



VAIBHAV GLOBAL LIMITED

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National Stock Exchange of India Limited (NSE)
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Bandra Kurla Complex,
Bandra, Mumbai – 400 051
Symbol: VAIBHAVGBL

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001
Scrip Code: 532156

Subject: Submission of transcript of conference call

Dear Sir / Madam

With reference to captioned subject, we are enclosing herewith the transcript of Q3 & 9M FY26 Earnings Conference Call held on Wednesday, 28th January, 2026.

The Transcript of the earnings conference call is uploaded on the website of the Company and can be accessed on the below link:

https://www.vaibhavglobal.com/admin_assets/Investor/Investor_Presentation/1855989413540572.pdf

Kindly take the same on record.

Yours Truly,

For Vaibhav Global Limited

Yashasvi Pareek
Company Secretary & Compliance Officer
M. No.: A39220

Encl: as above



VAIBHAV GLOBAL LIMITED

**“Vaibhav Global Limited
Q3 FY '26 Earnings Conference Call”
January 28, 2026**



VAIBHAV GLOBAL LIMITED



**MANAGEMENT: MR. SUNIL AGRAWAL – MANAGING DIRECTOR –
VAIBHAV GLOBAL LIMITED
MR. NITIN PANWAD – GROUP CHIEF FINANCIAL
OFFICER – VAIBHAV GLOBAL LIMITED
MR. PRASHANT SARASWAT – HEAD, INVESTOR
RELATIONS – VAIBHAV GLOBAL LIMITED**

MODERATOR: MS. NISHITA BHAT – ADFACTORS PR

Moderator: Ladies and gentlemen, good day, and welcome to the Vaibhav Global Limited Q3 and 9 Months FY '26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star than zero on your touchtone phone. Please note that this conference is now being recorded.

I now hand the conference over to Ms. Nishita Bhatt from Adfactors PR. Thank you, and over to you, ma'am.

Nishita Bhatt: Good evening, everyone, and thank you for joining us on Vaibhav Global Limited Earnings Conference Call for the third quarter and nine months ended 31st December 2025. Today, we have with us Mr. Sunil Agrawal, Managing Director; Mr. Nitin Panwad, Group CFO; and Mr. Prashant Saraswat, Head of Investor Relations.

We will begin the call with the opening remarks by Mr. Sunil Agrawal on the business operations, key initiatives and broad outlook, followed by discussion on the financial performance by Mr. Nitin Panwad, after which the management will open the forum for the Q&A session.

Before we get started, I would like to point out that some statements made or discussed on today's call may be forward-looking in nature and must be viewed in conjunction with the risks and uncertainties that we face. A detailed statement and explanation of these risks is included in the earnings presentation, which has been shared with you all earlier. The company does not undertake to update these forward-looking statements publicly.

I would now like to invite Mr. Sunil Agrawal to make his opening remarks. Over to you, sir.

Sunil Agrawal: Thank you, Nishita. Good evening, everyone, and thank you for joining VGL's Q3 FY '26 Earnings Call. I trust you have reviewed the results and the investor presentation. We delivered a strong performance in December quarter with revenue growth slightly ahead of our guidance. Our consolidated quarterly revenue crossed INR1,000 crore mark for the first time, reaching INR1,066 crores, a 9.1% Y-o-Y growth.

Performance during the quarter was achieved despite tough geopolitical conditions. Gross margin stood at 63%, up 170 basis points Y-o-Y, driven by the strength of our vertically integrated global supply chain. Digital contribution was 42% of B2C revenue, and we remain on track to reach 50% digital contribution by end of FY '27.

Further, I'm delighted to share that our in-house brands reached 48% of sales contribution mark during the quarter, and we are on our journey to achieve 50% sales milestone before the target of end of FY '27. Let me briefly cover regional performances.

In the U.S., we ended the quarter on a strong note and registered revenue growth of 3% Y-o-Y. Highly elevated precious metal prices and lower consumer confidence compelled the consumers to defer discretionary purchases. During the quarter, we started our in-house jewelry casting manufacturing operations in U.S. to mitigate tariff on our jewelry shipped to

U.S. However, we still had 489 basis points increase in our overall product costs due to tariff on other products. Despite this, we were able to increase the gross margin by 30 basis points as our vertically integrated model provided requisite resilience.

In the U.K., revenue was down by 1.8%. While Ideal World continued to perform strongly and grew by 12% Y-o-Y, TJC had negative growth of 6%. Due to softness in overall consumer confidence, combined with steeply higher precious metal prices, consumer deferred their purchases.

This had a direct impact on core TJC's growth. Ideal World continued with a strong EBITDA profitability, which is driven by healthy gross margins. Overall, U.K.'s EBITDA margin improved substantially by 240 basis points Y-o-Y owing to dynamic product profile and operational efficiencies. In Germany, we delivered revenue growth of 5.1%, supported by continued strength in the live TV commerce.

In digital, we have seen initial signs of improvements, and we are confident that digital will start contributing to overall growth in Germany business in coming quarters. Further, I am pleased to share that the Germany business has turned profitable during the quarter with EBITDA margin of around 6%.

We remain on track to achieve EBITDA breakeven for the full financial year 2025-26. We expect Germany to start contributing to group EBITDA margin from financial year 2026-27 onwards.

Our growth continues to be guided by 4 clear priorities, which are expanding **Reach**, new customer **Registration** and acquisition, **Retention** and **Repeat** purchases. During the quarter, our TV networks reached 127 million households. As of 31st December 2025, our unique customer base stood at 706,000, up 2% Y-o-Y. On a TTM basis, we added 380,000 new customers, while retention remained stable at 40%. Customer engagement remained healthy with customers purchasing an average of 22 pieces on TTM basis.

Sustainability remains integral to our operations. Recently, we have made a commitment to the Science-Based Targets Initiative, i.e. SBTi, and we are aligning our carbon reduction strategy within the 1.5 degrees centigrade increment pathway under the Paris Agreement. Our ICRA ESG rating was upgraded to 73, reflecting continued progress towards governance and environmental practices. On the renewable energy front, we generated 1.1 million kilowatt hours of solar power during the quarter, meeting 100% of our manufacturing power requirements. The VGL Group is now Great Place to Work® certified across all geographies. Further, under our flagship '*your purchase feeds...*' program, we have served 109 million meals, currently providing around 59,000 meals per school day. We remain committed to our long-term goal of serving 1 million meals per school day by FY '40.

Capital allocation remains a key priority for us. The Board has approved a third interim dividend of INR1.5 per equity share, implying a 28% payout. Despite ongoing adverse macros, our balance sheet remains strong, providing the requisite agility. During the quarter, we

delivered revenue growth slightly ahead of our guidance of 7% to 9%. We remain well positioned to sustain profitable growth while maintaining our FY '26 guidance.

We expect to achieve 9% to 11% revenue growth in FY 2026-27 with EBITDA margin of 10.5% to 11%. I will now hand over the call to Nitin to discuss financial performance. Over to you, Nitin.

Nitin Panwad:

Thank you, Sunil. Good evening, everyone. I will now take you through the financial performance and key operational highlights for the third quarter. Please note that from this quarter onwards, we have enhanced the disclosure of our segmental performance, and the same is published in our investor presentation. As Sunil mentioned, we delivered leading quarterly revenue of over INR1,000 crores, reaching revenue of INR1,066 crores, reflects a growth of 9.1% year-over-year, which is slightly above our guidance range.

It is also satisfying to see branded sales mix becoming 48% of B2C sales in Q3. Further, digital business is also progressing towards achieving our target of 50% sales contribution by FY '27. These milestones reflect satisfactory performance towards achieving our strategic objectives. Now I will cover the geography-wise performance in quarter 3. In the U.S., revenue growth for the quarter was 3% year-over-year. In quarter 3, customer deferred were urchase amidst softer consumer sentiments triggered by higher metal prices.

Despite these conditions, our margin remains strong and supported by integrated sourcing and local jewelry casting manufacturing capabilities, which got operationalized in Q3 itself. In the U.K., revenue declined by 1.8% year-over-year.

The TJC operations were impacted due to taper demand owing to surge in metal prices and subdued consumer sentiment. Ideal World continues to deliver strong revenue growth, supported by a wider assortment of products and in-house sourcing capabilities. Ideal World continued to sustain its healthier profitability. Overall, U.K. operation has delivered a strong profit growth of 40% year-over-year owing to cost rationalization and operating leverage.

Germany recorded 5.1% revenue growth during the quarter, supported by sustained growth in live TV commerce. In line with our stated guidance, the business delivered positive EBITDA of 6% in December quarter, driven by scale and cost rationalization. We remain on track to achieve full year EBITDA profitability for financial year 2025-26. Overall, in U.S. dollar terms, Q3 revenue growth was 3.4% year-over-year for VGL Group. TV revenue stood at INR589 crores, growing 7.7% year-over-year, while digital revenue increased by 11.2% year-over-year to INR423 crores. Digital now accounts for 42% of total revenue, and we remain on track to reach 50% of B2C sales mix by FY '27. Lifestyle products contributed 35% of total sales with a medium-term target of 50%. As mentioned earlier, in-house brand sales mix is now 48% of B2C revenue during the quarter, and we are confident to achieve 50% sales contribution before our targeted period of FY '27.

Gross margin remained strong at 63%, maintaining margin above 60% in a challenging operating environment, underscoring strength of our vertical integrated in-house supply chain.



EBITDA margin expanded by 170 basis points to 13.2% with EBITDA growing 26% year-over-year in absolute terms.

Margin expansion was driven by improved realization and operating leverage, led by 120 basis point improvement in employee cost, 60 basis point improvement in airtime cost. Profit after tax grew by 41% year-over-year to INR90 crores.

The business continued to generate healthy cash flows. Operating cash flow stood at INR160 crores and free cash flow at INR143 crores. The balance sheet remains strong with net cash position of INR213 crores, reflecting prudent capital management and liquidity strength.

ROCE improved to 21%, while ROE stood at 15%, indicating continued improvement in our return ratio. The Board has approved an interim dividend of INR1.5 per equity share, reflecting a balanced approach to capital allocation while maintaining adequate liquidity. In view of the prevailing operating environment, we remain well positioned to sustain our profitable growth while maintaining our FY '26 guidance. and expect to achieve 9% to 11% revenue growth for FY '27 with EBITDA margin of 10.5% to 11%.

Moderator: Thank you very much. The first question is from the line of Deepali Kumari from Arihant Capital. Please go ahead.

Deepali Kumari: I have few questions quarterly sales volume for TV declined from 1.74 million to 1.71 million units and digital volume dropped. So while consolidated revenue grew by 9.1% due to ASP increases, particularly a spike in digital ASP from \$32 to \$38. So how sustainable is the reliance on pricing power if unit volume continue to trend onwards?

Nitin Panwad: Let me take this. So hi Deepali, so unit decline is mainly related to the customer adoption of the products. Right now, the lab-grown adoption is pretty high from the customer point of view. And we are seeing the productivity metrics on TV and also on website, the lab-grown product demand is high. So that is driving the higher ASP, but it is also realizing higher revenue to us. So volume has a degrowth, but the realization is pretty good with the lab-grown products.

Deepali Kumari: Okay. So what is the revenue contribution for LGD? And what is the average selling price of that?

Nitin Panwad: Yes. LGD is now double digit, roughly around 10.7% of our retail revenue. And average selling price is roughly around \$250 for lab grown.

Deepali Kumari: Okay. And sir, in Europe, mainly in Germany jumped year-on-year even though revenue in Germany grew only 5.1% in local currency. So what specific price control measure has helped such a margin improvement? Is the current 6% EBITDA margin in Germany sustainable going forward?

Nitin Panwad: Most definitely. So Germany, one reason is the improvement in our gross margins. We have -- from past quarters, we have managed to improve gross margin roughly 300 to 400 basis points with better product offerings. And also the cost measurement that we have done in all the



respective areas from airtime to shipping partners and also in productivity increase in our warehouses. So improvement in gross margins and our cost improvement we have done in Germany operation, resulting in a higher profitability.

And we expect that this growth is sustainable, and we continue to improve profitability.

Sunil Agrawal:

Just one point, Deepali, on this one. So, the seasonal time, which is October to March is seasonal time for TV e-com business. During that time, we expect to see continued improved gross margins or the EBITDA margins. But during the summer months, it may be a bit lower. But overall, for this financial year, we will be slightly above EBITDA positive.

And next year, we expect the EBITDA margin to grow up. But the 6% may not be constant every quarter. Some quarters will be higher than that and some quarters will be lower. But overall, we'll be better next year than almost flat or slightly positive EBITDA we expect this year.

Deepali Kumari:

Okay. So like we can consider like above 6%?

Sunil Agrawal:

Yes. We are not guiding specific numbers for next year yet, but we will be noticeably better than almost less than 1% EBITDA this year.

Deepali Kumari:

Okay. And sir, so TJC in the U.K. saw revenue fall in local currency. So what economy is slowing there? How will the Ideal World acquisition help improving performance in the market in the next few quarters?

Nitin Panwad:

Yes, sure. So Ideal World, as stated, is performing pretty well. Last quarter, we have seen 12% growth in Ideal World. And now it is achieving almost similar EBITDA margin what TJC is generating. TJC, as mentioned that we have seen slowness in terms of consumer demand due to elevated metal prices that lowered the consumer sentiments which further impacted the sales growth in TJC.

Deepali Kumari:

But that is offsetting a little bit in our higher growth in Ideal World.

Sunil Agrawal:

Yes. So in TJC, we are seeing good traction on digital space. And we are also exploring some additional national airtime for only part time 2, 3 hours or 4 hours a day. We had some of these hours, which we exited. Actually 2 broadcast services we had, we exited them because there were some price negotiation could not be completed, but we are exploring some other shortly.

And digital continues to benefit to us. And the cost cutting in U.K. is much, much slower than U.S. So we expect the TV to continue to add value to our business or the growth to our business in the coming quarters and years, foreseeable future.

Deepali Kumari:

And sir, your Jaipur plant, do you have any plans to increase factory utilization?

Sunil Agrawal:

Jewelry manufacturing is a low capex model, to increase the production capacity for future growth, we can do that with very little capex. And currently, it is very well optimized from people point of view and from equipment point of view.

Moderator: The next question is from the line of Kiran Gadge from Knightstone Capital Management.

Kiran Gadge: So for Lifestyle, we have contribution of 35% of total sales. And in medium term, we are targeting 50% of sales. So, because of this shift, will we be able to maintain our margin because in Lifestyle, we are not vertically integrated?

Sunil Agrawal: Yes. Although we're not manufacturing lifestyle, but we are able to source it from directly from all over the world. We have offices in already 4 countries to source, and we have supply chain relationships with manufacturers in 30 countries. Yes. So, we expect the margins to be similar growth trajectory as we are seeing in jewelry.

Moderator: The next question is from the line of Garvita Jain from Seven Islands PMS.

Garvita Jain: Yes. So, sir, my first question is on the content and broadcasting expenses part. So, I wanted to understand, if I take content and broadcasting expense as a percentage of the sales, can we expect it to further reduce? And in terms of absolute number, can we expect it to remain in the same range of INR190 crores and around that?

Sunil Agrawal: There are 2 components of this content and broadcasting. One is the TV content broadcasting, other is digital spend. So, we expect the TV portion to remain constant, but the digital will go up. So as a percentage of revenue, we don't expect a leverage from this area.

Garvita Jain: Okay. So, leverage is expected, right?

Sunil Agrawal: Leverage will accrue from 3 areas. We expect leverage in future as we are guiding for higher EBITDA. One is that the gross margin, we expect to continue to improve slowly over the time. The second is the employee cost. So, employee cost, we are gaining efficiencies in process improvement and scaling from the fixed base, we expect the HR cost to improve. AI is also helping in this area. And SG&A, some SG&A may have some savings as well. So, these 3 areas will give us a leverage.

Garvita Jain: Got it. And sir, if I talk about the automation in the business model, any type of automation or AI use in the business model, any possibility of employing such thing in the business, which can help us to improve efficiency and reduce cost? And any kind of EBITDA margin improvement we can expect from that part?

Sunil Agrawal: Yes, that is true. We constantly, we are implementing the process improvement, automation and AI into our business processes. And that is the reason you saw 1.2% efficiency improvement last quarter in our HR costs.

Garvita Jain: That is in the HR cost, right? Okay. One more question, sir. On the Germany business part, good to see that you have achieved the EBITDA profitability on this business. But can you please give me exact figure of how much was the PAT loss on 9-month basis from the Germany business?

Sunil Agrawal: Nitin, can you look at that?

Nitin Panwad: So PAT is higher. We're guiding for EBITDA. So EBITDA is roughly around for 9 months, EURO 300,000 loss that we have, and we're expecting that it will cover up in the current quarter.

Garvita Jain: Okay. This is EBITDA. Can you give me PAT loss, sir?

Nitin Panwad: PAT is not significant because major cost is the interest, which is intercompany interest, not a third party. So it's intercompany cost.

Garvita Jain: Okay. Okay. That's fine. And sir, can you give me some kind of guidance on Germany business in terms of the revenue guidance and profitability that we can expect for FY 2026-27?

Sunil Agrawal: Yes. So overall revenue guidance we are giving for next financial year to be 9% to 11%, and that incorporates all the businesses that we have. Now from the EBITDA point of view, we gave the guidance that next financial year, Germany will start contributing to group EBITDA. Current financial year, it will be flat or slightly positive EBITDA. But next year, it will be -- it will start contributing. Still, it is -- the macro environment is still a bit uncertain. So we are not giving specific guidance of specific business unit. But overall EBITDA guidance we are giving for next year is 10.5% to 11%. In fact, this is the first time we are giving EBITDA range guidance in our investor calls, but that's for overall business.

Garvita Jain: Okay. Okay. I get it. One more question, sir, because...

Moderator: Please rejoin the queue for follow-up question.

Garvita Jain: One last question, if you can allow...

Moderator: Sorry, ma'am, can you please rejoin the queue as there are more participants left in the queue? The next question is from the line of Sahil Sharma from Dalmus Capital Management.

Sahil Sharma: So I just wanted to understand, so the digital ASP has been consistently growing over the last few years, and it is now more in line with the TV ASP. So, first of all, what has been driving this growth? And is there scope for further ASP growth given that the TV ASP seems to have stagnated at the \$38, \$39 mark for the last 2, 3 years.

Nitin Panwad: Yes. So digital has 2 portions. One is-- the major part is one is the rising auction, which is a \$1 bidding model and the rest is the fixed price catalogue and the web TV. So, \$1 tend to be a lower ASP as that is a lot of engagement with the customer and the inventory clearance mechanism. Now as the business is moving towards more of digital marketing through social media and the sales coming through paid channels, that the other portion is increasing significantly over the years. And we have seen over the period that the high-end jewelry consumer are giving more lifetime value compared to the \$10 or \$5 product. And towards that, we are investing our money where we are getting the higher lifetime value from the customers.

One of the examples is the lab-grown diamond, which is continuously performing well and that we are marketing and targeting the customer through the paid media on web. That is driving the higher ASP. ASP normally, we keep a range from business perspective around \$40.

But we are targeting based on the profitability of the customers. So right now, we cannot guide on the whether the price will fall for digital consumer, but it will be on the profitability side wherever customer is giving more value.

Sahil Sharma: Understood. You mentioned that LGD are about \$250 ASP and share has been growing. So, I was just trying to understand if that share goes further. So, this can move further up beyond \$40 as well?

Nitin Panwad: But then the repeat will come that with the different offerings from jewelry to lifestyle products that will have the lower selling price. So not necessarily that the price is \$250, it will remain same. The different product bouquet we have from \$5 to \$1,000 with 30,000 different SKUs. So that's where the average price becomes low.

Sahil Sharma: Understood. And sir, what was the revenue from the OTT channel this time in Q3? I think that number was missing in the presentation.

Nitin Panwad: It is not with me right now, but Prashant will come back to you on the OTT numbers.

Sahil Sharma: Okay. So how are you seeing the conversion trend in the OTT channel? We were making a lot of investments in that channel. So, is that investment trend continuing? And how is the conversion trend that you're seeing there?

Nitin Panwad: Sunil, would you like to take this?

Sunil Agrawal: Yes. So, we are continuing to make the investments. There are 2 reasons for that. We are seeing the audience migrating a lot towards OTT channels. There is a Fire TV, Roku, Samsung TV or Hulu TV, -- there's so many different platforms.

In fact, the OTT viewership right now is almost 4x the linear TV viewership in the U.S. So, we are continuing to make investments, and we are seeing the lifetime value of OTT customer much higher than TV customer also. The challenge in OTT is once you get a customer to download through paid media, once they download, it is difficult to retarget that customer because the OTT ecosystem is not as evolved as the mobile app or the online system is.

We are continuing to explore more and more advertising options and continue to explore those areas. The revenue continues to improve Y-o-Y. I don't have the exact number, but we are continuing to make the investment and continuing to expand in that area.

Sahil Sharma: Understood. And one last question, sir. So, we had this target of reducing our time line -- breakeven time line for customer acquisition cost from about 9 months to 3 to 6 months. So where are we on that journey at present? And is the trend encouraging?

Sunil Agrawal: Yes. So, we have 6 brands. So, 2 of those brands have already achieved 3 months breakeven and the rest are between 5 months to 9 months period. And we are learning every day and experimenting with different products, different offers, different landing pages and getting to -- and shortening the time. And as we shorten the time, we'll continue to scale those brands up. And that is one of our growth strategies going forward in the future.

Moderator: The next question is from the line of Deepesh Sancheti from Maanya Finance.

Deepesh Sancheti: Okay. Now I just wanted to understand, in jewelry, how much is the sales from gold, silver and artificial jewelry?

Nitin Panwad: Plain gold, we don't have much, majorly, we do the casted jewelry, studded gemstone or diamond or lab-grown product. Plain gold as we -- our guardrail of keeping the margin 60% and above doesn't need. So we don't do -- unless there's a designer jewelry, we do that part. But the margin guardrail just that product normally do not need. So that is why the proportion is comparatively very low compared to the major product is gemstone jewelry.

Deepesh Sancheti: No, no. I'm just trying to understand that in the jewelry segment, which is approximately 65% of your sales, how much is in terms of in a gold product, in a silver product and how much of it is artificial jewelry? And does that all have the same margins or not?

Nitin Panwad: See that I mentioned about that these are the proportion from gold, silver and platinum with the studded gemstones. So gold portion will not be a significant one in the product cost. So, we target based on the different gemstones. The major part is gemstone.

Deepesh Sancheti: How much of your products -- I mean, even in studded, how much of it is done in gold? How much of it is done in silver, -- how much of it is done in platinum, if you can have that bifurcation.

Sunil Agrawal: Yes. Deepesh, I can give you rough numbers. I don't have the exact breakup, but approximately 70% of our jewelry would have silver, gold or platinum component up to it and by value, I'm saying. And the 30% would be base metal. There is brass or copper or stainless steel.

Deepesh Sancheti: Great. That's just a rough number?

Sunil Agrawal: Yes, that's just a rough number. So what Nitin can do is to get the data more detail and get that out to you later.

Deepesh Sancheti: I think just contact the IR for that to have the exact numbers, if you can have?

Nitin Panwad: Sure. Yes. Prashant will arrange for you.

Deepesh Sancheti: Great. And just wanted to understand also the U.S. exports. Is it going fine because you had mentioned that you are casting over there, getting it here, finishing and going back. It's only 5.5%, I think what you mentioned in the last con call. So is that working well? Or are we facing any duty challenges?

Sunil Agrawal: No, that is working well because we are casting there, and we have the custom border protection ruling specifically for our company, stating that this process is as per the law. So in this case, we are paying 5.5% tariff only on the value addition, not on the casting component. On that it is 0.

Deepesh Sancheti: And your lab-grown is done mainly in gold or in other -- in every metal -- in every precious metal?

Sunil Agrawal: Pretty much every precious metal, silver, gold, platinum. Everything.

Deepesh Sancheti: Silver, gold platinum. Okay. Are you seeing any traction more in silver? Because a lot of -- because of the high gold prices, a lot of lab-grown jewelry has started coming into silver. Are you seeing that kind of traction or it's working well in all the 3 metals?

Sunil Agrawal: For us, it's more platinum and silver. Gold velocity actually reduced after prices shooting up. Now silver has recently shot up exponentially. So, I don't know how the silver with the new prices fare up in lab grown. But right now, it's doing well.

But going forward, we don't know. So, what we're doing is testing into more different metals like base metal with a lower carat weight lab grown and see how that consumer takes up. So, we constantly bring new product, Deepesh, 100 new products every day. There's a very high velocity of experimentation, testing and new product coming to customers.

Deepesh Sancheti: Great. And is this new FTA, which has been signed between EU and India, how is -- how are we as a company exploring that opportunity? Because apart from this we do not have focus in other part of EU, that's why?

Sunil Agrawal: Yes, yes. So we can say 4% on our jewelry export from India to Germany. So that will definitely benefit us.

Deepesh Sancheti: Okay. That will add to our margin directly. Is that a right assessment?

Sunil Agrawal: Correct. It will.

Deepesh Sancheti: Great. And if you can just give us ROE going forward?

Moderator: Sorry Mr. Deepesh, but I have -- can you please join the queue for more questions as there are more participants in the queue. The next question is from the line of Lakshminarayanan from Tunga Investments.

Lakshminarayanan: When I look at your unique customer growth, I see the growth has been 2% for the 9 months across. I just want to understand which geographies the growth has been positive and which geographies the growth has been negative. And if you can actually give some idea of whether this is on the lifestyle or in the jewelry. I just want to understand that particular part?

Nitin Panwad: So, we are seeing the good improvement in U.K. digital customers adoption is pretty high over there. Ideal World remained flat and also Germany remained flat. Mainly, we are seeing some low customer in U.S. as the strategy of acquisition on digital customers, we have moved from low price point to slightly higher price point customers.

So that's where the unique customers were lower. Initially we acquired a lot of digital customers through \$10 to \$30 price point, but we have realized later that those customers are not giving value as we anticipated. And we are seeing that more high-end customers giving



more value. So that's where we have seen last 12 months TTM basis, unique customers are lower on U.S. side.

Lakshminarayanan: On the U.S., again, there are two ways to think. One is lifestyle, one is jewelry another way is digital and non-digital. Where do you see the decline in unique customers in the U.S. market? Which segment of this?

Nitin Panwad: So digital customers, mainly we have seen the change in the past 1 year as the customer inflow was very high. And mostly jewelry product, we were targeting to acquire those customers 1 year back. And that is now reduced after the changing of strategy to higher price point targeting. So mainly U.S. jewelry customers.

Lakshminarayanan: And what is your outlook in terms of that unique customer growth broadly, what is the internal thought process for FY '27? Do you intend to keep the U.S. unique customer growth at somewhere like mid-single digits? Or how are you thinking about it?

Nitin Panwad: We mainly target as the profitability of the customers rather targeting number of customers or targeting quantity of customers. So not a specific number, but more a quality of customer we are targeting.

Lakshminarayanan: The second question is that if you look at the last 9 months, any specific projects or something which you have actually initiated and that have actually done pretty good for us. Anything you'd like to call out the last 6 months -- last 9 months that you see either benefits have already come or you think benefit should come actually down, which you haven't done in the previous year?

Sunil Agrawal: There are so many initiatives just to say.

Lakshminarayanan: Anything you would like to call out in priority or things which you are reaching for..

Sunil Agrawal: There's one pure D2C brand called Rachel Galley that we started 4 years ago. So last quarter, we were able to see the good traction on lab-grown diamond and a couple of other jewelry products. And then we scaled up the spend and we're able to triple the revenue within the brand. Now it's a very small base so that overall it doesn't speak and come up in the numbers.

But there is a proof of concept that on digital space, if we are able to crack the code, there is a room to scale up the revenue pretty rapidly that we saw with Rachel Galley. Now we are putting up AI initiatives in different places. For example, AI chatbot. So all the text responses are generated by AI. The e-mail responses are generated by AI.

Even the voice response now, we're testing with 10% customer in U.S., the voice response is by AI. We are using AI for creating our TV schedules. Our calendar is getting done by AI. We have CRO GPT within our business in U.S. So, any question for internal data, we can ask in natural language and get the answer now.

At multiple levels, we are implementing AI. The content and everything every does, but this gives us more high value-added AI use cases in the organisation. Warehouse automation -- not



automation, process improvement in U.S. especially has led to lower operation costs. Now U.S. is running with 320 people at higher revenue, which used to be 500 people 3 years ago at lower revenue.

So, we are seeing a lot of different areas and initiatives and different peoples. There is a varying effect. One initiative that you have asked and I'm just sharing with you, there's a concept called Zero Distance. It's a Chinese term called Rendanheyi, by Haier Founder, Zhang Rumin. And last month, I went to China to meet him. It is a \$55 billion company.

He gave me 90 minutes. And we understood from him how they create micro enterprises within the group with P&L responsibilities and then how we drive efficiency, increase the sales, the cost, improve the margins, and that led to efficiencies. So, across the whole group, now we have over 100 micro enterprises with P&L responsibilities.

And we are developing entrepreneurs within our company to drive the business forward. So, a lot many initiatives that I can list here, but all these put together gives me confidence that VGL is poised for strong growth in years to come.

Moderator:

The next question is from the line of Naveen Baid from Nuvama Asset Management.

Naveen Baid:

So, I had a bookkeeping question. So, if I look at your segmental revenue, so there is a disconnect between what is reported to the exchanges and what is put out in the presentation. Can you please explain that?

Nitin Panwad:

Let me see one second. Yes. So, exchange gain specifically is not present in the segment one, it is clubbed between all the entities. You're referring in the investor presentation segment as well?

Naveen Baid:

Yes, yes. So, for, if I look at the investor presentation, the segmental slide, your U.S. revenue is at INR593-odd crores, right?

Nitin Panwad:

Right, right.

Naveen Baid:

Whereas if I look at what you have reported as annexure one, in the exchange filing, your revenue for U.S. is INR685 crores.

Nitin Panwad:

Got it. So, that is why we have shown separately because that is the published accounts is based on the geography-wise. And here, we have separated the retail and the manufacturing. U.S., we have 2 entities. One is a sourcing entity. So, that revenue clubbed in U.S. But now for the better presentation, that's the actual real reflected number in investor presentation. So, the other revenue is the sourcing revenue, which is done by a separate entity in U.S.

Naveen Baid:

Okay. But then it's fair to assume that those products are eventually getting sold in the U.S. only. So, the incidence of sale -- the true incidence of sale in the U.S. is what is reflected in the exchange number of INR685 crores. Is that fair to assume?

Nitin Panwad: Yes. Not that will not be a comparable number then because some of the inventory will be remaining from those products in U.S. So, fair to compare the retail and the sourcing separately, both sales.

Naveen Baid: Okay. Okay. Got it. Just one more question. So, what is our current customer acquisition cost across channels? Just some colour.

Sunil Agrawal: So, Naveen, that would be difficult to pinpoint because we have 6 brands. And within each brand, we have multiple acquisition channels. We have Google, we have Meta. Within Meta, different -- we drive about 10 to 12 different product categories and each have different customer acquisition costs.

Naveen Baid: Let me rephrase the question. So, then what is the ROAS that we generate on the digital performance marketing spend that we do?

Sunil Agrawal: Yes. So, we look at ROAS, overall ROAS on a store ROAS basis. We look at 2.5% as a target ROAS that we should generate because our margin is about 55% at 2.5% ROAS, we are breakeven -- and then we try to get that customer to purchase again and again in the future with us. So, from all marketing together, there is Meta, Google, AppLovin affiliate and e-mail text, all those marketing. And that's the overall company target that we look at or the brand target we look at. But individual channels may differ. Some channels, for example, Meta, lab-grown diamond 1 day click accrual ROAs, we are okay with 0.4 or 0.5, 0.4, 0.5 because then that eventually, we know flows into the other channels and e-mail or direct or whichever and then goes to 2.5. So, it's a bit complicated across different product categories and different channels.

Moderator: The next question is from the line of Tripti, an individual investor. Yes, ma'am, please continue.

Tripti: Okay. So, sir, my question is like India and EU-FTA trade deal was concluded yesterday, removing the 2%, 4% duty on jewelry. Your German revenue has been stagnant and you see a 9% digital drop last quarter. So, since your Jaipur unit are already shipping to Germany, will you use this 400 basis point margin tailwind to the lower price and with the digital decline? Or will you let the flow bottom line to ensure Germany doesn't slip back into the loss and seasonally weak Q4?

Sunil Agrawal: Good question, Tripti. Thank you. So, our aim would be to get to a revenue growth of 10% or higher in Germany with EBITDA contribution to the group. So, within that objective, we will look at what works best. So, we reinvest some of that into the customer acquisition or to let it flow.

So, that will be decided on a pretty dynamic way. So, at this time, it will be difficult for me to give a guidance how exactly it will play because our business is very dynamic. It is TV, web and multiple product lines. So, we look at that pretty dynamically.

Tripti: Okay. Okay. And one more thing that you had multiple leadership realignment in Germany over the past 18 months. So, is current team permanent? Or should we expect more reconstruction in cost in FY '26?

Sunil Agrawal: Yes. We are pretty happy with the team that we have now, and they are coming together very well and they are performing as you saw. Last quarter, the revenue growth from quarter before, there was no revenue growth. Last quarter, there was revenue growth. The gross margins are higher, EBITDA positive and it's profitable. So, we are very happy with the team coming together and performing.

Tripti: Okay. So, there is no change in team, right?

Sunil Agrawal: Nothing expected. Some additional spaces to fill, but there is all middle level only, but nothing -- no senior changes or no major changes.

Tripti: Okay. There is a last question. Like you can consistently beat your lower margin like 7% to 9%, whatever you guided. Then given that you grew 16% in U.S. this quarter. So why are you still maintaining such a low guidance for full year?

Nitin Panwad: First, I'll take Sunil. So Tripti, so U.S. growth, 16% is not apple-to-apple comparison because that includes the sourcing unit growth. But you can refer the investor presentation, that will be better in line with the comparable number. So U.S. in past quarter, we have a growth of 3-4% in local currency terms.

Sunil Agrawal: In rupee terms.

Nitin Panwad: Yes. And for next year, we are guiding that 9% to 11%. So that is definitely the other initiatives is helping, and that is why we are guiding the higher number for the next year.

Moderator: The next question is from the line of Deepesh Sancheti from Maanya Finance.

Deepesh Sancheti: A couple of questions from here. What is the labor code impact on our company in this quarter?

Nitin Panwad: Yes, I'll take that. So, Deepesh, labor code impact was not significant, around INR1.7 crores so that we have accounted in our employee cost.

Deepesh Sancheti: Okay. Okay. And going forward, what is the ROE expectations? Because in 9 months, you've done ROE of about 15%. And in 2022, we were above 20%, 23%, 32%, that kind of a number. So how -- when do you see that number actually going to '23 -- from 15% to 20%, 23%?

Sunil Agrawal: Deepesh, difficult to guide the exact time line for that. But what I expect that we've already given the guidance for next quarter for the EBITDA number. And we don't foresee a major capex, except some in U.K., but nothing exceptional capex. So, ROE and ROC, ROIC both should improve next year. And in medium term, they should continue to improve. So, what I'm guiding is that we should continue to see leverage next year and in midterm.

Deepesh Sancheti: So the trajectory will be upwards?

Sunil Agrawal: Yes, will be upwards.

Deepesh Sancheti: Right. And if I can just put in one more question. But how much of your lab-grown sales actually come from 1 carat and above because that's where the real margin would be, I'm assuming?

Sunil Agrawal: Nitin do you have an idea?

Nitin Panwad: No, I don't have that idea.

Sunil Agrawal: It's a good question, Deepesh, but it's a very micro question. So Prashant can probably but I can give you a general idea that from my back of the envelope estimate, about 70%, 75% of sales would come from 1 carat.

Moderator: The next question is from the line of Shreyans Jain from Swan Investment.

Shreyans Jain: Sir, my first question is like you're guiding for 9% to 11% of top line growth. What sort of INR depreciation are we building in this guidance?

Sunil Agrawal: Yes. So, we'll have benefit of first 2 quarters, assuming that rupee slide stays where it is. So, it doesn't slide any furthermore. So, first 2 quarters will have benefit, and we don't expect much benefit for second half of next financial year. So, I don't have exact numbers that we calculated right now. But just overall benchmark -- overall framework is H1 will have benefit. H2 won't have much.

Shreyans Jain: And sir, given historically, the rates at which INR depreciates, would it be fair to assume that 5% to 6% is our constant currency guidance in that 9% growth rate?

Sunil Agrawal: I don't have the exact number, Shreyans, but long term, rupee has depreciated about 3.5% against dollar. So, first 2 quarters would have more than that and next 2 quarters would have less than that. So, the calculation that we've done in detail calculation is not with me right now. But there is some component of depreciation in the guidance that we've given.

Shreyans Jain: Okay. All right. And sir, the other question is on our acquisition of Mindful Souls. Since our acquisition, I think the revenue run rate has been constant at about \$4 million. And given that, that business is at a high gross margins of 75%, so is there an opportunity to look at 60%, 65% gross margins, which we typically operate at, at a company level and drive some growth there because I think post our acquisition, the revenue run rates have largely been stagnant at \$4 million.

Sunil Agrawal: Yes, good observation. So, the main reason for revenue stagnation is the digital cost, customer acquisition cost. And we want to limit it to a certain percentage of revenue. Beyond that, it becomes not a profitable business. And as we are learning more and more about the business and also adding some more strength to the team in India, we expect this business brand to scale in coming future.

So, Y-o-Y, we had degrowth in last quarter, Q3 and Q4 would not be -- we also may have a little bit of degrowth. But from Q1 onwards, we expect it to have a single-digit growth and



then get into double-digit growth a few quarters down the road. So, I'm quite excited with this brand that we have as a group, major group, we learned quite a bit from the processes, the marketing processes from the brand. And this brand itself has a potential to grow with the demography that we address it, we target there.

Shreyans Jain: Okay. And sir, last question on the U.K. business. So, ex of Ideal World, constant currency, we've degrown by about 6-odd percent. Now U.K. since the last few quarters has been struggling at least on the revenue bit. So, what are the opportunities you think there are going forward?

Because both U.S. and U.K. are a large piece of business for us and U.K. was negative and U.S. also, I think, was 3% constant currency. So, when you're guiding for 9% to 11% of top line growth, these two geographies are typically -- they have to fire, right? So, are we seeing some signs on the ground where customer sentiments have improved or something on those lines?

Sunil Agrawal: Yes. So, I'm not seeing consumer sentiment improving. So, our guidance is without that sentiment in play. But we are seeing our own internal digital marketing improving in both U.S. and U.K. As I mentioned, Rachel Galley had 3x revenue and with profitability and that learning from each other, all the 6 brands that we have is percolating within the group in different verticals like Meta, Google, AppLovin, affiliate, influencers, e-mail, all these areas.

And that is -- that gives me confidence for TJC's growth. In addition to that, we lost 2 contracts for national broadcasting in U.K. in last 6 months. And we are negotiating with a couple of such contracts, and that contract will also give us growth. So, I'm fairly confident that the U.K. will come back to growth and U.S. will accelerate the growth.

Moderator: Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to Mr. Sunil Agrawal for closing comments. Over to you, sir.

Sunil Agrawal: Thank you, everybody. I want to thank all the participants for your time and great questions. If you have any further questions, feel free to reach out to Prashant Saraswat at VGL or Amit Sharma at Adfactors PR India, and we'll be happy to answer your questions. Thank you all once again.

Moderator: Thank you. On behalf of Vaibhav Global Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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