



WHAT'S IN STORE?

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CORPORATE INFORMATION

Board of Directors Sunil Agrawal (Chairman & Managing Director) Rahimullah (Whole Time Director) P. N. Bhandari Surendra Singh Bhandari Nirmal Kumar Bardiya Sheela Agarwal Mahendra Kumar Doogar Pulak Chandan Prasad Santiago Roces Moran Harsh Bahadur

Key Management Team Puru Aggarwal, Group Chief Financial Officer

Kevin Lyons, President - Liquidation Channel, USA

Jeff Allar, Group Senior Vice President - Human Resource

Vineet Vashisht, Chief Technology Officer

Pushpendra Singh, Vice President – Human Resource Asia

Raj Singh, Vice President – Operations, VGL India

Nitin Dugar, Chief Operating Officer - Liquidation Channel, USA

Company Secretary & Compliance Officer Brahm Prakash Stock Exchanges where Company's Securities are Listed BSE Limited National Stock Exchange of India Limited

Registered Office K- 6B, Fateh Tiba, Adarsh Nagar, Jaipur - 302004 Tel: +91-141-2601020, Fax: +91-141-

2605077

Corporate Office E-69, EPIP, Sitapura, Jaipur - 302022 Tel: +91-141-2771948, Fax: +91-141-2770510

Website www.vaibhavglobal.com

Investor Relations Email ID investor_relations@vaibhavglobal.com

Corporate Identity Number L36911RJ1989PLC004945

Board Committees Audit Committee Surendra Singh Bhandari *(Chairman)* Nirmal Kumar Bardiya Mahendra Kumar Doogar P. N. Bhandari

Nomination, Remuneration & Compensation Committee

P. N. Bhandari *(Chairman)* Surendra Singh Bhandari Nirmal Kumar Bardiya Corporate Social Responsibility Committee

P. N. Bhandari *(Chairman)* Nirmal Kumar Bardiya

Sunil Agrawal

Stakeholders Relationship Committee Surendra Singh Bhandari *(Chairman)* Rahimullah

Mahendra Kumar Doogar

Statutory Auditors M/s Haribhakti & Co.LLP, Mumbai

M/s B. Khosla & Co., Jaipur

Secretarial Auditor M/s JAKS & Associates, Jaipur

Internal Auditor M/s S.S. Surana & Co., Jaipur

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

Registrar & Share Transfer Agent M/s Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot No. 31&32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Tel: +91-040-67162222, Fax: +91-040-23001153

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INSIDE OUR 'STORE'...

... WE TRANSFORM CUSTOMERS INTO FRIENDS, GRADUATING A TRANSACTION INTO A MEMORABLE EXPERIENCE.

... WE EMPLOY LIKABLE HOSTS (HOUSEHOLD PERSONALITIES IN THEIR OWN RIGHT) TO WOW CONSUMERS.

... WE CREATE AN EMOTIONAL BOND WITH OUR CUSTOMERS TO ENHANCE TRUST.

... WE DELIGHT OUR CUSTOMERS WITH EXCEPTIONAL QUALITY, EXQUISITE DESIGNS AND OUTSTANDING VALUE.

... WE PLEASANTLY SURPRISE CONSUMERS WITH SERVICE SPEED, EASE OF RETURN AND INSTALLMENT OPTIONS.

Vaibhav Global Limited is a proud global Indian Company.

An international electronic retailer of fashion jewellery and lifestyle accessories.

Among few consistently profitable enterprises in the fastgrowing e-commerce space.

Operating a 24x7x365 'e-store', represented by nationally-prominent US and UK television channels, and supported by our robust e-commerce platform.

In 2015-16, our e-store addressed 362,000 customers, sold 8.1 million products and generated ₹1,276 crore in revenues.



Vaibhav Global is a vertically-integrated fashion retailer on electronic retail platforms

• 110 million FTE (full-time equivalent) households on TV shopping in the US, UK and Canada

• Positive customer engagement metrics – a customer base of 1.9 million, retention of 46% and repeat purchase of 17x

We own and operate the Liquidation Channel, USA, and Jewellery Channel, UK, which are strong brands in their own right

• Sizeable B2C franchise in developed and mature markets

• Growing recognition of deep value enables scaling to adjacent categories (for instance into fashion textiles)

We stock a wide range of jewellery and non-jewellery products

• Fashion jewellery: Bracelets, bangles,

earrings and studded jewellery, among others

• Fashion accessories: Watches, handbags and scarves, among others

• Lifestyle products: Home décor, bed linen, pillow covers, towels, among others

We operate state-of-the-art assets

• Established, efficient and low-cost manufacturing operations in Jaipur, India

• Our manufacturing set up in Jaipur comprises three units; cumulative production capacity of three million units per annum

• Our new capacity in SEZ is a 'green building' with 'Gold' level facility across 1,00,000 sq. ft

We possess a dynamic hybrid supply chain infrastructure

• Ongoing investments in customer interface, production, warehousing

facilities, supply chain and CRM (customer relationship management) that enables us to engage with our customers better

• Outsourcing from China, Thailand, Indonesia and India marked by effective trend-spotting; we have a continuously expanding global supply chain capacity of 12 million pieces

• Scalable model with limited capital needs

We own a solid infrastructural backbone

• Professional, experienced management team with in-depth knowledge and industry experience

• Talent pool across marketing, merchandising, operations, technical and strategic functions

🤝 KEY HIGHLIGHTS, 2015-16 🔊

Home TV Network crossed the 100 million households mark; FTE increased 11%

- 110 million households on FTE basis
- 79.6 million households in the US
- 25 million households in the UK
- 5.4 million households in Canada

Overall retail volumes at 8.1 million units

- Home TV shopping volumes at 5.9 million units
- Web (e-commerce) shopping volumes a 2.3 million units

• Revenue largely driven by fashion jewellery, with a growth bias for lifestyle products

• Deeper consumer engagement drove repeat purchases which stood at 17x during the year Launched Budget Pay successfully; customers can pay in installments

Launched an easy returns policy aligned with market dynamics

Commenced commercial production at the new SEZ manufacturing unit in Jaipur

Launched numerous in-house jewelry and lifestyle product brands targeting young and affluent customers

CARE has upgraded Short Term Rating from A3+ to Care A2 for bank working capital facilities



FROM THE CHAIRMAN'S DESK

DEAR SHAREHOLDERS,

THE MOST COMPELLING ATTRACTION AT VAIBHAV GLOBAL LIMITED, OUR CUSTOMERS TELL US, IS OUTSTANDING VALUE FOR STYLIST QUALITY PRODUCTS.

THIS MAKES US A PREFERRED ONE-STOP SHOPPING DESTINATION FOR STYLE AND QUALITY AT SMART PRICES ACROSS THE US AND THE UK, OUR CHOSEN MARKETS.

Infrastructure augmentation

In a business where the product price is fixed, it is essential that we enhance our operating efficiencies to remain at the top of our game. Towards this extent, we embraced a number of initiatives during the year under report. In a significant initiative, we laid the foundation of progressive cost optimization by commissioning our environmentallysustainable and tax-efficient SEZ production facility in a Gold Standard green building in Jaipur - ahead of schedule and at lower-than-estimated costs.

This facility made it possible for us to scale our capacity by a substantial 100% to a cumulative 7 million units per annum. The facility also augmented our competitiveness through a strategic SEZ location that provides attractive tax and excise duty benefits.

During the year under report, we also commissioned a new, cost-effective call center in Mexico to support our existing US-based retail operations. This establishment delivered operating costs to lower and satisfaction levels higher than our Kansas equivalent, strengthening our overheads management. The Company initiated a process of diverting some of the post-sales customer service calls to Mexico from Kansas and Austin with similar or better service levels, reducing operating costs in this area.

The Company strengthened its business during the year under review through the

VISION "BE THE VALUE LEADER IN ELECTRONIC RETAILING OF JEWELLERY AND LIFESTYLE PRODUCTS."

MISSION

- BUILD A LEARNING ORGANIZATION WITH HIGH PERFORMING PEOPLE
 OFFER LOW PRICED, HIGH QUALITY PRODUCTS
- DELIGHT OUR CUSTOMERS EVERYDAY

CORE VALUES

- TEAM WORKHONESTY
- COMMITMENT
- PASSION
- POSITIVE ATTITUDE

launch of a new Hybris (SAP company engaged in enterprise multi-channel e-commerce and product content management software) in May 2015. The website is in the process of stabilising and will service enhanced throughput. The Company also initiated the development of apps for various platforms and devices for LC, USA, and TJC, UK, recently, which are expected to be launched during the current financial year translating into enhanced customer service and delight.

The Company's recently-upgraded customer engagement platforms proceeded towards optimization. Even as this took longer than expected, I am optimistic that with quality application delivery capabilities, our US and UK platforms will deliver enhanced customer experience and attract larger traffic throughput. We believe that the enhanced customer experience will catalyze traffic to our retail channels and generate higher revenues.

Margins uptick

Though our 2015-16 revenues and net profit declined 7% and 61% respectively, I must point to our gross margins, a vital indicator of the health of our business, which grew a robust 210 basis points to 63% during the year under report. Some of the principal reasons for this development comprised an increase in average product prices and engagement cessation in the third-party sale of rough stones (B2B), a low-margin business segment. Our business model was validated on Black Friday (November 28, 2015), a red letter day at Liquidation Channel, USA (US TV sales platform), as we crossed USD 1 million in sales for the first time. Some proprietary brands, launched over the last few months, performed well in the holiday season over generic sales. We constantly fine-tuned offerings following customer feedback; we withdrew underperforming lines; we expect to sustain the improved momentum.

What is creditable is that in FY16, we added 2.23 lac customers (total 18.65 lac customers). Repeat customer buying activity was 17 times (18, previous year). The average annual purchase per customer was 24.5 pieces (25.9 pieces, previous year). Our customer retention was 45% in the US and 53% in the UK, which compare favorably with larger peers.

New schemes introduction

During the year under report, we launched the 'Budget Pay' EMI scheme and easy returns policy, which elicited a positive customer response and translated into superior realizations. Budget Pay EMI purchases, covering USD 20-plus products, and an easy returns policy in the US has resulted in a higher working capital outlay. We may need to deploy some additional capital when Budget Pay is launched on the website. We feel that the returns policy will prevent customers from switching allegiance and attract new ones.

Going forward

What gives me confidence is that the other major players in the US market have grown on a large base.

We are distinctively placed; we are differentiated in the US and UK through our discount electronic retailer positioning, which is relevant considering that discounters have traditionally thrived in most environments.

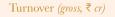
Besides, our costs as a percentage of sales are lower than major players without compromising service or reach initiatives. Our retention rate of around 50% continues to be one of the highest in the industry. The average purchase frequency of 25-26 products per year is robust, validating our product quality. Based on these realities, we expect to drive our topline and EBITDA across the foreseeable future.

Before I close, I would like to reiterate that Vaibhav Global is now operating on expanded capacities. We are focused on leveraging our fixed-cost investments to and create a strong, globally-competitive franchise in the fashion and related segments.

With my best wishes,

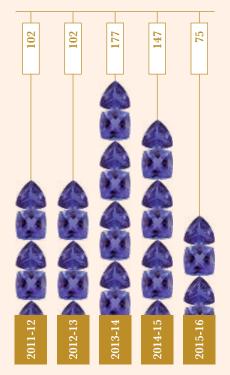
Sunil Agrawal Chairman and Managing Director

OUR STORY IN NUMBERS





Operating profit (₹ cr)









Post-tax profit *(₹ cr)*



99

3-14

2-1

1-

Products sold (million units)

Net block - FA ($\overline{<} \mathit{cr})$

58

203

2011-12

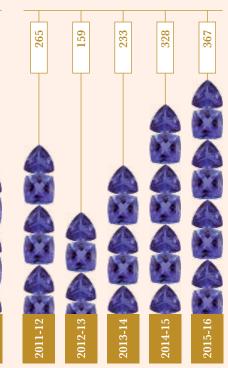
Average selling price (USD)



Net worth (₹ cr)

129

2015-16



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