



23rd Annual Report 2011-2012

Vaibhav Gems Limited



FORWARD LOOKING STATEMENT

All statements that address expectations or projections about the future, product development, market position, expenditures and financial results, are forward looking statements. Forward-looking statements are based on certain assumptions and expectations of future conditions. The Company cannot guarantee the accuracy of these assumptions and expectations. Therefore, actual performance may differ from the projected performance as there are certain factors affecting the Company's performance such as international market conditions, Government policies and laws, changes in the economic conditions affecting demand and supply etc. The Company does not take any responsibility to change / modify any forward-looking statement on the basis of any subsequent developments or events.





Board of Directors

♦ Sunil Agrawal	- Chairman
♦ Rahimullah	- Managing Director
♦ Nirmal Kumar Bardiya	- Director
♦ Anandi Lal Roongta	- Director
♦ Mitha Lal Metha	- Director
♦ Surendra Singh Bhandari	- Director
♦ Sheela Agrawal	- Director

Group CFO

- ♦ Atul Agarwal

Company Secretary

- ♦ Brahm Prakash

Statutory Auditors

- ♦ Haribhakti & Co., Mumbai
- ♦ B. Khosla & Co., Jaipur

Registrar & Share Transfer Agent

- ♦ Karvy Computershare (P) Limited
17-24, Vittal Rao Nagar, Madhapur
Hyderabad- 500 081

Bankers

- ♦ Punjab National Bank, Jaipur
- ♦ State Bank of Bikaner and Jaipur, Jaipur
- ♦ Union Bank of India, Jaipur
- ♦ IDBI Bank, Jaipur

Registered Office

- ♦ K-6B, Fateh Tiba, Adarsh Nagar, Jaipur-302004
Tel: 91-141-2601020, 2605077; Fax: 91-141-2601020

Corporate Office

- ♦ E-69, EPIP, Sitapura, Jaipur-302022
Tel: 91-141-2770648; Fax: 91-141-2770510



Our Vision

Be the Value Leader in Electronic Retailing of Jewelry and Life Style Products

Our Mission

WE WILL

Build a Learning Organisation with High Performing People

Offer Low priced High Quality Products

Delight Our Customers Every Day

Our Core Values

Team work

Honesty

Commitment

Passion

Positive Attitude

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Chairman's Message

Dear Shareholders,

I am pleased to inform you that your Company has ended the year with excellent growth both in revenues and profitability.

Even though the global economy during 2011-12 has been volatile and uncertain, consolidated sales grew up by 22.95% and profits registered a growth of 58.95%. The investments that your company made in direct to consumer electronic retail model during 2006-07, has started to bear fruits. From a 100% B to B model in 2005-06, your Company achieved 85.87% of it's revenue from B to C model. In addition to the profitability, we achieved great brand recognition for your company in US and UK consumer markets. We now have over 500,000 registered customers at US and UK. Such transformation of business is especially noteworthy as it was carried out in the midst of greatest recession in recent memory in a discretionary product category of jewelry.

Following the success of our jewelry offerings to our retail customers in US and UK, we recently added lifestyle products like hand bags, scarves, Iphone / Ipad covers etc. to our offerings. These have been received very well. This expands the market size to over \$10 Billion that is available to us in electronic retail in US and UK. Such offerings combined with lower price points has increased our repeat purchase rate to over 8 average per customer per year from 6.5 last financial year.

We continue to invest heavily in building infrastructure and competencies at front end of retail as well as in supply chain. We assign great value to the customer base that we already have and new customers that we continue to acquire rapidly. Our investments are geared towards leveraging above customer base.

Even though the world economy is going to be difficult in foreseeable future, your company's business model is now largely recession proof due to low price points and wide product offerings. This combined with rapid growth potential owing to the large market available to us leads me to believe in tremendous potential that your company has in years to come.

Your Company has always followed the highest standards of Corporate Governance and considers it as more of an ethical requisite than a regulatory necessity. It's a matter of great pride that our success over the years have come without ever compromising on integrity, our social obligation and regulatory compliance. We commit to update and strengthen your Company's governance structures even further in years to come.

I would like to commend the grit, determination and commitment of all the employees of VGL Group who have helped us reach where we are now and seek their continued efforts in the journey forward. I gratefully acknowledge the unflinching faith reposed by you in the Board and Management of the Company. I also sincerely appreciate the loyalty and support of our countless costumers as we re-dedicate ourselves to serve them better. It's our most coveted asset to fuel future growth.

Thank You,

Sunil Agrawal
Chairman



BOARDS' PROFILE

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Mr. Sunil Agrawal, Chairman

He is a commerce graduate with an MBA from Columbia University, New York (USA). A first generation entrepreneur, he established Vaibhav in 1980 with the objective to professionalize the Gems and Jewelry trade. He has travelled widely, and gained an immense knowledge of gemstones and jewelry. He has brought this expertise to bear on the success of the Company. He has represented the Company at all major international trade shows and jewelry fairs. He is credited with the pioneering commercialization of popular gemstones like Tanzanite.

Mr. Rahimullah, Managing Director

Beginning his career in his emerald trading and export business, he has gained considerable experience and knowledge in this field, and has travelled extensively in Africa, Europe and the Far East to source rough stones. He brings with him 38 years of industry experience. His dedication, vision and acumen have been responsible for the company's impressive growth.



Mr. Nirmal Kumar Bardiya, Director

One of the most renowned jewellers of Jaipur with a vast experience in the manufacture of coloured gemstones, he is associated with the Company since 2001. He is highly specialized in high volume gemstones and beads, and is one of the leading global players in this segment. Mr. Bardiya is the President of Jewellers Association, Jaipur & also working committee member of GJEPC, Mumbai.

Mr. Anandi Lal Roongta, Director

A post-graduate in Economics and Law, he is a retired IAS officer and worked with the government of Rajasthan, the Government of India and various public sector units. He held prestigious positions like Managing Director of the Rajasthan Finance Corporation, Chairman-cum-Managing Director of the Rajasthan State Industrial Development and Investment Corporation Limited and was also the Industry Advisor to the Government of Rajasthan.





Mr. Mitha Lal Mehta, Director

A retired IAS officer and a renowned public administrator, social activist and human resource developer, he is a gold medalist in MSC (Physics) from the University of Rajasthan. He is also a P.G. Diploma Holder in urbanisation from the University of London with merit and a Graduate of the National Defence College, New Delhi. He has served in various senior government positions culminating in his becoming Chief Secretary of Rajasthan in 1994. He has won prestigious awards like Indira Gandhi Priyadarshni Vriksha Mitra Award (1986), Acharya Jai Mal Gyan Award (1988), Mewar Gaurav Award (1994) and Chanakya Award (2010). He has headed state public undertakings like RSMM, RSCB, RSWC, Spin Fed, Tilam Sangh of RSSC & RKCL. He had been Director of NABARD, Prasar Bharti, Local Area (Northern Region) and Board of RBI.

Mr. Surendra Singh Bhandari, Director

Mr. S.S. Bhandari, B. Com., FCA, is a Practicing Chartered Accountant since 1970 with meritorious academic record. He is Founder Partner of M/s. S. Bhandari & Co., Chartered Accountants, Jaipur and is one of the leading consultants to various companies in the areas of banking, audit, assurance, tax assignments, corporate restructuring and other advisory services. Mr. Bhandari is presently on the Board of Directors of Bank of Baroda, M/s. Asian Hotels (West) Ltd., Mumbai and M/s. Asian Hotels (East) Ltd., Kolkata (Hyatt Group) as Independent Director and has worked as Nominee Director on the Board of Central Bank of India and as Trustee of the PNB Mutual Fund and also as Director of Bank of Rajasthan Ltd. He is also deeply involved in various social and philanthropic activities through Shri Bhagwan Mahaveer Viklang Sahayata Samiti and other institutions.



Mrs. Sheela Agrawal, Director

An active social worker, she possesses great acumen and business understanding. She is a religious lady and is the mother of Mr. Sunil Agrawal, Chairman.





Vaibhav Gems Limited

Regd. Office : K-6B, Fateh Tiba, Adarsh Nagar, Jaipur - 302 004

NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Shareholders of VAIBHAV GEMS LIMITED will be held on Saturday, 29th September, 2012 at 11:00 am at E-69, EPIP, Sitapura, Jaipur - 302 022 (Rajasthan), to transact the following businesses :

Ordinary Business:

1. To consider and adopt the Balance Sheet of the Company as at 31st March 2012, the Statement of Profit & Loss for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To appoint a Director in the place of Mrs. Sheela Agarwal who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in the place of Mr. Mitha Lal Mehta who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s Haribhakti & Co. and M/s B. Khosla & Co., Chartered Accountants as Joint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business:

5. To approve the reappointment of Mr. Rahimullah as Managing Director of the Company and fix his remuneration

To consider and, if thought fit, to pass, with or without modification, the following Resolution as a Special Resolution:

"RESLOVED THAT pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force) read

with Schedule XIII thereof and subject to such other approvals, if necessary, approval of the Company be and is hereby accorded to the reappointment of Mr. Rahimullah as a Managing Director of the Company for a period of two years, w.e.f 1st August, 2012 on the remuneration set out below :

Salary: ₹ 3,50,000 p.m.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to enhance, enlarge, alter or vary the scope and quantum of remuneration in the light of further progress of the Company subject to the applicable provisions of the Act and/or rules and regulations, or any amendment thereto or any re-enactment thereof."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution."

Notes :

1. An Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the ensuing Annual General Meeting is appended hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll, instead of himself / herself and proxy need not be a member of Company. Proxies in order to be effective must be received by the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting.
3. Corporate Members are requested to send a duly



certified copy of the Board Resolution authorizing their representative to attend and vote at the ensuing Annual General Meeting.

4. Members / Proxies / Representatives should bring the enclosed attendance slip duly filed in and signed for attending the meeting. Copies of Annual Report or Attendance Slip will not be distributed at the meeting.
5. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The Register of Members and Share Transfer Books of Company will remain closed from 22nd September, 2012 to 29th September, 2012 (both days inclusive).
7. Members are requested to send their demat/remat applications, request for share transfers, intimation of change of address and other correspondence to the Company's Registrar and Transfer Agent, M/s Karvy Computershare Pvt. Ltd., Plot no.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081
8. Members who hold shares in physical form are

requested to notify immediately, any change in their addresses to the Registrar and Transfer Agent of the Company at the above address and to their respective depository participants, in case shares are held in electronic form.

9. In terms of Section 205C of the Companies Act, 1956, the Central Government has established "Investor Education and Protection Fund"(IEPF) and any amount of dividend remaining unclaimed / unpaid for a period of seven years from the date it becomes due for payment should be transferred to this fund. Once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof. Members wishing to claim dividend, which remain unclaimed, are requested to correspond with the Company at its Registered Office.
10. The relevant details as required under Clause 49 of the Listing Agreement, of Directors seeking re-appointment are annexed to this notice.

Place: Jaipur
13th August, 2012

Regd. Office :
K-6B, Fateh Tiba, Adarsh Nagar,
Jaipur - 302004

By order of the Board of Directors

Brahm Prakash
Company Secretary