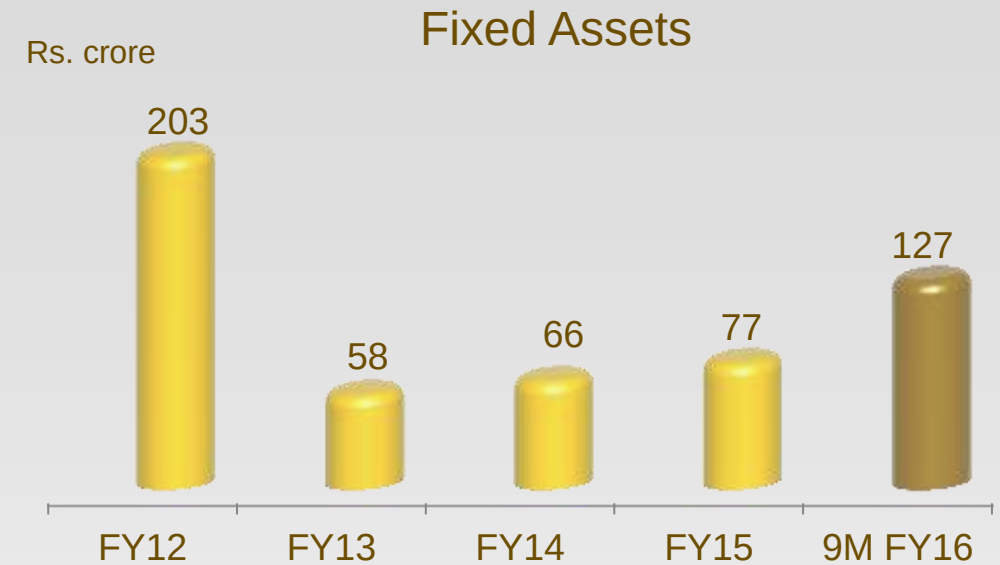


Financials Performance Trends

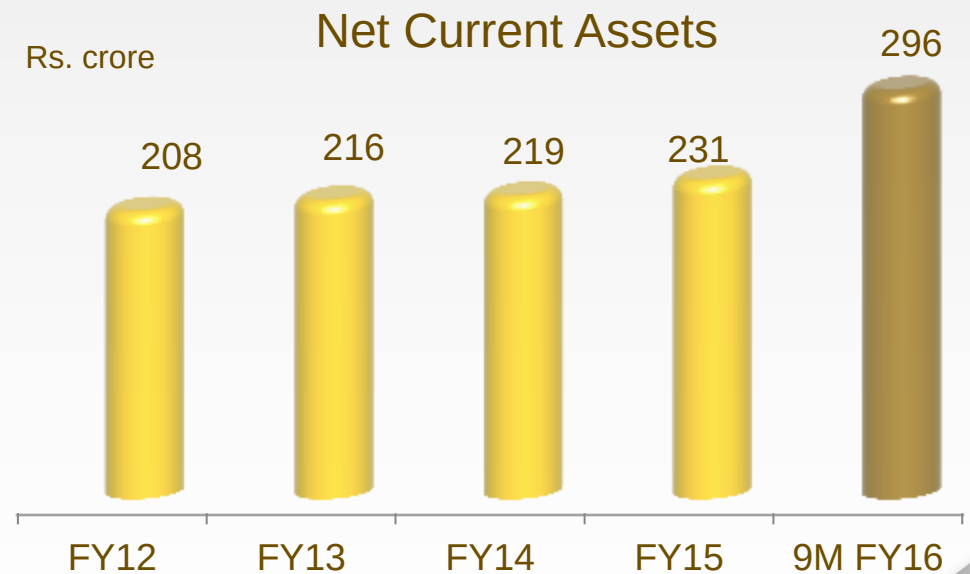
(Balance Sheet)



* 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.

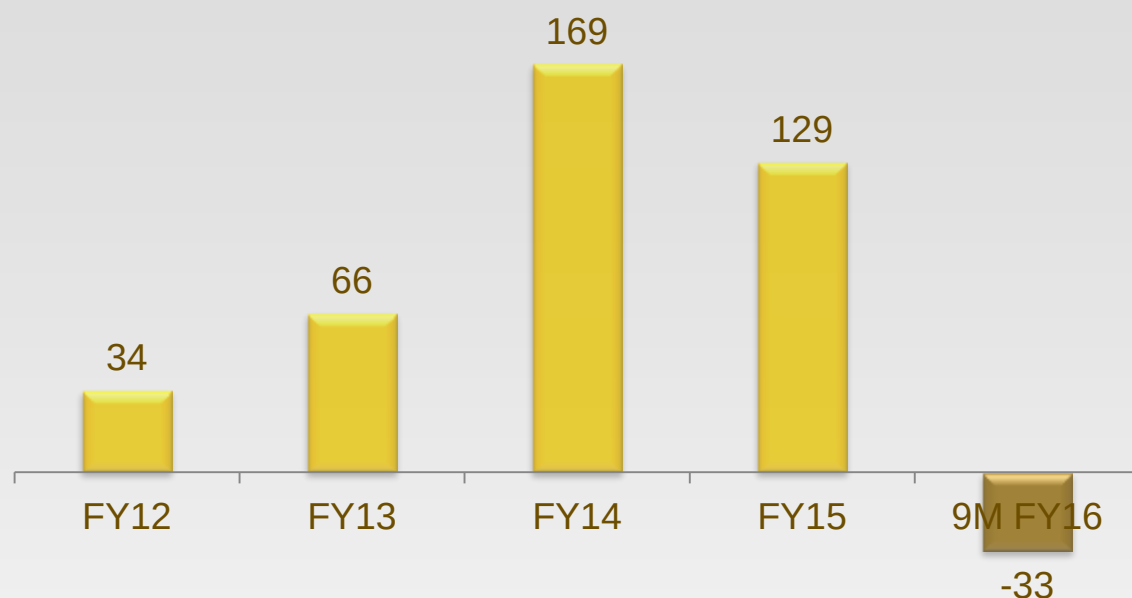


Financials Performance Trends

(Cash Flow)

Operating Cash flow

Rs. crore

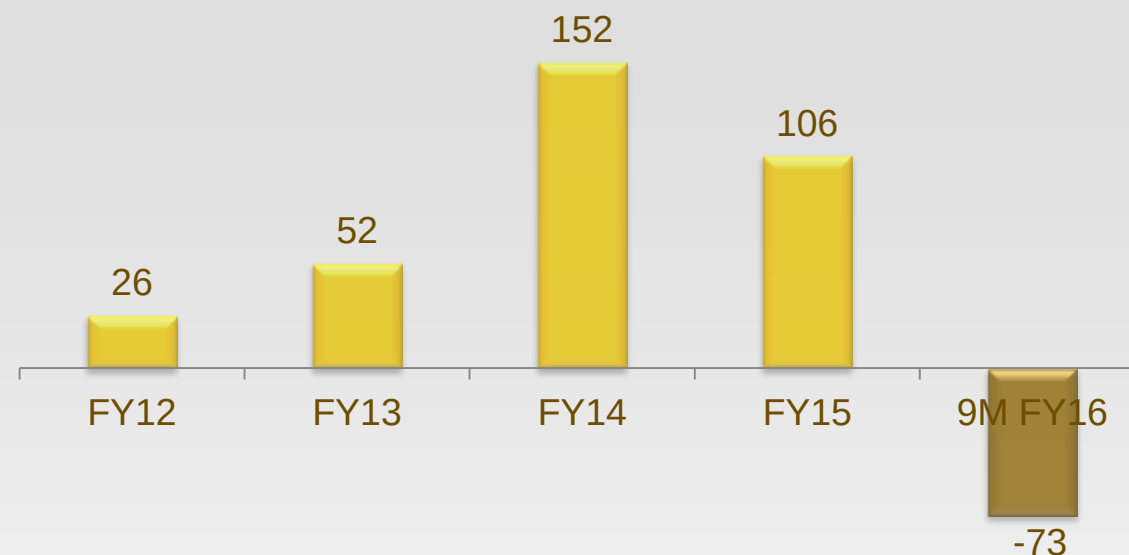


**Includes Foreign Currency Transaction Reserve*

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

Free Cash Flow *

Rs. crore

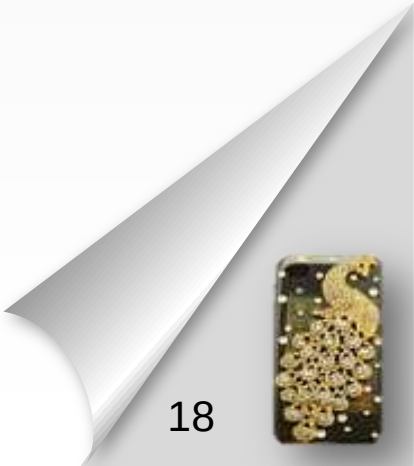


**Includes Foreign Currency Transaction Reserve*

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

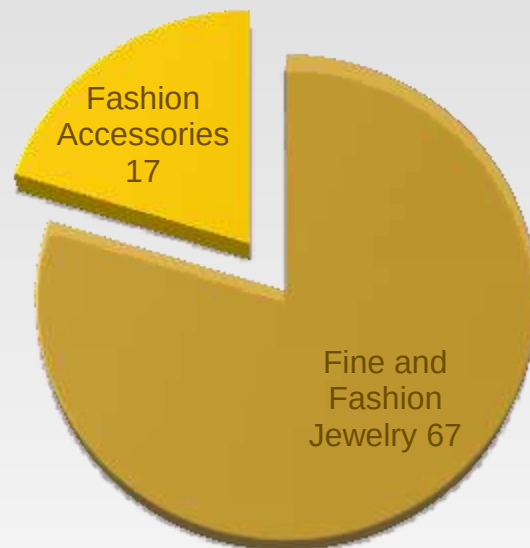
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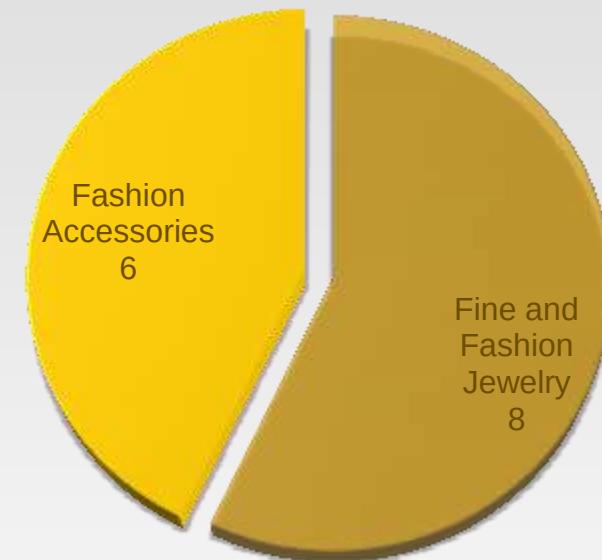


Market Opportunity

US market size (US\$ Bn)



UK market size (US\$ Bn)



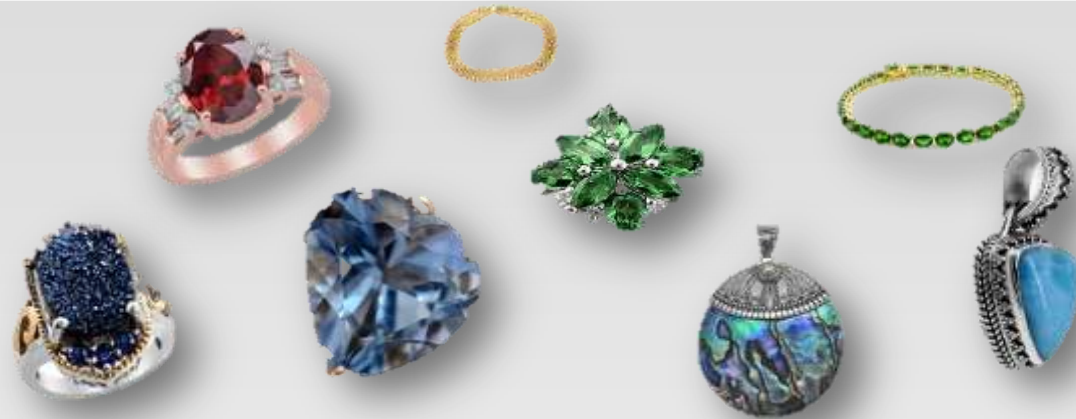
Market share gains through expanded distribution network and introduction of collections/designs mapping market trends



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



Channel #274



Channel #399
& 1399

Verizon FIOS

Channel #159



Channel #75 &
226



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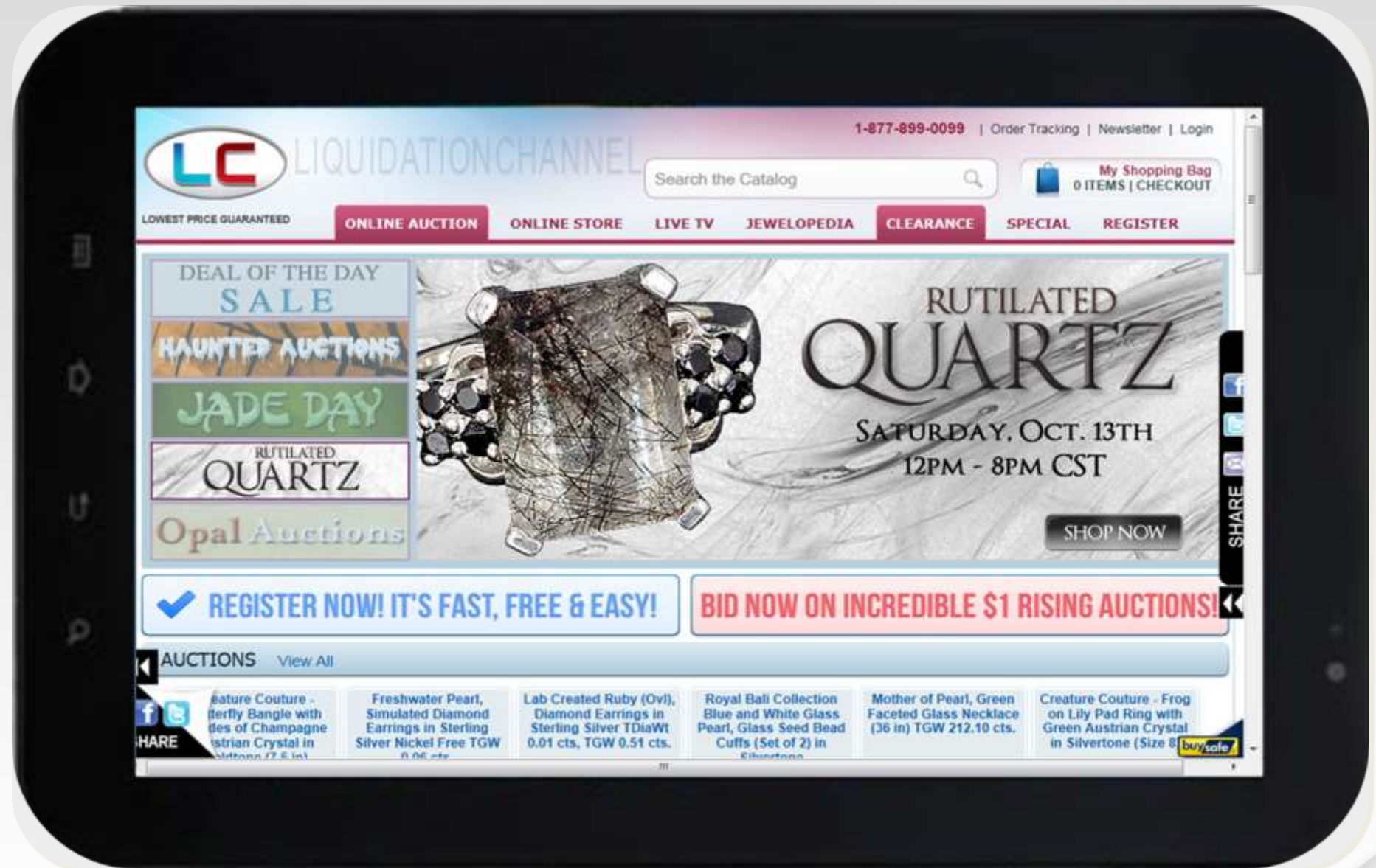


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* Different channel # across various locations



<https://www.liquidationchannel.com>

Access to 83 million (FTE) of the 116 million households in the US



UK Market Access on The Jewellery Channel



Channel #49



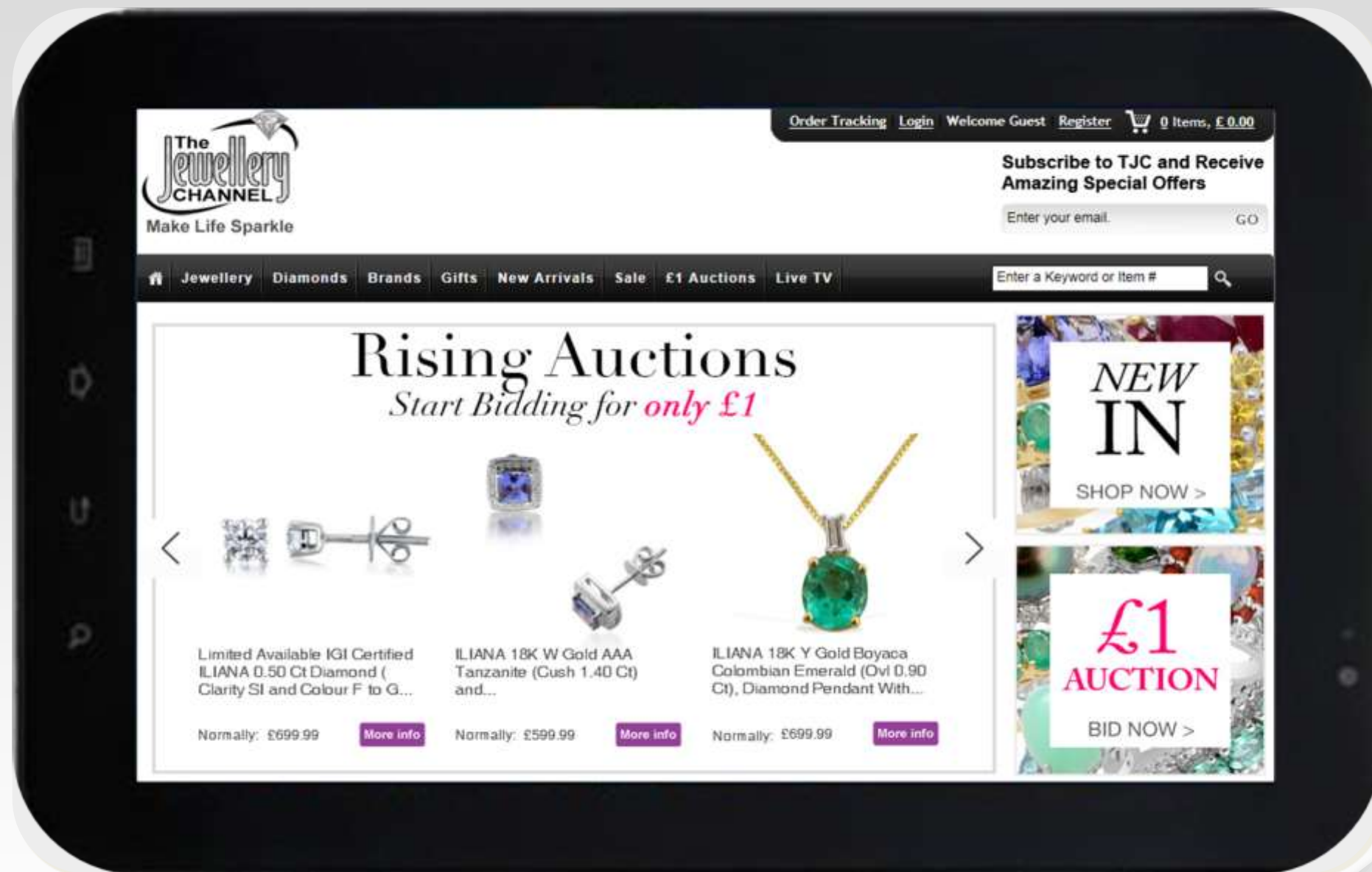
Channel #650 & #652



Channel #815



Channel #757



www.thejewellerychannel.tv

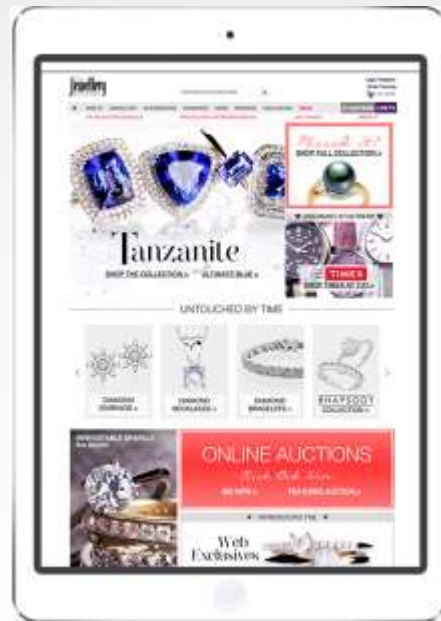
Access to 25 out of the total 25 million households



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



Sourcing Markets

Manufacturing facility in Jaipur, India

Production Capacity (3 units)

Additional Capacity

– 4 million pieces p.a. ISO 9001:2008 manufacturing facilities

– SEZ Green Building with Gold Level facility of 65,000 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
<ul style="list-style-type: none"> Guangzhou, Haifeng, Hauadu Shenzhen, Dongguan, Zhuji, Wenzhou, Wuzhou, Yiwu, Hunan 	<ul style="list-style-type: none"> Bangkok, Chang Mai, Mae Sai, Kanchanaburi, Chanthburi 	<ul style="list-style-type: none"> Bali, Yogyakarta, Sumatra, Madura Surabaya 	<ul style="list-style-type: none"> Noida, Jaipur, Nagaland, Kashmir,

Global network for trend spotting and merchandising



Consumption Markets

Access to over 100 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



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

Liquidation Channel

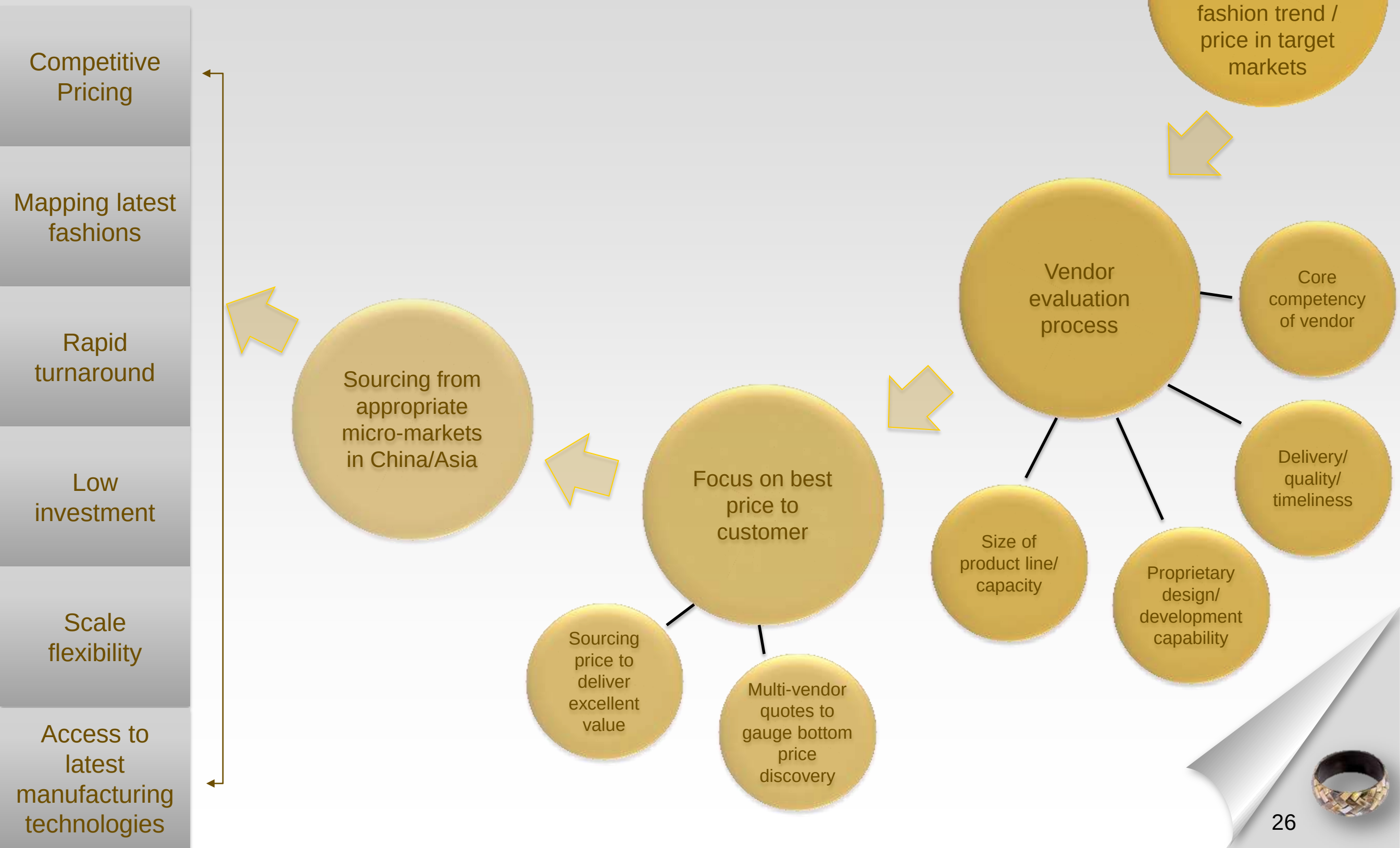


USA

- Liquidation Channel and e-commerce
- US head quarters – Austin, Texas
- Access to 83 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



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.



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

For more information on Vaibhav Global Limited, please contact:

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**Thank
You**