



VAIBHAV GLOBAL LIMITED

(Formerly Vaibhav Gems Limited)



**25th Annual Report
2013-2014**

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. These 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 & Managing Director

Rahimullah
Whole Time Director

Mitha Lal Mehta
Director

Surendra Singh Bhandari
Director

Nirmal Kumar Bardiya
Director

Sheela Agarwal
Director

Vikram Kaushik
Director

Pulak Chandan Prasad
Director

Mahendra Kumar Doogar
Director

Peter Duncan Whitford
Director

Company Secretary
Brahm Prakash

Key Management Team

Sri Burugapalli
Senior Vice President – Group Strategy

Hemant Sultania
Group Chief Financial Officer

Gerald Tempton
President – Liquidation Channel, USA

Colin Wagstaffe
Managing Director – The Jewellery Channel, UK

Pushpendra Singh
Vice President – Human Resources Asia

Gaurav Vishal Soni
Chief Operating Officer – VGL

Praveen Tiwary
Vice President – STS Gems Ltd. Hongkong

Nitin Dugar
Vice President Strategy – Liquidation Channel, USA

Statutory Auditors

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

Bankers

Punjab National Bank, Jaipur
State Bank of Bikaner and Jaipur, Jaipur
Union Bank of India, Jaipur

Registrar & Share Transfer Agent

Karvy Computershare Pvt. Limited
Plot No. 17-24, Vittal Rao Nagar, Madhapur
Hyderabad – 500 081

Registered Office :

Vaibhav Global Limited

(Formerly Vaibhav Gems Limited)

CIN : L36911RJ1989PLC004945

K-6B, Fateh Tiba, Adarsh Nagar, Jaipur – 302004

E-mail : vgl@vaibhavglobal.com | Website : www.vaibhavglobal.com

Tel: +91-141-2601020 | Fax: +91-141-2770510

Corporate Office :

E-69, EPIP, Sitapura, Jaipur-302022

Tel: +91-141-2771948-49; Fax: +91-141-2770510



Vision

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

Mission

WE WILL

Build a Learning Organisation with High Performing People

Offer Low Priced High Quality Products

Delight Our Customers Every Day

Core Values

Team Work

Honesty

Commitment

Passion

Positive Attitude

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VAIBHAV GLOBAL LIMITED

(Formerly Vaibhav Gems Limited)

Chairman's Message

Dear Shareholders,

It is with great pleasure that I present to you the financial highlights of Vaibhav Global Limited for the year 2013-14. During the year, our consolidated total revenue grew by 45% to ₹ 1298 crores, EBITDA margin (excluding exchange gain/loss) increased from 9% to 12% at ₹ 157 crores and profit after tax was higher by 95% to ₹ 153 crore. Free cash flow of ₹ 160 crores was generated which was used judiciously to grow the business and rationalize business liabilities. During 2013-14, outstanding net debt reduced by ₹ 63 crores and preference shares including dividend thereon of ₹ 46.9 crores were redeemed entirely out of internal accruals. We expect to further pay down our outstanding debt in the current year to emerge as zero net debt company. Strong cash generation from the business has allowed us to expand returns on the capital employed in the business from 34% to 60% over the last year.

Underlying this strong performance is the growing customer engagement with our proprietary television and e-commerce platforms. We delivered significant value driven by taking a vertically integrated business model to over 1.3 million customers over the last seven years in the developed markets of the US, UK, Canada, and Ireland. Our TV Business & Web Business grew by 23% and 90% respectively during the year in dollar terms. We believe that we have hit the sweet spot on product pricing, creating a unique customer proposition that has seen retail sales volumes grow by 35% last year and by more than four times over the last three years. Currently, we ship out over 25,000 unique products every day on an average to our customers who have been constantly increasing their repeat buying on our sales platforms. These gains are based on steady market-share expansion as customers continue to turn to value conscious buying decisions. The deep discount value segment that we address has historically displayed stable growth across every stage of the market cycle. We believe that there is further opportunity to expand the life-time value that we currently derive from our deepening engagement with our customers.

We continue to make meaningful investments in our transition to the next level of competence and performance as a global corporation. This includes expansion and improvement in customer offerings, sales platforms, supply chain mechanisms, physical infrastructure and management resources. Last year, we introduced 2.4 million new unique products to our collection across fashion jewelry and lifestyle accessory offerings, closely following market trends. We initiated work on a robust SAP web platform that will become operational this year. During the year, we expanded our integrated US operations located in Austin, Texas, to over 65,000 sq. ft. and also moved our UK operations to a new 30,000 sq. ft. facility in London, which is an integrated operation comprising of warehouse, studio, customer service, IT and management resources. These facilities will support our growing volumes over the next few years. Further, we continue to expand our supply chain establishments in India, China, Thailand and Indonesia. We have also expanded our manufacturing capacity in Jaipur, India to 4 million pieces annually, which increases our annual aggregate global supply capability to 12 million units.

Following up on the additions to the senior management team last year, we have appointed Pulak Prasad, Vikram Kaushik, Mahendra Kumar Doogar and Peter Duncan Whitford to our Board of Directors and Hemant Sultania as Group CFO. They bring significant experience in management, finance and operations domain and we look forward to their continuing contribution to our onward journey of evolution. We also continue to invest in a robust senior and middle management team at both strategic and operational levels that will help create a strong bandwidth of capability.

We believe that we have some significant achievements to our credit. One, we are one of the very few Indian companies in any sector to have created a successful retail franchise in developed markets. Two, we are one of the very few profitable Indian companies within the emerging online/TV retail platforms.

Going forward, we will continue to invest in products, operations, facilities, people development, marketing and technology to build on our strong execution capabilities and customer experience. We are also committed to follow the highest standards of corporate governance and organizational integrity, while consistently creating value for all stakeholders.

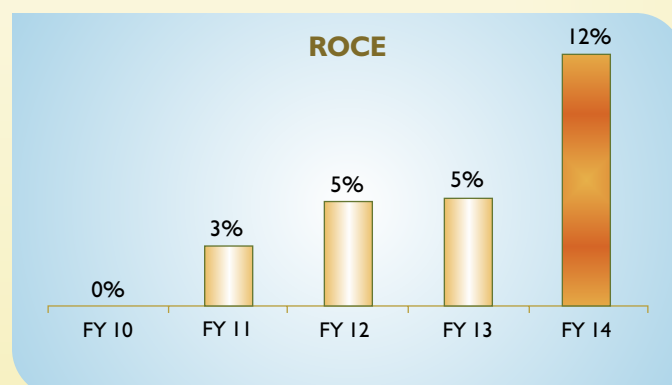
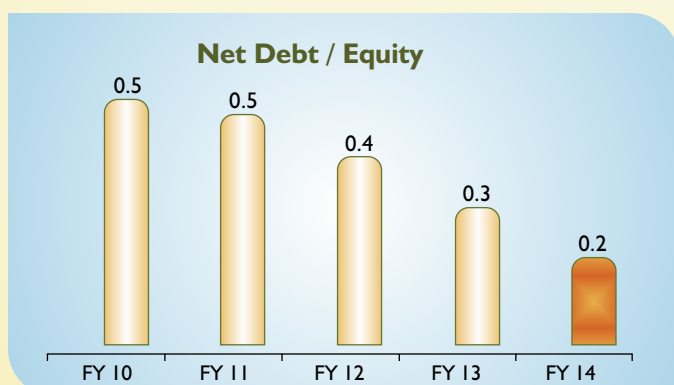
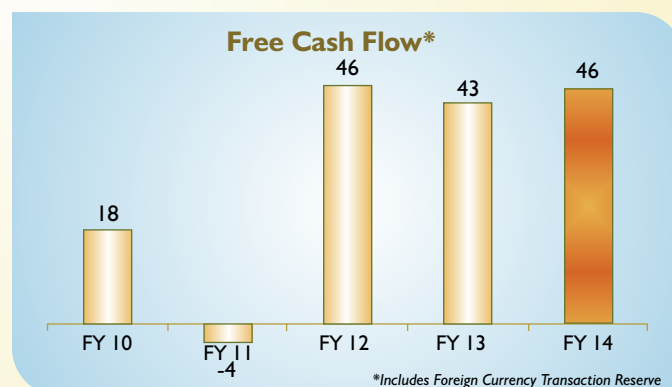
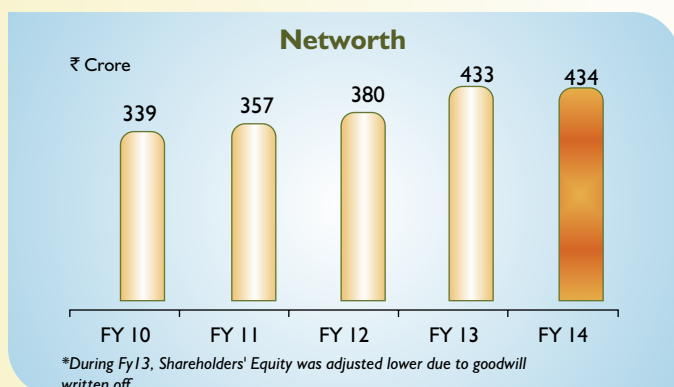
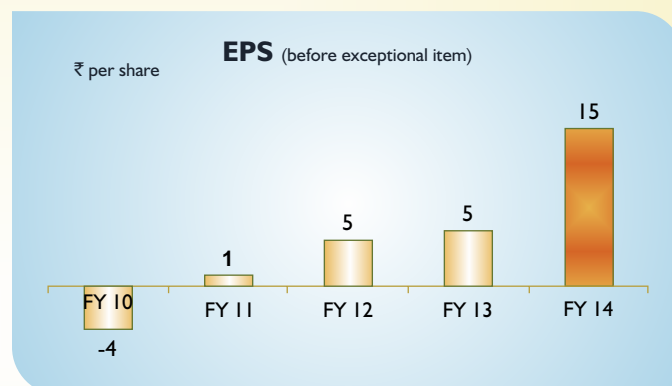
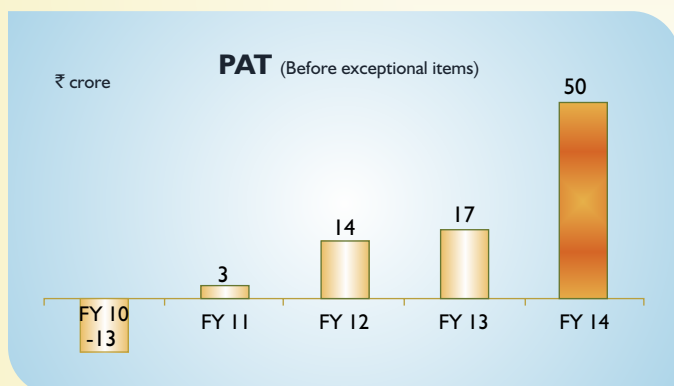
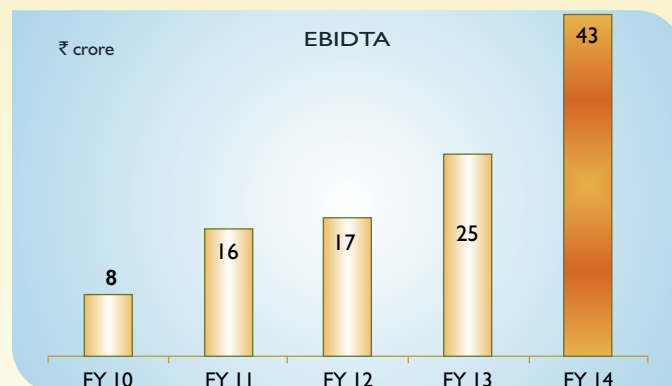
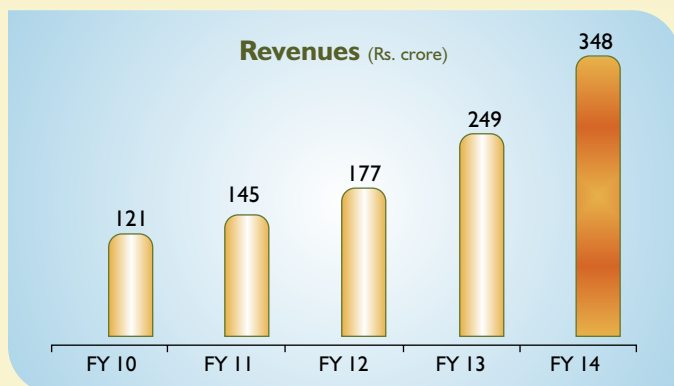
Thank you,

Sunil Agrawal
Chairman & Managing Director





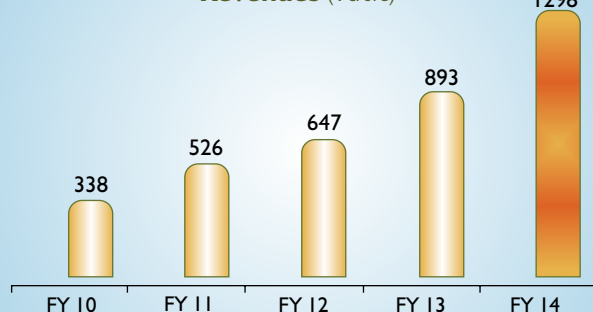
Performance Highlights - Standalone





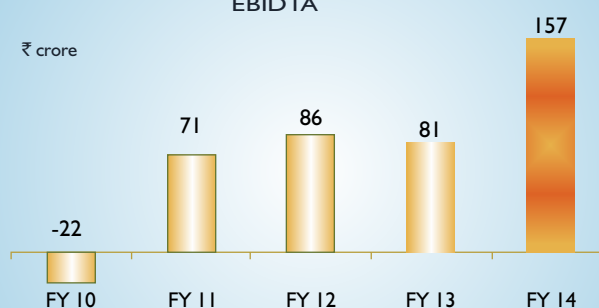
Performance Highlights - Consolidated

Revenues (₹ crore)



EBIDTA

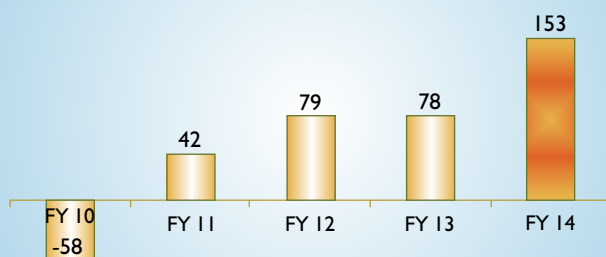
₹ crore



Note:
EBIDTA excludes exchange gain/loss:

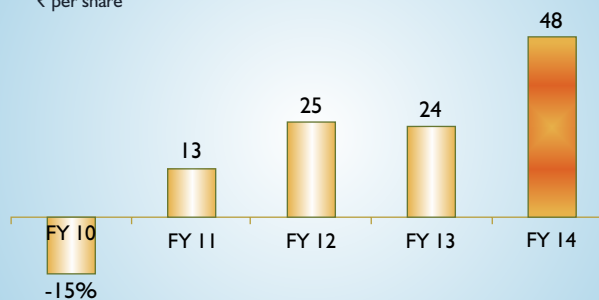
PAT (Before exceptional items)

₹ crore

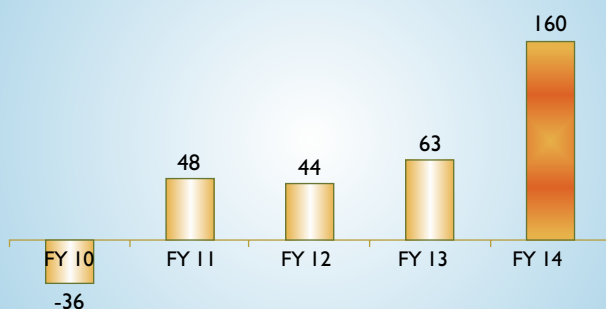


EPS (before exceptional item)

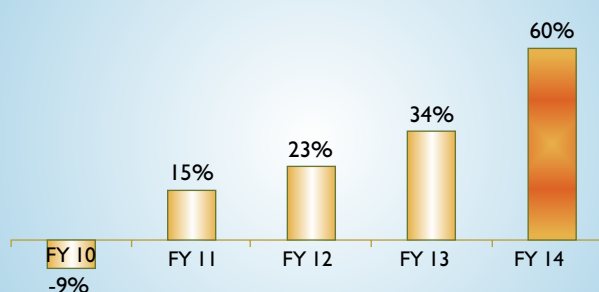
₹ per share



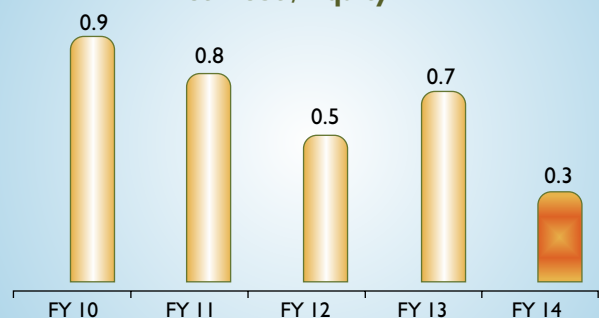
Free Cash Flow



ROCE

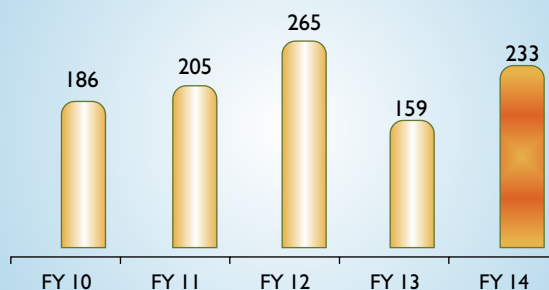


Net Debt / Equity



Network

₹ Crore




Five Year Review : Standalone
₹ in Crores

Results for Financial Year	2013-14	2012-13	2011-12	2010-11	2009-10
REVENUE ACCOUNTS					
Net Sales	348.27	249.12	176.68	145.15	120.84
Growth %	40%	41%	22%	20%	-29%
Other Income	9.78	2.10	1.06	1.22	0.68
Expenditure	315.29	226.23	160.86	130.58	113.91
EBITDA (without exchange gain/loss)	42.76	25.00	16.88	15.79	7.61
Growth %	71%	48%	7%	108%	-166%
EBITDA Margin (In %)	12%	10%	10%	11%	6%
Exchange Gain/(Loss)	21.36	6.27	11.18	0.46	-6.15
Depreciation & Amortisation	2.46	2.19	1.53	1.20	1.21
EBIT	61.66	29.07	26.53	15.05	0.25
EBIT Margin (In %)	18%	12%	15%	10%	0%
Finance Cost	11.75	11.66	11.94	12.01	13.86
Profit Before Tax	49.91	17.42	14.59	3.04	-13.61
Tax	0.14	0.01	0.23	-0.01	-0.18
Profit After Tax	49.77	17.40	14.37	3.04	-13.43
Growth %	186%	21%	372%	-123%	-41%
Net Profit Margins (In %)	14%	7%	8%	2%	-11%
Exceptional Items	3.39	8.98	-0.27	14.32	15.57
Reported PAT	53.16	26.38	14.10	17.37	2.14
CAPITAL ACCOUNTS					
Share Capital (Eq+Pref)	32.18	76.06	75.70	75.70	75.70
Reserves & Surplus	401.69	357.26	304.49	281.47	263.74
Deferred Tax Liability (Net)	-0.03	-0.16	-0.26	-0.38	-0.28
Borrowings (Long Term + Short Term)	72.61	113.19	127.37	173.63	169.66
Fixed Assets	17.58	16.13	13.03	11.27	9.12
Investments	212.26	214.94	258.34	258.35	277.25
Market Capitalisation	2,060.65	362.72	130.72	103.94	87.15
PER SHARE DATA					
Earnings Per Share (EPS before exceptional item on closing No. of Equity Shares)	15.47	5.44	4.53	0.96	-4.24
No. of shares	3.22	3.20	3.17	3.17	3.17
Market Price (As on 31st Mar)	641	113	41	33	28


Five Year Review : Consolidated
₹ in Crores

Results for Financial Year	2013-14	2012-13	2011-12	2010-11	2009-10
REVENUE ACCOUNTS					
Net Sales	1298.27	892.89	646.50	525.50	338.20
Growth %	45%	38%	23%	55%	-41%
Other Income	15.27	16.64	12.04	11.95	5.21
Expenditure	1156.05	828.99	572.52	466.56	365.91
EBITDA (without exchange gain/loss)	157.49	80.54	86.02	70.89	-22.50
Growth %	96%	-6%	21%	-415%	-76%
EBITA Margin (In %)	12%	9%	13%	13%	-7%
Exchange gain/(loss)	19.77	21.02	16.27	-5.89	-9.98
Depreciation & Amortisation	7.47	7.32	9.10	8.10	8.74
EBIT	169.79	94.24	93.19	56.90	-41.22
EBIT Margin (In %)	13%	11%	14%	11%	-12%
Finance Cost	14.50	14.46	14.40	14.50	16.30
Profit Before Tax	155.29	79.78	78.79	42.40	-57.52
Tax	2.75	1.66	0.20	-	-
Profit After Tax	152.54	78.12	78.59	42.40	-57.52
Growth %	95%	-1%	85%	-174%	-63%
Net Profit Margins (In %)	0.12	0.09	0.12	0.08	-0.17
Exceptional Items/Minority Interest	-	163.73	10.05	-0.69	10.50
Reported PAT	152.54	-85.61	68.53	43.09	-68.02
CAPITAL ACCOUNTS					
Share Capital (Eq+Pref)	32.18	76.06	75.70	75.70	75.70
Reserves & Surplus	200.81	83.09	189.60	129.39	109.96
Deferred Tax Liability (Net)	-0.03	-0.16	-0.26	-0.38	-0.27
Borrowings (Long Term + Short Term)	96.39	143.18	159.85	201.59	200.50
Fixed Assets	66.14	57.65	202.63	204.51	206.78
Investments	2.95	0.08	13.10	17.18	13.18
Market Capitalisation	2060.65	362.72	130.72	103.94	87.15
PER SHARE DATA					
Earnings Per Share (EPS before exceptional item on closing No. of Equity Shares)	47.42	24.41	24.80	13.38	-18.15
No of equity shares	3.22	3.20	3.17	3.17	3.17
Market Price (As on 31st Mar)	641	113	41	33	28



Mr. Sunil Agrawal, Chairman & Managing Director

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 jewellery fairs. He is credited with the pioneering commercialization of popular gemstones like Tanzanite.

Mr. Rahimullah, Whole Time 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 40 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 manufacturing 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.