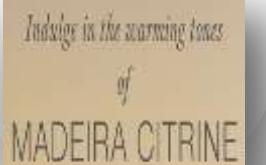


Vaibhav Global Limited

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

Financial Results Presentation Q4 & FY2014

May 2014



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.



Business Highlights

Vertically-integrated electronic retailer of discount fashion and lifestyle accessories

- Demonstrated profitable growth with direct-to-consumer business model on home shopping and e-commerce platforms with US and UK denominated revenue operations

Owns 'Liquidation Channel' and 'The Jewellery Channel' which are brands in themselves

- Over 100 million households on Home TV shopping in the US, UK and Canada
- Supplemented by strong traffic growth on proprietary web shopping websites

Deeply engaged customer base

- Sizeable B2C franchise in developed markets
- Expanding customer lifetime value and customer retention rate

Supply chain infrastructure comprises global outsourcing & robust manufacturing

- Sourcing operations across China, Thailand, Indonesia and India.
- Manufacturing operations in Jaipur, India

Solid Infrastructure Backbone

- Investments in technology to build a robust online interface for direct selling, studios for TV production, warehousing facilities, efficient supply chain management and customer relationship management systems

Significantly Strengthened Financial Matrices

- Robust revenue growth, stable margins and expanding profits
- Contained balance sheet with negligible long term debt, significant free cash flows and high ROCE



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Key Highlights for FY14

Home TV Network Reaches Over 100 Million Households

- 95 million households on full time equivalent (FTE) basis
- 53 million households in the US
- 25 million households in the UK
- 18 million households in Canada

Retail Volumes Increase by 35% to 9.4 Million Units

- 23% higher volumes on Home TV shopping
- 74% higher volumes on Web shopping
- Volume growth driven by ongoing customer acquisition, high customer retention rate and deeper customer engagement driving repeat purchases.

Strong Financial Performance

- Total Income increases by 45% at Rs. 1,298 crore
- EBITDA improves by 75% to Rs. 177 crore
- PAT higher at Rs. 153 crore, up 95%
- Earnings per share of Rs. 47.6

Significant Improvement in Return Ratios

- Return on Equity at 65%
- Return on Capital Employed at 60%

Strengthening the Senior Management

- Sunil Agrawal appointed as Chairman and Managing Director
- Pulak Prasad, Vikram Kaushik, Mahendra Kumar Doogar and Peter Duncan Whiteford appointed as Directors
- Hemant Sultania appointed as Group Chief Financial Officer

Substantial Cash Flows/Reduction in Debt

- Free Cash Flow at Rs. 160 crore in FY14 against Rs. 69 crore in FY13
- Net Debt at Rs. 52 crore as on 31st March 2014 compared to Rs. 115 crore as on 31st March 2013



CMD's Message

Commenting on Q4 & FY14 performance, Mr. Sunil Agrawal, Chairman and Managing Director, Vaibhav Global said:



"I am glad to announce a robust operating and financial performance for FY2014. During the year, revenues and profits grew 45% and 95% respectively. Our customer offerings expanded within existing and adjacent categories delivered from a superior platform, enhancing traction within our TV shopping customer base of 95 million and increasing population of web customers. TV shopping revenues grew 37% and web revenues by 111% yoy, creating a more desirable balance in our view.

Last year was one of significant achievement for VGL, as our operating initiatives of the last few years translated into significant financial upsides. Apart from strong volume, revenue and profit growth, we delivered healthy free cash flows to reduce net outstanding debt to Rs 52 crore. We expect to now become net debt free in the current financial year.

During the year, we transitioned our integrated US operations located in Texas to a new facility of over 65,000 sq. ft. and moved into a new 30,000 sq. ft. integrated state of the art facility in London, UK. In India, we expanded our manufacturing capacity to 5-6 million pieces annually. We simultaneously grew our supply chain establishments in China, Thailand and Indonesia. As a result, our annual aggregate global sourcing capability stands at 12-15 million units, which could be enhanced further in a modular fashion in line with business growth.

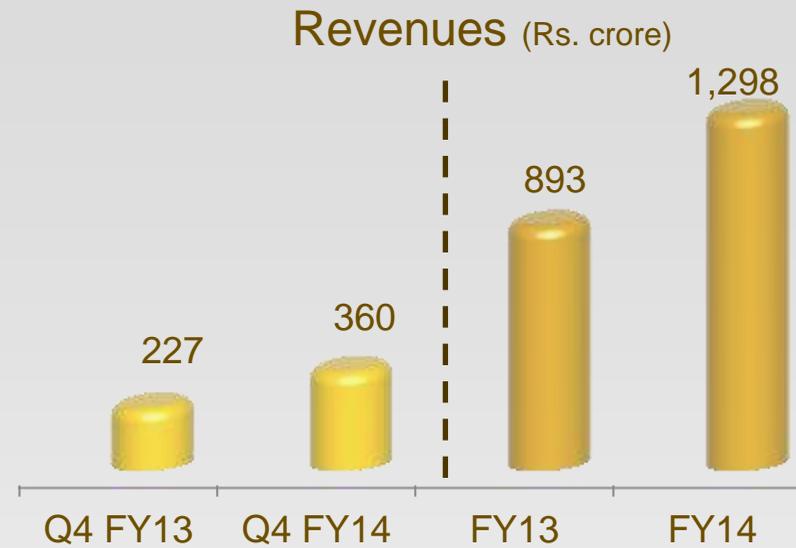
Also, in FY2014, we expanded our Board and management team with senior level appointments bringing noteworthy experience in management, finance and operations domains. We also continued to develop a more robust middle management layer that we see as an important tool to our growth objectives. In addition, we initiated the implementation of a SAP based HR platform which will be operational soon.

Going forward, we will continue to invest judiciously with focus on delivering secular growth within our established geographies. Our objective will remain on creating a global corporation with strong business drivers by taking outstanding value to our customers."



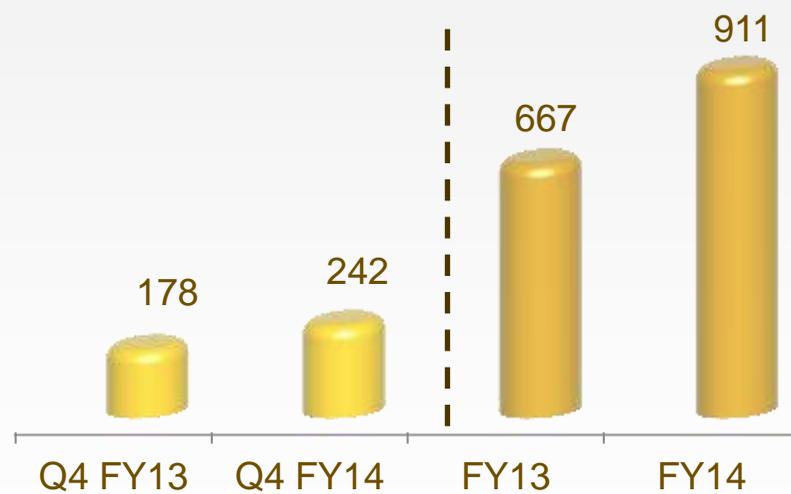
Financials – Q4 & FY14 Performance

(Revenues)

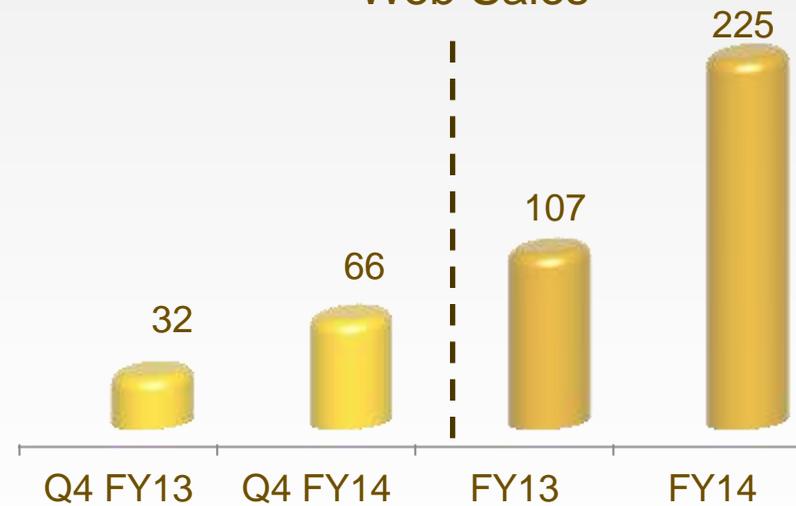


Jewelry & Lifestyle Products

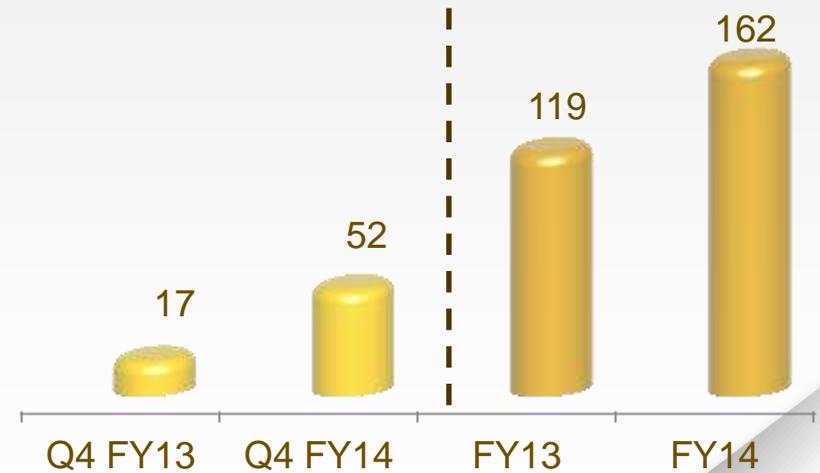
TV Sales



Web Sales

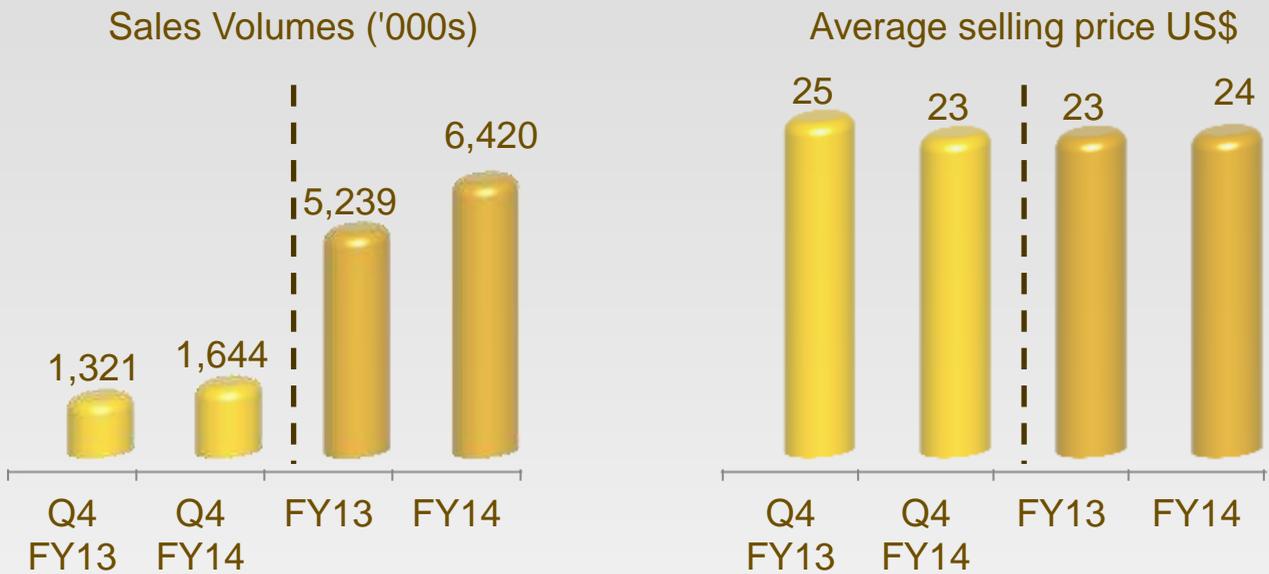


B2B Sales



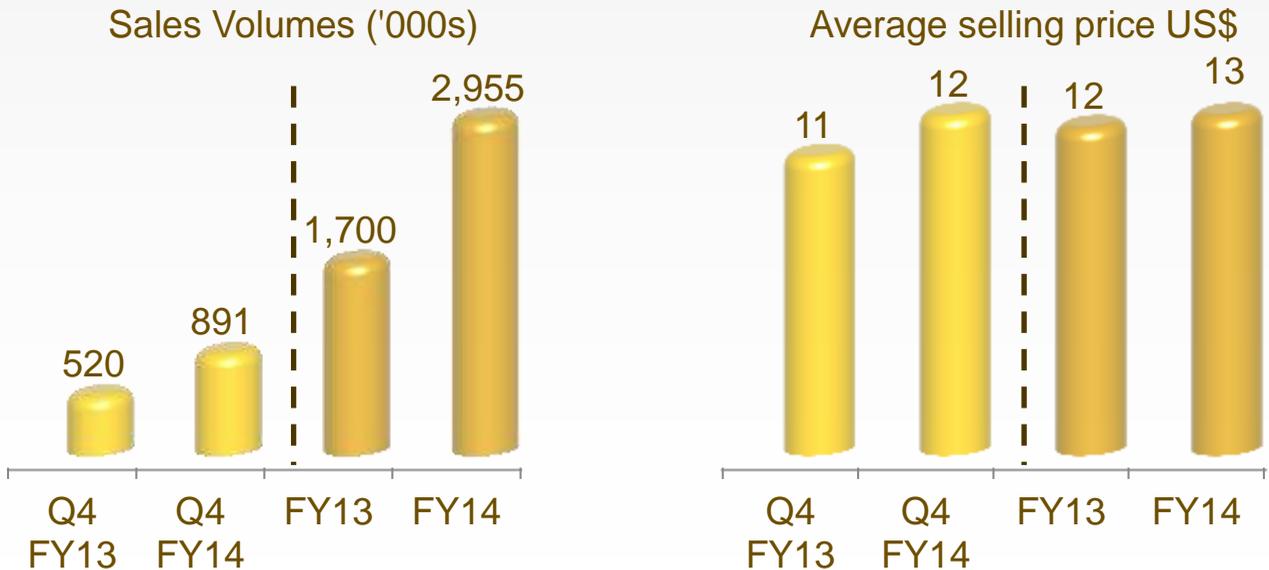
Retail Performance Trends

TV Sales



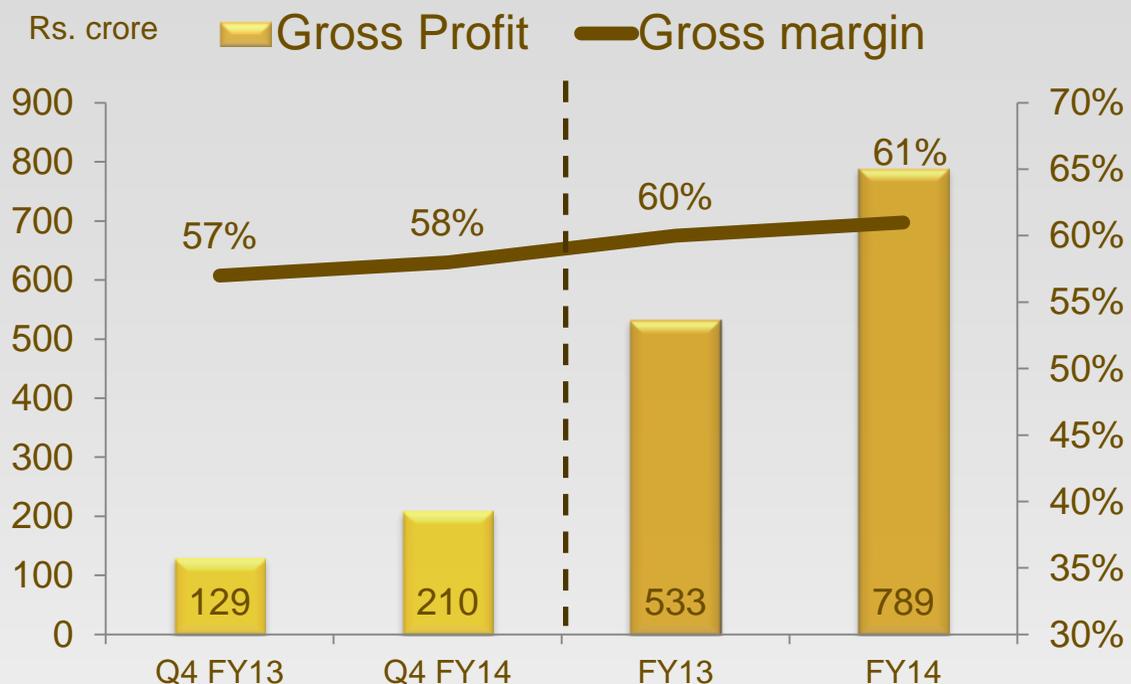
- Robust y-o-y volume growth in FY14 – 23% in TV and 74% in Web.
- Web sales contributed 32% of retail sales volume in FY14, up from 25%
- Growth driven by expansion of fashion jewelry and lifestyle accessories lines to existing customers and by higher household coverage

Web Sales

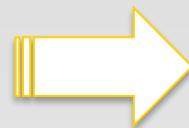


Financials – Q4 & FY14 Performance

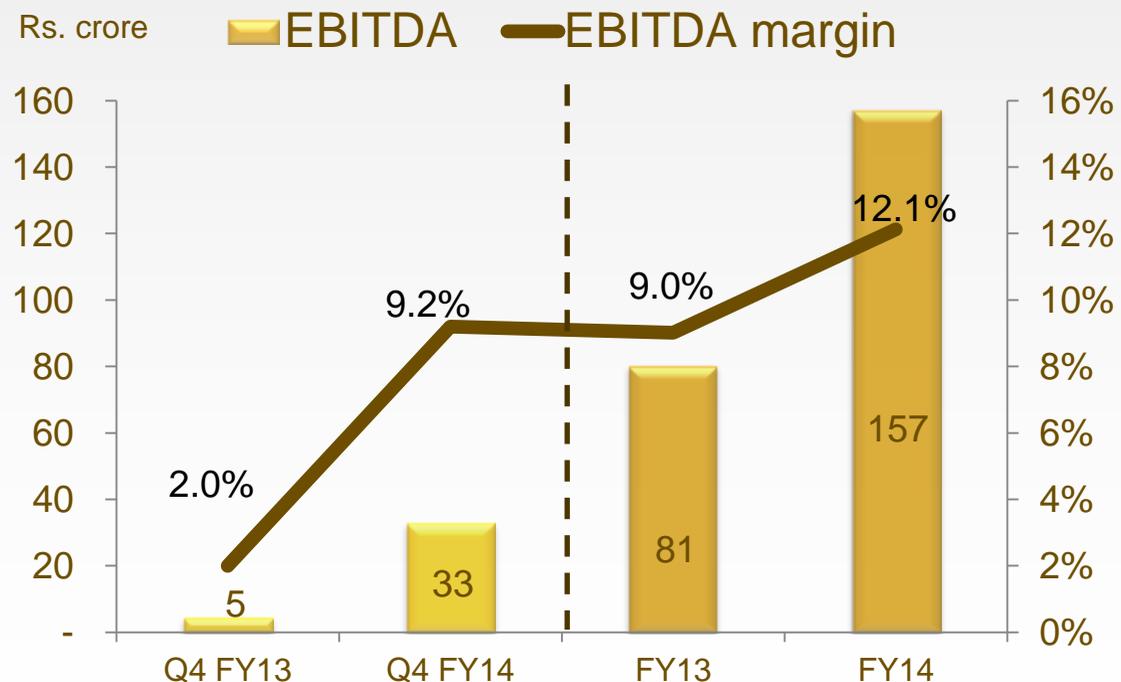
(Margins)



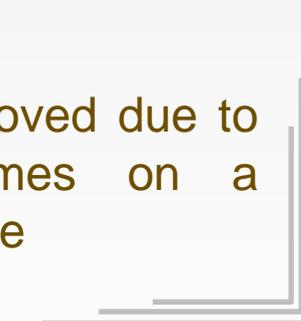
- Gross margins remain stable across expanding revenues with growing contribution from multiple product categories



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



- EBITDA margins have improved due to strong increase in volumes on a relatively stable cost structure

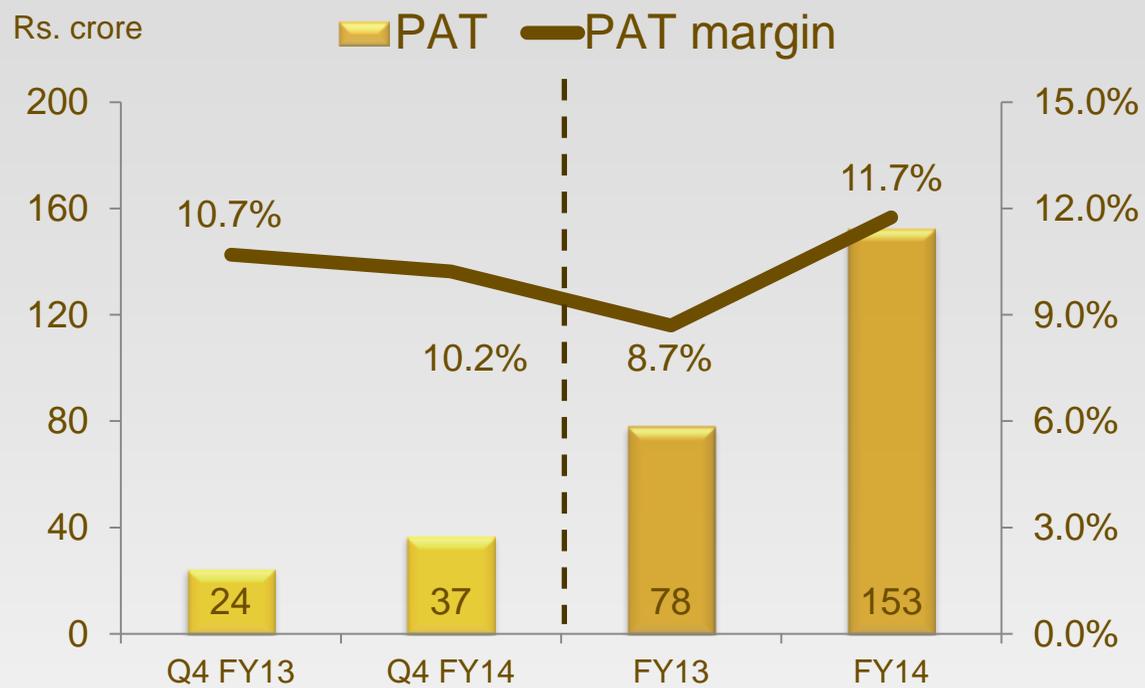


Note:
 EBITDA excludes exchange gain/loss;
 EBITDA margin including exchange gain/loss stood at 13.7% in FY14 v/s 11.4% in FY13
 EBITDA margin including exchange gain/loss stood at 9.8% in Q4 FY14 v/s 10.5% in Q4 FY13



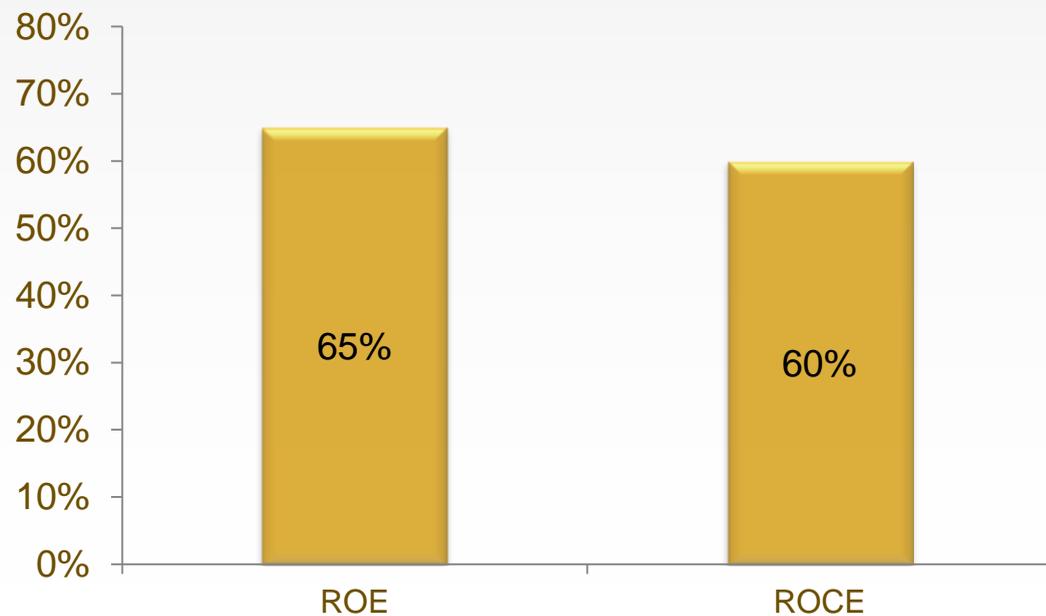
Financials – Q4 & FY14 Performance

(Profits)



- 
- PAT expansion is in line with improvement in core business profitability as the company operates on a lean asset profile

Return Ratios – FY14



- 
- Maintaining high returns based on efficient capital deployment



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Financials Performance Trends

(Revenues)

Revenues (Rs. crore)



Jewelry & Lifestyle Products

TV Sales



Web Sales



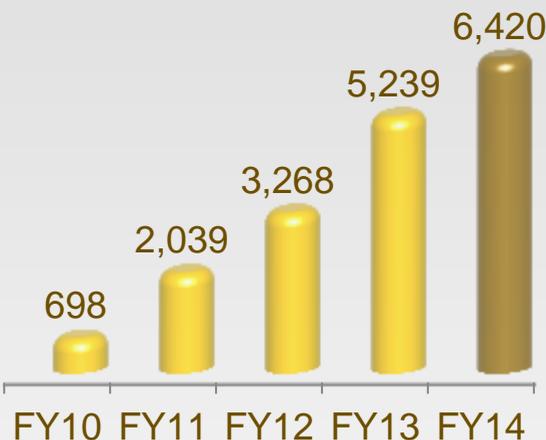
B2B Sales



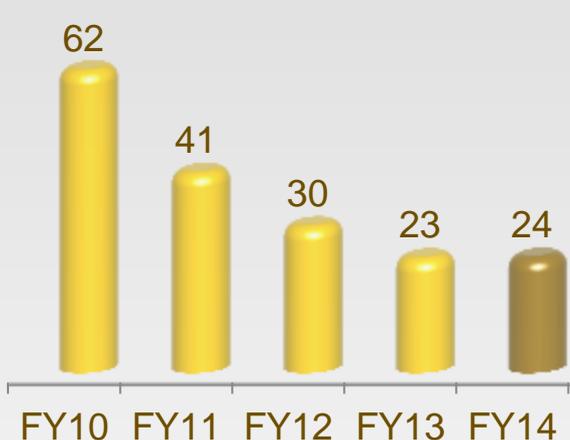
Retail Performance Trends

TV Sales

Sales Volumes ('000s)

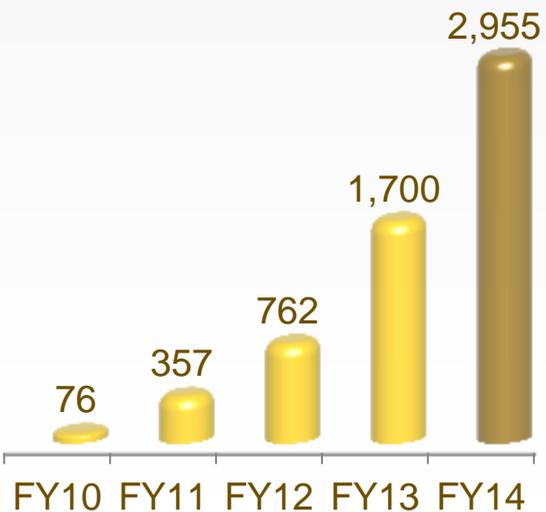


Average selling price US\$



Web Sales

Sales Volumes ('000s)



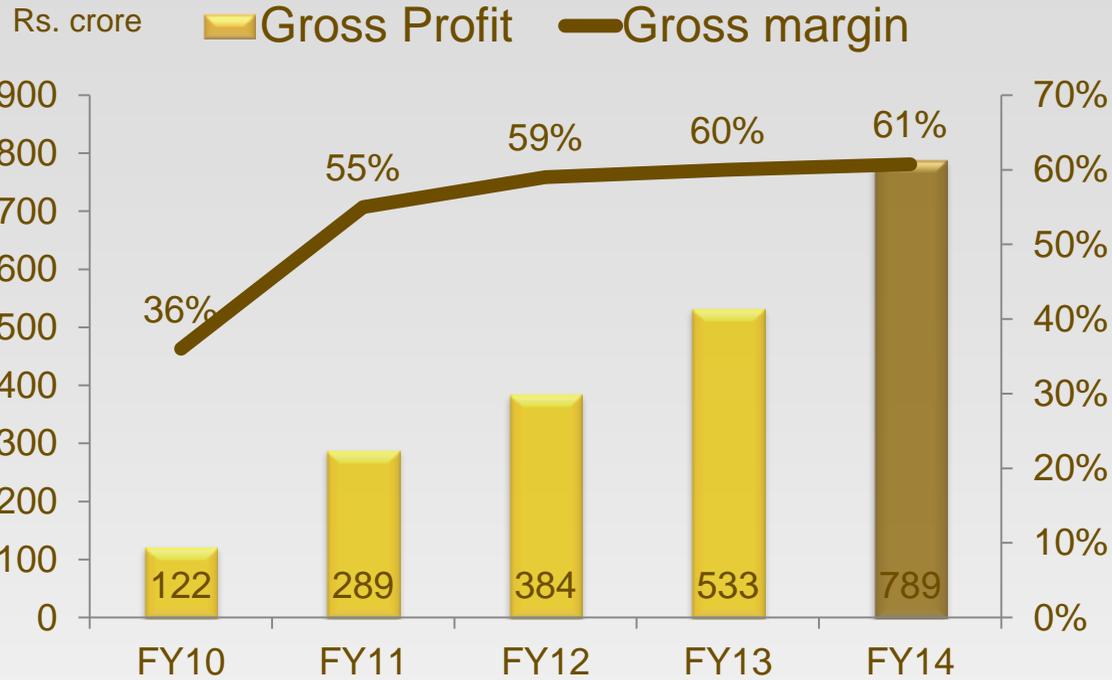
Average selling price US\$



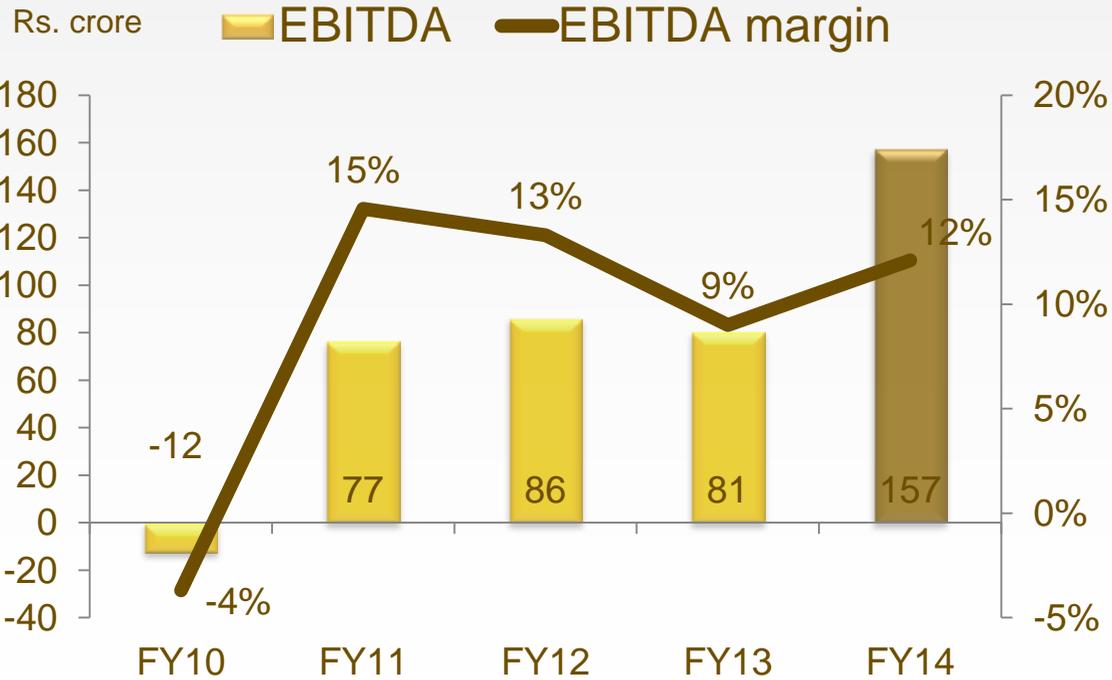
- Robust volume growth registered on home TV platform resulting from strong customer engagement leading to increased repeat purchases
- Between FY10 and FY14, ASP's have trended inline with portfolio transition from fine jewelry to fashion jewelry and accessories
- Internet sales volumes complement TV shopping and create a balanced portfolio

Financials Performance Trends

(Margins)



- Gross margins remain robust supported by a sourcing matrix that provides flexibility to purchase from cost efficient markets



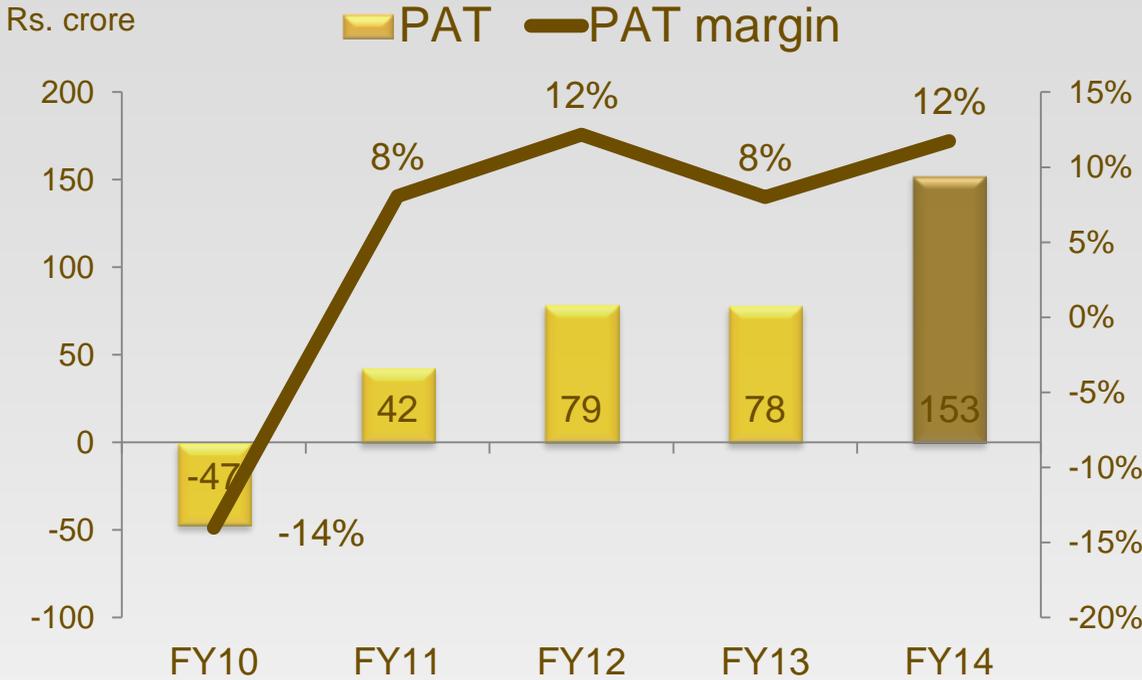
- EBITDA margins to maintain current trends as volumes expand on a stable cost structure

Note:
EBIDTA excludes exchange gain/loss;

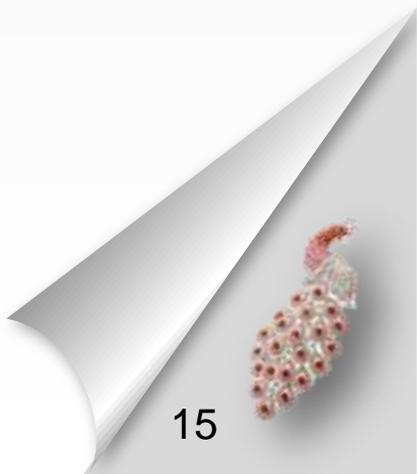
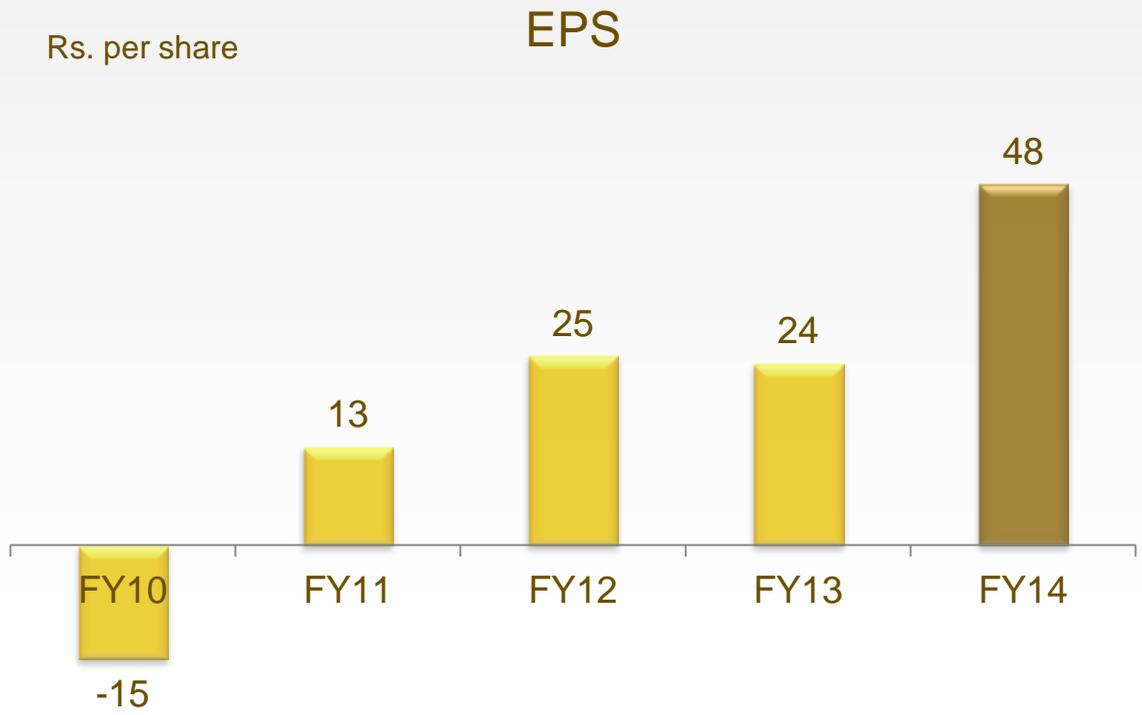


Financials Performance Trends

(Profits)



- Displayed expanding margins and robust profitability in FY14



Financials Performance Trends

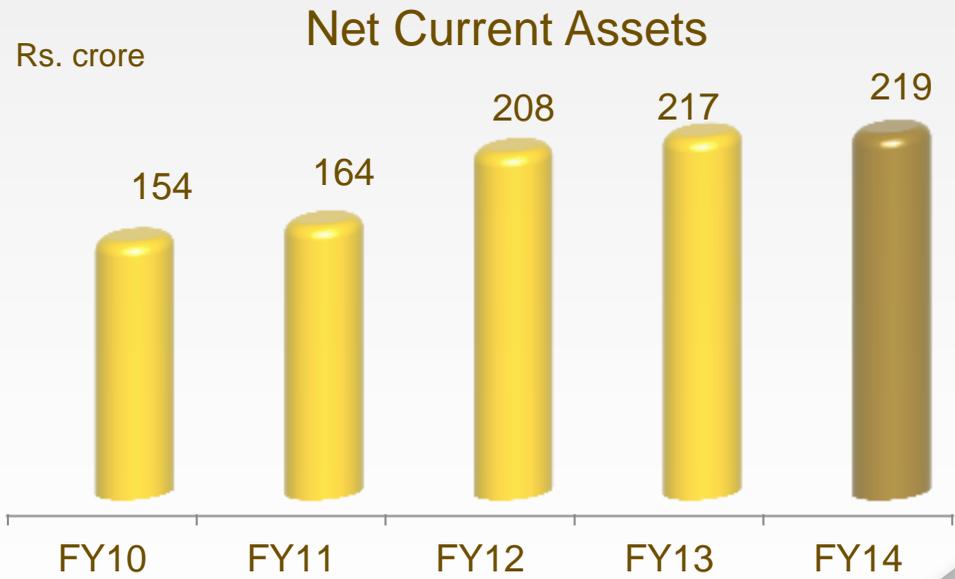
(Balance Sheet)



* 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)



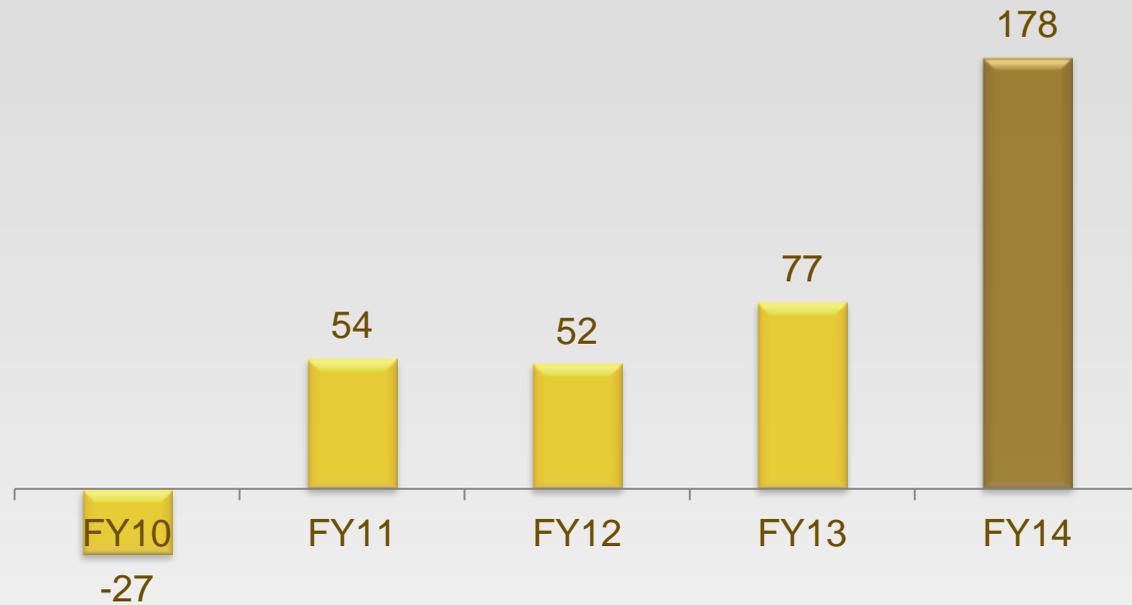
* During FY13 fixed assets were adjusted lower by Rs. 151.1 cr due to goodwill written off



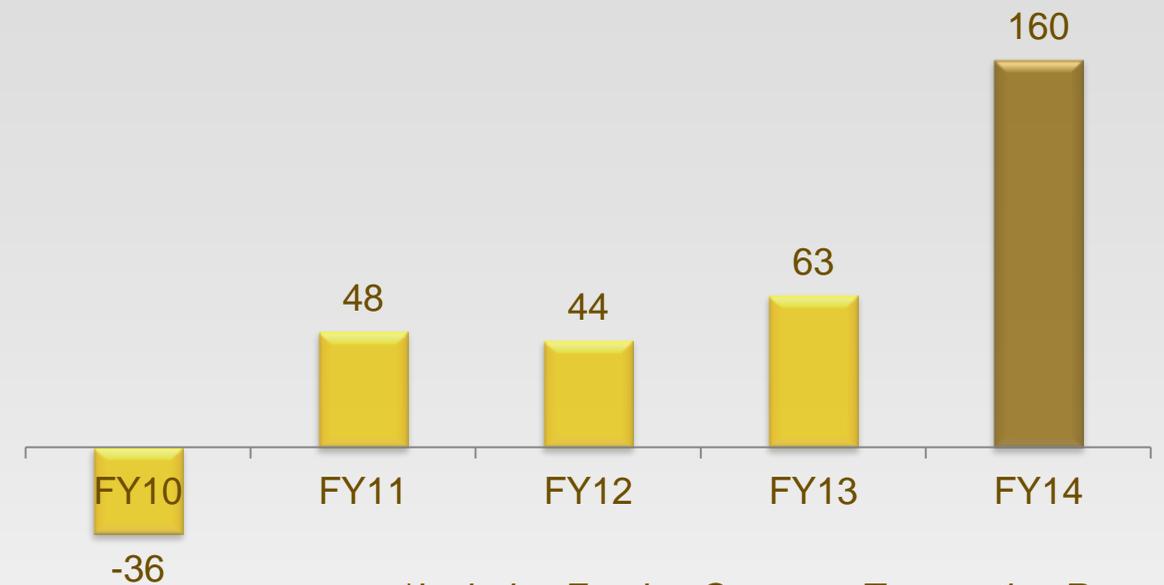
Financials Performance Trends

(Cash Flow)

Operating Cash flow Rs. crore



Free Cash Flow * Rs. crore



*Includes Foreign Currency Transaction Reserve

Key usage areas :

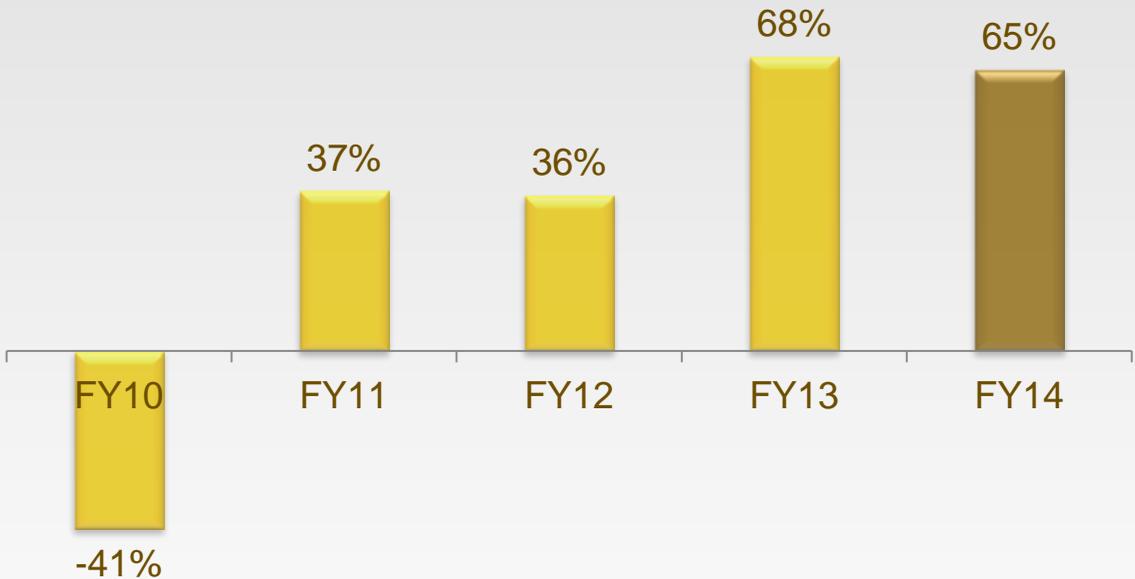
- *Debt repaid: Rs. 47 crore*
 - *Bank loan - Rs. 29 crore*
 - *CDR recompense - Rs. 11 crore*
 - *Related party debt - Rs. 7 crore*
- *Preference shares redemption: Rs. 47 crore*
- *Interest paid: Rs. 14 crore*
- *Cash accretion: Rs. 21 crore*



Financials Performance Trends

(Key Ratios)

ROE



ROCE



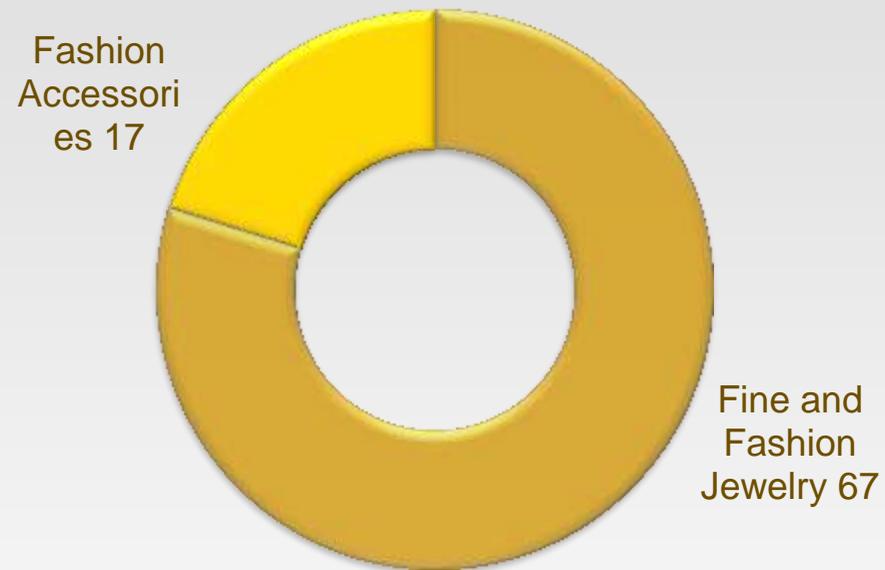
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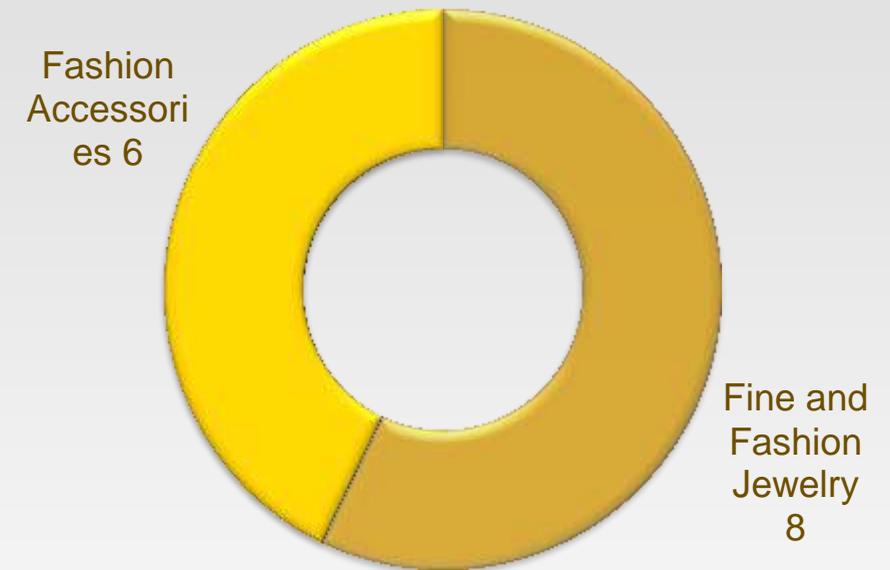


Market Opportunity

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

FINE & FASHION JEWELLERY

Product catalogue includes bracelets, bangles, earrings, studded jewelry etc.



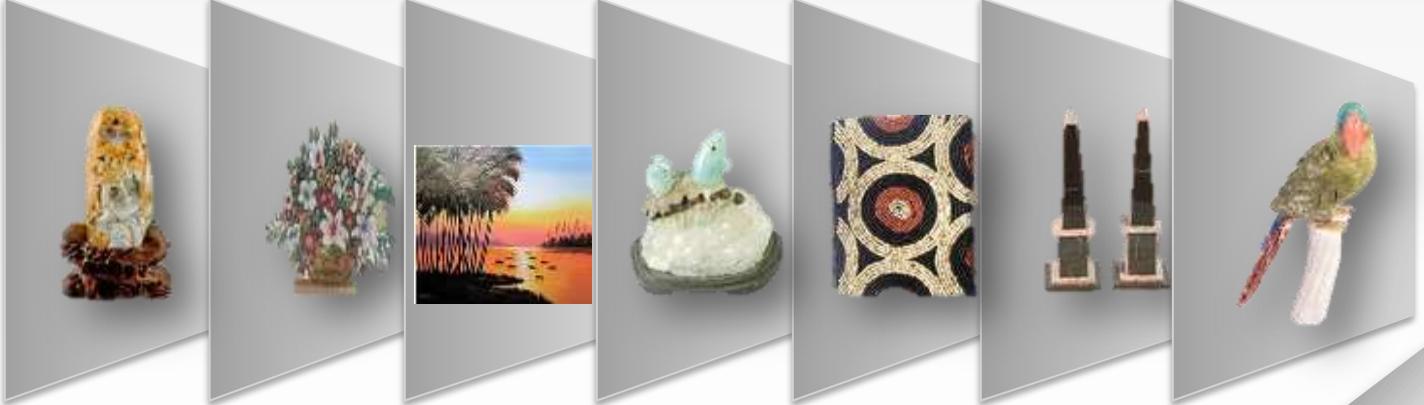
FASHION ACCESSORIES

Product catalogue includes watches, bags, phone protective shells etc.



OTHER LIFESTYLE PRODUCTS

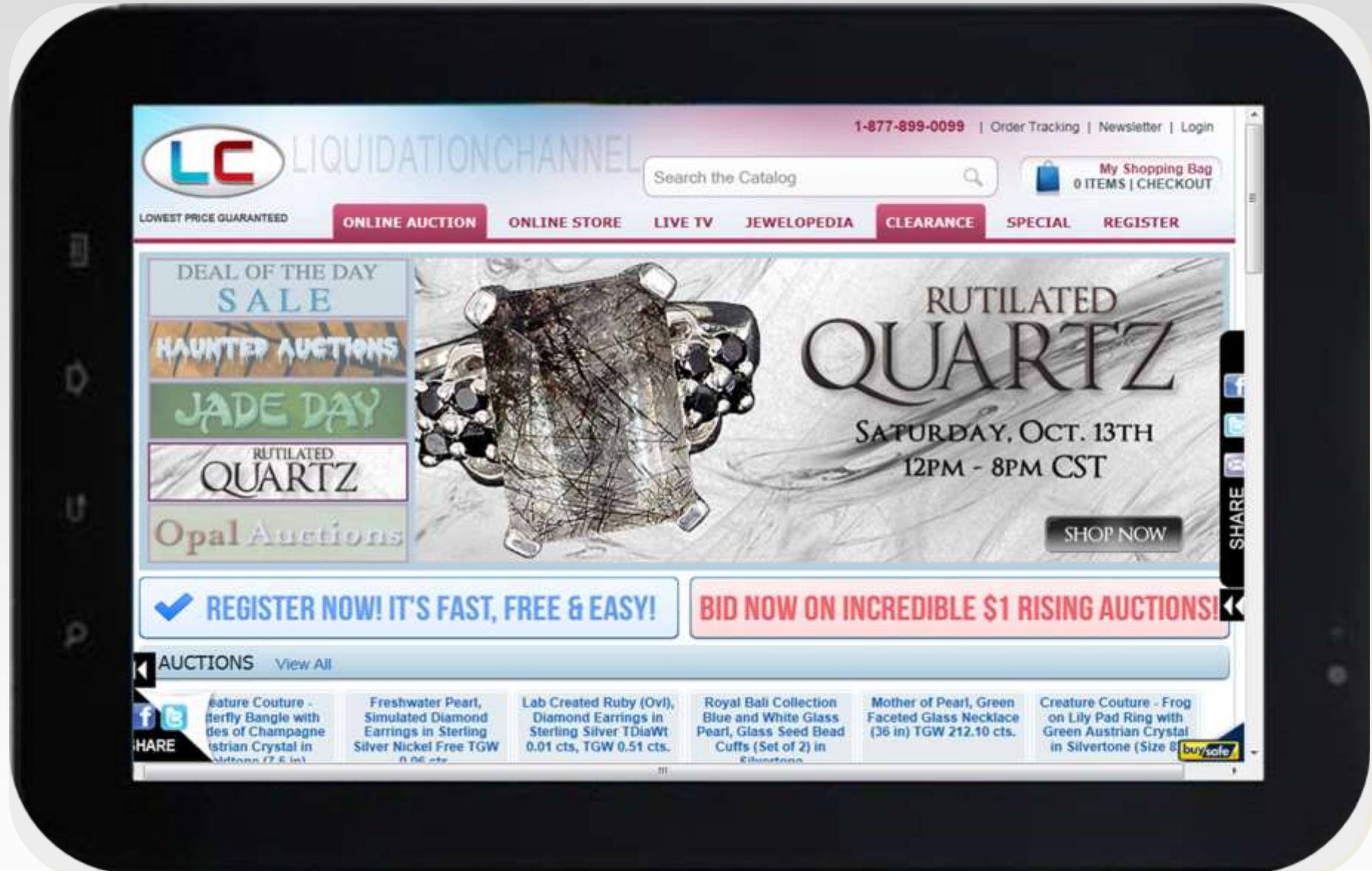
Product catalogue includes office and home décor, etc.



Continuously expanding product range – portfolio of 65,000 designs augmented with launch of lifestyle accessories



US Market Access on Liquidation TV Channel

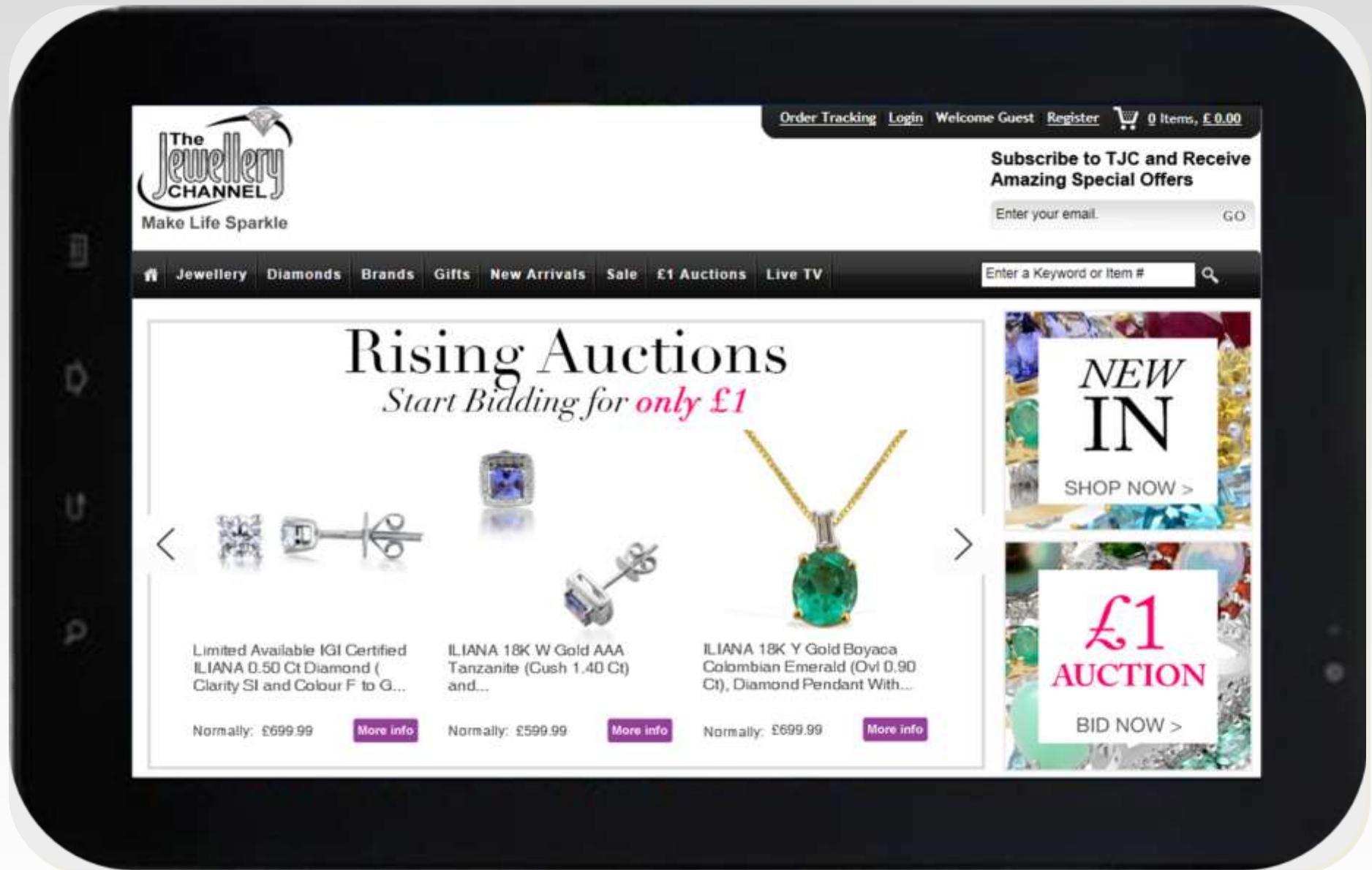


<https://www.liquidationchannel.com>

Access to 70 million (FTE) of the 116 million households in the US



UK Market Access on the Jewellery Channel



www.thejewellerychannel.tv

Access to 25 out of the total 25 million households



Integrated Global Operations

SOURCING MARKETS

India

- Corporate HQ – Jaipur, Rajasthan
- ISO 9001:2008 manufacturing facilities
- Production capacity – 5-6 million pieces p.a.
- Over 2,200 people in corporate, manufacturing, design, sales & marketing, customer service, logistics and support functions



Asia

- China is the hub for sourcing fashion and lifestyle accessories, accessed from multiple locations
- Sourcing capacity from China - 10-12 million pieces p.a.
- Outsourcing operations expanding to Hong Kong, Indonesia and Thailand
- ~120 people in purchase/procurement and ancillary functions across Asia



CONSUMPTION MARKETS

USA

- USA HQ – Austin, Texas
- Liquidation Channel (US-based TV channel) and e-commerce
- Reaching 68 million (FTE) households.
- Over 650 people in sales & marketing, customer service, logistics, TV production, e-commerce and support functions



UK

- UK HQ – Hampton, Middlesex
- The Jewellery Channel (UK-based TV channel) and e-commerce
- Reaching 25 million households
- Over 100 people in sales & marketing, customer service, logistics, TV production, e-commerce and support functions



Seamless value delivery from complete vertical integration



Sourcing Methodology

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

Sourcing from appropriate micro-markets in China/Asia

Focus on best price to customer

Vendor evaluation process

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

Sourcing price to deliver excellent value

Multi-vendor quotes to gauge bottom price discovery

Size of product line/ capacity

Proprietary design/ development capability

Delivery/ quality/ timeliness

Core competency of vendor



Aligned with Demand Patterns

Process



1

- Buyer discussions
- Evaluation/ feedback of last year's hits/misses
- Product development strategies – by category

2

- Discussions/ directions with global design teams

3

- Product development reviews
- Final approval to sketches/designs/ styles/concepts

4

- Live sample evaluation
- Buyer reviews

5

- Products finalized by buyers
- Orders placed

6

- Product in warehouse



Management Additions

Pulak Prasad

Director



- Founder of private equity fund Nalanda Capital Pte Ltd
- Serves as a director on the boards of several companies
- Over two decades of experience in investing and consulting at Nalanda, Warburg Pincus and McKinsey & Company

Vikram Kaushik

Director



- 40 years of experience with the companies like Unilever, Britannia, Colgate-Palmolive and Tata Sky
- Management consultant / advisor to groups like Voltas, Tata Strategic Management Group, Price Water House Coopers, AMAGI Media Labs and also has done shorter assignments for HSBC, Standard Chartered Bank and Warburg Pincus
- Currently a director in Sistema Shyam Teleservices and India Capital Growth Fund

Peter Duncan Whitford

Director



- 34 years of extensive experience in various fields including consumer products, marketing, merchandising, planning and allocation, global branding, sourcing strategies, licensing strategies, media strategies, social compliance programs, growing and re-inventing organizations internationally
- Previously Group CEO & Chairman of The Wet Seal Inc. and President Worldwide of a division of The Walt Disney Company Inc., among others

Mahendra Kumar Doogar

Director



- 38 years in corporate finance, taxation, statutory and internal audit, merchant banking, financial structuring, project consultancy and fund management
- Presently on the Board of PHD Chamber of Commerce and various companies like, BSL, Frick India, Morgan Ventures, Kamdhenu Ispat and Radico Khaitan

Hemant Sultania

Group Chief Financial Officer



- 17 years of rich experience in strategic financial planning, budgeting, project evaluation, commercial and legal affairs, taxation, fund management, finalization of accounts, revenue assurance, auditing, MIS development and mergers & acquisitions
- Previously CFO with Dr. Lal Path labs, Vice President with Bata India Limited and Senior Tax Manager at Ernst & Young India



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

Gerald Tempton

President, The Liquidation Channel USA



- Leading VGL's US retail business for the last four years
- Distinguished career since 1979 in retail/consumer products, commercial real estate, financial services across merchandising, sales, marketing and operations at Zale's Jewelers, JB Robinson Jewelers, Gordon Jewelry Corp, Gap Inc, the Walt Disney Company, United Colors of Benetton and KB Toys

Colin Wagstaffe

Managing Director, The Jewellery Channel UK



- Previously led retail marketing and ecommerce initiatives at UK and Ireland operations of Signet Jewellers, the largest specialty retail jeweler by sales in the US and UK
- Over two decades in leadership marketing roles in major UK businesses – J Sainsbury plc, one of the UK's leading supermarket companies and BAA, the UK's largest, airport operator

Sri Burugapalli

Senior Vice President , Group Strategy



- Moved into group strategy after leading VGL's US and UK business operations for 7 years, focusing on restructuring and rebranding.
- 14 years in automotive player ZF Group's US operations across operations leadership/general management with deep experience in P&L management, organization development, global supply chain partnerships and startup ventures



Management Team

Hemant Sultania

Group Chief Financial Officer



- 17 years of rich experience in strategic financial planning, budgeting, project evaluation, commercial and legal affairs, taxation, fund management, finalization of accounts, revenue assurance, auditing, MIS development and mergers & acquisitions
- Previously CFO with Dr. Lal Path labs, Vice President with Bata India Limited and Senior Tax Manager at Ernst & Young India

Gaurav Vishal Soni

Chief Operating Officer, VGL India



- 17 years of extensive operations experience in the automotive sector, held senior positions heading businesses and plants in companies such as Motherson Sumi, Texplas, Lifelong India (Hero Honda Group) and Omax Auto

Praveen Tiwari

Vice President , STS China



- Over 15 years at VGL, currently heads the group's China and Hong Kong sourcing operations
- Part of core team that successfully implemented organizational turnaround strategies

Pushendra 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

Charlie Curnow

Group Chief Information Officer



- Extensive experience across EMEA, Asia-Pac and South America in IT leadership roles at both public and private sector companies including A.H. Belo Corporation, Bear Stearns, Blockbuster, Coca-Cola, Computer Sciences, Dell, and General Electric
- Focused on leading the expansion of VGL's global IT capabilities



Contact Information

For more information on Vaibhav Global Limited, please contact:

Hemant Sultania

Vaibhav Global Ltd.

Tel: +91-141-2770648

Email: Hemant@vlggroup.com

Shiv Muttoo / Karl Kolah

CDR India

Tel: +91 22 6645 1207 / 1220

Email: shiv@cdr-india.com
karl@cdr-india.com





**Thank
You**