



Delivering
JOY

BRINGING OUR PURPOSE TO LIFE





Welcome!

We are inspired by our purpose of delivering joy to our stakeholders. We bring this purpose to life by passionately delivering a technology-led, value-centric and choice-driven electronic retail experience to millions of homes in the US and the UK.

Other information

The e-version of our Annual Report 2017-18 is also available online at www.vaibhavglobal.com. For the latest financial information, including financial results presentations and results announcements, please refer to our investor relations page at www.vaibhavglobal.com. We welcome the views of our stakeholders on our reports. Please email your feedback to investor_relations@vaibhavglobal.com.



The 29th Annual Report 2017-18 of Vaibhav Global Limited is a fundamental description of the Company's purpose framework that comprises:

- **Delivering joy to our customers:** By continually improving customer experience at every touch point
- **Delivering joy to our team members:** By delivering at least 20 hours of training every year to each team member and enabling them to participate in the Company's success by way of profit sharing, ESOP, etc.
- **Delivering joy to our communities:** By providing one meal to a child in India, the UK and USA for every item sold at our retail operations
- **Delivering joy to our investors:** By generating sustainable growth year-over-year with improved bottomline



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Our success in 2017-18 validates our model of taking our customers on a journey of discovery and fun through offering a dynamic collection of brands with fresh new products every day.

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The year witnessed our intensifying efforts in enriching our customers' lives through technology and reach and, in doing so, addressing the key human needs of entertainment and looking and feeling good.

Value creation

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By curating a relevant and competitive assortment of jewellery and lifestyle brands, we were able to drive repeat purchases, strengthen sales volumes and reinforce customer lifetime value.

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Having created strong business foundations through investments in programming, technology, processes, manufacturing and people, we are expanding and evolving what we sell, thereby focusing on continued stakeholder value enhancement.

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ABOUT VAIBHAV GLOBAL

Vaibhav Global is India's only profitable and vertically-integrated electronic B2C fashion retailer with proprietary TV home shopping and e-commerce platforms in the US and the UK.

Driven by state-of-the-art technology, the Company operates in an opportunity-rich environment, characterised by the enduring human need for entertainment, lifestyle and aspirational fulfillment.

Today, our combination of capabilities and resources has enabled us to serve our customers in their homes and online, thereby positioning us well for sustainable growth.

Vision

To be the value leader in electronic retailing of jewellery and lifestyle products

Mission

- 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



Our customer reach

96 million

TV households on FTE (full-time equivalent) basis across the US and the UK

- **USA, 71 mn:** Shop LC (TV channel and e-commerce website/mobile app)
- **UK, 25 mn:** The Jewellery Channel – TJC (TV channel and e-commerce website/mobile app)



Our worldwide sourcing capabilities

12 million

pieces approximately in global supply chain capability with access to the latest trends, scale flexibility and bottom price discovery

- **India:** Noida, Jaipur, Nagaland, Kashmir
- **Indonesia:** Bali, Yogyakarta, Sumatra, Madura Surabaya
- **Thailand:** Bangkok, Chang Mai, Mae Sai, Kanchanaburi, Chanthburi
- **China:** Guangzhou, Haifeng, Hauadu Shenzhen, Dongguan, Zhuji, Wenzhou, Wuzhou, Yiwu, Hunan



Our manufacturing assets

6 million

pieces jewellery production capacity in fully-integrated LEED-certified 'Gold level' facility at SEZ, Jaipur, and another ISO 9001:2008 unit in the same city

- **Mumbai:** Diamond sourcing and manufacturing unit – TJC (TV channel and e-commerce website/mobile app)



OUR PERFORMANCE IN 2017-18

The year 2017-18 witnessed Vaibhav Global reporting an 8.7% growth in revenues while net profit surged at a much sharper 74.2%.

Maintaining a positive business momentum throughout the year, the Company's retail platforms – Shop LC in the US and TJC in the UK – continued delivering joy to customers, offering deep value across a wide range of fashion jewellery and lifestyle products.

This translated into over 11% constant currency revenue growth in the US and almost 20% in the UK, which was in line with the double-digit growth guidance for the year.



>> Up ₹48 crores or 74.2%
over 2016-17

Q1 2017-18
₹15 crores

Q2 2017-18
₹20 crores

Q3 2017-18
₹46 crores

Q4 2017-18
₹32 crores

Analysis >>

- Consistent net profit growth powered by strong growth in revenues and stronger cost control
- Better absorption of fixed costs and expanded product portfolio will aid profit growth



>> Up ₹125 crores or 8.7% over 2016-17

Q1 2017-18
₹330 crores

Q2 2017-18
₹352 crores

Q3 2017-18
₹460 crores

Q4 2017-18
₹422 crores

Analysis >>

- Strong constant-currency QoQ growth driven by expansion in both US and UK retail revenues
- Highest-ever quarterly sales in Q3 2017-18
- Combination of sustained value (reflected in pricing) and volume growth, powered by expansion in demand for Budget Pay products as well as strong digital sales
- Performance also powered by three million-dollar days in the US during the year

Television retail sales

₹993 crores >> Up ₹19 crores or 1.95% over 2016-17

Web retail sales

₹371 crores >> Up ₹96 crores or 34.90% over 2016-17

B2B sales

₹200 crores >> Up ₹10 crores or 5.26% over 2016-17



>> Up ₹64 crores or 7.4% over 2016-17

Q1 2017-18
₹210 crores

Q2 2017-18
₹222 crores

Q3 2017-18
₹264 crores

Q4 2017-18
₹233 crores

Analysis >>

- Robust scale advantages in sourcing and manufacturing
- Enhancing people productivity through training and emphasis on minimizing wastages
- Marginal annual impact on gross profit margins because of increased opportunistic B2B sales and longer clearance sales season

Well-balanced product and geographic diversification meshed with our robust programming content anchored on compelling narrative and entertaining storytelling has enhanced customer engagement and delight, thereby enabling us to achieve stable, sustainable and predictable profitability.



RETAIL SALES DATA

TV SALES VOLUMES ('000)

5,737

-2.4% >> 5,877 in 2016-17

TV ASP

\$26.9

+8.0% >> \$24.9 in 2016-17

WEB SALES VOLUMES ('000)

2,840

+20.7% >> 2,353 in 2016-17

WEB ASP

\$20.3

+16.0% >> \$17.5 in 2016-17

BALANCE SHEET

NET CURRENT ASSETS

₹417 crores

+32.8% >> ₹314 crores in 2016-17

SHAREHOLDERS' EQUITY

(as on 31 March 2018)

₹550 crores

+26.7% >> ₹434 crores in 2016-17

SHAREHOLDER INFORMATION

RETURN ON CAPITAL EMPLOYED

24.8%

+830 bps >> 16.5% in 2016-17

EARNINGS PER SHARE

₹34.6

+74.1% >> ₹19.9 in 2016-17

BOOK VALUE PER SHARE

₹168.8

+26.5% >> ₹133.4 in 2016-17

MARKET CAPITALISATION

₹2,245 crores

+79% >> ₹1,255 crores

(as on 31 March 2017, NSE: VAIBHAVGBL)

Previous year's numbers have been restated where necessary as per Ind AS



OUR BOARD AND LEADERSHIP TEAM

The experience, knowledge and diversity of the Board represents Vaibhav Global's principal asset.

Aligned with the Company's core business objectives and as part of its general oversight function, the Board takes the lead on decisions regarding long-term strategy and policies and on fostering the most appropriate corporate social responsibility policies. The Board is also responsible for governance and compliance with all legislations and statutes.

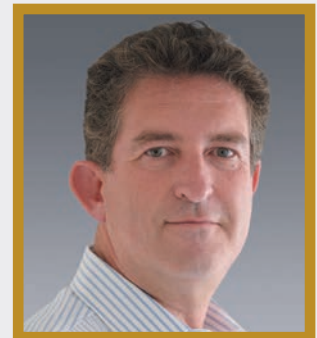
The Company's Board is assisted by a highly professional and well-experienced leadership team with multi-faceted experience blended with proven capabilities.



Mr. Sunil Agrawal

Chairman and Managing Director

MBA from Columbia University, New York. A first-generation entrepreneur. Widely travelled and a highly respected name in the global gems and jewellery trade.



Mr. Santiago Rocés Moran

Director

Law graduate from Oviedo University School of Law, Spain. MBA graduate from Madrid Business School, University of Houston. Extensive turnaround strategy experience with Walmart, Yum!, Carrefour, etc. Achieved revenue and profit objectives through innovative strategic planning and sales/merchandising tactical programs. Vast experience in international markets, retail business models, operational excellence and business development. Major designations include ex-President and CEO, Save-A-Lot Food Stores and ex-Senior Vice President & General Manager, Walmart Stores Inc.





Mr. Rahimullah
Whole Time Director

Started his career in emerald trading and exports. 44 years of rich experience. Vision backed by strong business acumen continues to drive Vaibhav Global's growth plans.



Mr. Nirmal Kumar Bardia
Director

Renowned jeweller of Jaipur with over 37 years of experience. Particular expertise in coloured gemstone manufacturing. Instrumental in Vaibhav Global's growth over the past several years.



Mrs. Sheela Agarwal
Director

Active social worker and hands-on philanthropist. Significant business acumen and understanding. Mother of Mr. Sunil Agrawal.



Mr. Pulak Chandan Prasad *Director*

Nalanda Capital founder. Worked with Warburg Pincus as Managing Director and co-Head, India, and McKinsey. Holds an engineering degree from IIT Delhi and completed his post-graduation from IIM Ahmedabad.



Mr. Harsh Bahadur
Director

MA in History from St. Stephen's College, Delhi, and MBA from Boston University, USA. 35 years of strong experience in jewellery, retail, FMCG, music, sportswear, business services, etc. Ex-Managing Director of Metro India, pioneering the launch of the international retailer in the country. Ex-President and CEO, Reliance Retail Initiative and ex-General Manager, Wholesale – India, Tesco. Currently on the Board of Indian Terrain Fashions Ltd. as an Independent Director. Also working as a senior advisor in PWC.



Mr. James Patrick Clarke
Director

Bachelor of Science from United States Military Academy, New York, and MBA from Harvard University, Boston. 26 years of rich experience in e-commerce, retail, business development, product planning, distribution, warehousing, quality assurance, market analysis, strategic analysis, supply chain and cost reduction, etc. Previously worked at Guardsmark Inc., Omni Computer Products, Ya Ya Interactive Media, etc. Also worked at QVC, a global video and e-commerce retailer of fashion and jewellery products, as ex-CEO, QVC, China.



Mr. Sunil Goyal
Director

Post Graduate in Commerce and Arts, Graduate in Law, Post Graduate Diploma in Taxation and Post Graduate Diploma in Labour Laws. Member of The Institute of Chartered Accountants of India, The Institute of Company Secretaries of India and The Institute of Cost & Works Accountants of India. Vast experience in the fields of finance, risk assessment, accounting standards, etc. Ex-President of The Institute of Chartered Accountants of India (2004-05) and a Council member for more than 12 years. Was deeply involved with the setting and implementation of Accounting and Auditing Standards in India.



Dr. Purushottam Agarwal
Director

Retired IAS officer and Gold Medalist in BCom (Hons), LL.B. from Delhi University, MBA from University of Hull, UK, and PhD from University of Rajasthan. Rich experience of 35 years in finance and tax, industrial promotion and policy formulation and investment promotion, etc. Ex-Finance Secretary (Revenue). Also served on the Board of Rajasthan Industrial and Infrastructure Development Corporation (RICCO), Rajasthan Finance Corporation (RFC), Ganganagar Sugar Mills and Rajasthan Small Industries Corporation, etc.



OUR LEADERSHIP TEAM

**Mr. Puru Aggarwal***Group Chief Financial Officer*

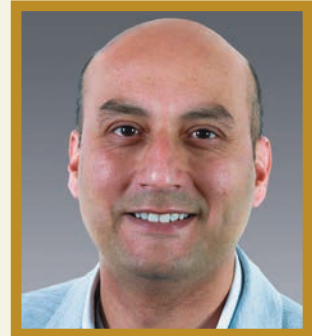
Chartered Accountant, Cost & Management Accountant and Company Secretary. Rich and strong experience of over 26 years in business modelling, financial strategy and planning, business development, procurement, supply chain and distribution, budgeting, taxation, etc. Previously worked at Teva Pharmaceuticals (as Director and Country CFO), Coca-Cola India and E&Y India.

**Mr. Kevin Lyons***President, Shop LC, USA*

Graduate from Morehead State University and University of Kentucky. Over 20 years of retail experience at major US retailers, including Best Buy, Sears Holding and hhgregg. Focused on providing seamless shopping experiences through innovation, motivation and customer segmentation. Led the digital strategy at hhgregg.com, taking it to the JD Powers #1 Appliance Retailer Website for 2014.

**Mr. Jeff Allar***Group Senior Vice President, Human Resources*

Over 32 years of experience. Worked at IBM, Unilever and as VP, HR, at the Stonyfield Farm unit of Group Danone. Led HR and organisational development for Affiliated Construction Services, catering to clients like John Deere, Caterpillar, Cummins, Harley Davidson, GE, etc. Enjoys the challenges of managing the expectations of a large global team at Vaibhav Global.

**Mr. Vineet Vashist***Group Chief Technology Officer*

Graduate, Ohio State University. Led the efforts for e-commerce growth and product management discipline at Aritzia, a leader in women fashion in Canada. Excelled in various roles at Abercrombie & Fitch and as Director, IT, E-commerce, he oversaw architecture, development and integration of e-commerce. Strong expertise and proven track record in leading transformation of traditional IT organisations.

**Mr. Amit Agarwal***Managing Director – TJC, UK*

MBA marketing with over 17 years of experience with different companies, including BSL Ltd, Siddhartha Marble and also VGL group in sales and product merchandising in jewellery and textiles categories. Manages product merchandising, planning for TV and e-commerce platforms along with handling retail sales at TJC, UK. Part of core team that successfully launched the lifestyle category and achieved turnaround of TV retail sales growth in the last few years. In 2016, Amit became the Commercial Director for TJC and served in that role till March 2018. Currently, he is serving as the Managing Director at TJC, driving tremendous results.

**Mr. Nitin Dugar***Chief Operating Officer, Shop LC, USA*

Science graduate and MBA from Mumbai. Worked in the marketing department of the Godrej Group. Joined VGL Group at its Bangkok facility in 2003 and subsequently worked across its silver and gold operations. Relocated to USA in 2006 and is currently working as COO, ShopLC, where he oversees key strategic projects, new initiatives and process improvements.

**Mr. Pushpendra Singh***Vice President, Human Resources, Asia*

Started career at NTPC as management trainee after completing post-graduation in management. Also worked at Reliance Communication where he was widely acknowledged for his strategic thinking, solution orientation and logical aptitude. Awarded '20 Most Talented HR Leaders in Industry' by World HRD Congress in 2013. Currently dedicated to enlist VGL as a 'Great Place to Work'.

**Mr. Raj Singh***Vice President, Supply Chain, VGL Group*

Graduate in Chemistry and trained in mechanical maintenance. Rich career span of over 23 years. Previously worked at Shrenuj & Co. Instrumental in the development of VGL's new SEZ 'Green Building' facility in Jaipur. Also credited with several path-breaking initiatives at VGL, including gems-studded stainless steel jewellery, ion plating, etc. and pioneering several automation drives resulting in significant cost efficiencies.