# VAIBHAV GLOBAL LIMITED

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**National Stock Exchange of India Limited (NSE)**
Exchange Plaza, C-1, Block G,
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 FY24 Earnings Conference Call held on Wednesday, 31st January, 2024.

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

https://www.vaibhavglobal.com/admin_assets/Investor/Investor_Presentation/1790032099437303.pdf

Kindly take the same on record.

Thanking you,

Yours Truly,

**For Vaibhav Global Limited**

SUSHIL SHARMA Digitally signed by SUSHIL SHARMA Date: 2024.02.05 10:39:16 +05'30'

**Sushil Sharma**
**Company Secretary**
**M. No.: FCS - 6535**

# "Vaibhav Global Limited Q3 & 9M FY24 Earnings Conference Call"

**January 31, 2024**

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

**Moderator:** Ladies and gentlemen, good day and welcome to the Vaibhav Global Limited Q3 & 9M FY '24 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 operator by pressing '*' then '0' on your touchtone phone.

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 open remarks from Mr. Sunil Agrawal on the business operations, key initiatives, broad outlook, followed by discussion on the financial performance by Mr. Nitin Panwad, after which the management will open the forum for question-and-answer 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 was shared with you all earlier. The company does not undertake to update these forward-looking statements publicly.

I will now hand the conference over to Mr. Sunil Agrawal. Thank you and over to you, sir.

**Sunil Agrawal:** Thank you. Good evening, everyone. I welcome you all to Q3 FY24 Earnings Conference Call of Vaibhav Global Limited. I trust you have reviewed our results and the presentation providing insights into our operational performance and market dynamics.

Let us start with an overview of our operational highlights in Q3 FY '24. At the group level, we achieved a record turnover of Rs. 888 crores, reflecting growth of 23% over the same quarter of the last financial year. Growth is partially attributable to the recently acquired businesses. Adjusted for them, the growth would be 14%, which is in line with our stated guidance. The five-year CAGR of Q3 is at 12%, showing the robustness of our business model amidst various economic cycles. Gross margins remain healthy at 62.4%, which is 180 basis points higher Y-o-Y. Being the only company in our peer group with in-house manufacturing expertise, the global sourcing base is also maintaining us gross margins at 60% plus. EBITDA margin in Q3 FY '24 was 11.1% of revenue, which is Rs. 99 crores, showing a growth of 30% Y-o-Y. Better gross margins and operating leverage helped us expand the EBITDA margins last quarter.

Let me now take you through each of our addressable retail markets.

In the U.S., retail sales are witnessing a gradual recovery buoyed by positive consumer sentiments. In the UK, with inflationary pressures and mortgage rates easing out from their erstwhile peaks, the slow but persistent movement of the economy towards positive territory is encouraging. We are also tweaking our offerings to best suit changing consumers' demands. Consequently, during this quarter, our volume went up by 16% Y-o-Y. Excluding the impact of acquisitions, our volume is up by 7% Y-o-Y.

In constant currency terms and excluding acquisitions, our growth is 7% and 5% in U.S. and UK respectively. It is also to be noted that last year's base was marginally affected by delivery disruptions in the UK and cyber-attacks in U.S. and UK, which had approximately 3.6% impact on sales.

In Germany, our growth momentum continues in Q3. Currently, we are clocking revenue of Euro 1.9 million per month which is a growth of 34% Y-o-Y. Having invested considerably across major TV networks and digital platforms, we believe that we have desired building blocks in place to achieve break-even levels in H2 of FY '25.

We remain committed to strengthening our performance based on the 4Rs i.e., Widening Reach, New Registrations, Customer Retention, and Repeat Purchases. In Q3 FY '24, the reach of our TV networks was 139 million households. New registration in Q3 on TTM basis is 3.5 lakhs and customer retention stood at 37%. Customers bought an average of 23 pieces on TTM basis.

Our recent acquisitions, Ideal World Limited and Mindful Souls, are progressing well. The integration of Ideal World with our UK operations was completed within a month of acquisition. During the first quarter, we achieved profitability in Ideal World on a direct cost basis. As we are leveraging common resources like warehouse, studio, and management team, we are confident of becoming profitable on a full cost allocation basis in the next 9 months.

Our second acquisition, Mindful Souls, continues to perform profitably. Already a margin-accretive business, we are utilizing the digital capabilities of Mindful Source to create synergies for our existing digital businesses. In parallel, plans are also in place to leverage our existing supply chain to improve the profitability of this business further.

Sustainability is at the core of our business operations. We are delighted to share that this quarter we reached the milestone of 84 million meals being donated to school children under our flagship mid-day meal program - ***'Your Purchase Feeds….'***. Presently, we are serving approximately 66,000 meals every school day.

This quarter, we generated 1 million kilowatt-hours of energy through our solar power plants. I am delighted to share that we have generated 14.5 million kilowatt-hours of energy. This is equivalent to planting 2 lakh trees. In addition to utilizing renewable energy, there are many other ESG initiatives in place each year. We have set 2031 as the target year to become Carbon

Neutral in Scope 1 and 2 of Greenhouse Gases emissions, and we are confident to achieve this target within the stipulated time.

We continue to reward our shareholders and keeping in mind our dividend policy, the Board has declared a third interim dividend of this fiscal year amounting to Rs. 1.5. per equity share. Over the years, we have demonstrated agility and resilience in our performance. I would like to reiterate our positive outlook for the business and confidence to achieve our stated guidance of 13% to 15% revenue growth in FY '24 and the high teens range in FY '25 with decent operating leverage.

In conclusion, I would say that the outlook is promising and compelling, and we are well-placed to leverage the opportunity that lies ahead of us.

With this, I now hand over the call to Nitin to discuss financial performance. Over to you, Nitin.

**Nitin Panwad:** Thank you, Sunil. Good evening, everyone and thank you for joining us for Vaibhav Global's Q3 FY '24 Earnings Call.

As Sunil mentioned earlier, macro challenges in our addressable markets are slowly easing out. We are constantly refreshing our product range to match customers' demands, which is well supported by our in-house manufacturing capabilities and globally spread sourcing base.

Overall, in Q3 our revenue increased to Rs. 888 crores, which is 23% higher year-over-year. Excluding the acquisitions, the year-over-year growth is 14% in Q3 FY '24.

Now let us discuss the revenue breakdown. In local currency terms, excluding acquisitions, revenue in Shop LC US, TJC UK were up by 7% and 5% respectively. In Germany, our growth momentum continues with our revenue increasing by an impressive 34% year-over-year growth. On an overall basis, constant currency revenue growth is 18% year-over-year, and excluding the acquisitions, constant currency growth is 10% year-over-year.

In Germany, achieving 95% household penetration within two years is a significant achievement. And we are on our path to achieving breakeven by second half of FY '25 at operating level. During the quarter, our TV revenue grew by 17% year-over-year, reaching Rs. 518 crores. Digital revenue continues its momentum and has increased by 27% year-over-year to Rs. 340 crores. The digital platform's contribution toward total revenue is 39%. With the new acquisition of Mindful Souls, we expect this to benefit our digital business in the long term. We are anticipating that our digital business share will increase to 50% by FY '27 with the help of recent investment in digital space.

With an omni-channel presence, our focus remains to encourage customers to transact both on TV as well as digital platforms. Omni-channel presence provides customers with a unique shopping experience, while enabling us to fetch significantly higher spending per customer and customer lifetime value. In overall, revenue contribution from non-jewelry products hs increased to 29% in first 9 months of FY '24. Non-jewelry categories include home decor, beauty, fashion accessories, and other lifestyle products. This marks a substantial increase from single-digit level a few years back, highlighting our ability to diversify our product mix successfully. By FY '28, we are looking at increasing our contribution from non-jewelry products to 50% of total sales.

Our unique offering in the form of budget pay gives customers the option of buying products on an EMI basis. For 9 months, this FY '24 budget pay contribution to overall retail revenue stood at 38%. The gross margin in Q3 FY '24 remains robust at 62.4%, indicating better realization. EBITDA margin for the quarter is Rs. 99 crores, which is 11.1% of revenue and 30% higher year-over-year. Better gross margins and operating leverage contributed to EBITDA margin improvement.

Profit before tax for the quarter is Rs. 72 crores, which is higher by 32% year-over-year. Our operating cash flow and free cash flow remain healthy at Rs. 221 crores and Rs. 190 crores respectively. This is possible because of our asset light business model and ability to generate healthier return ratios. Our ROCE and ROE stand at 18% and 11% respectively. These metrics have marginally improved, and we expect them to expand further.

Our recent acquisitions- Ideal World and Mindful Souls are progressing well. By September end, Ideal World resumed its operation after a pause of three months. During the first quarter, we became profitable in Ideal World on a direct cost basis. As we are now leveraging common resources, Shop LC like warehouse, studio, workforce, hence, after accounting all the allocable costs, we are confident of becoming profitable on a fully allocated cost basis in the next nine months.

The second acquisition, Mindful Souls continues to perform profitably. Already a margin-accretive business, we are utilizing the digital capabilities of Mindful Souls to create synergies for our existing digital businesses. Currently, Mindful Souls is cloaking monthly revenue of US$1.6 million. Going forward, we intend to leverage our existing supply chain to further improve the profitability of this business.

We are pleased to announce that the Board of Directors has approved a third interim dividend for the fiscal year amounting to Rs 1.5 per equity share. This underscores our commitment to providing a consistent payout to our shareholders.

In conclusion, despite our addressable market being a bit softer, our overall performance has been as per our expectations with some market share gains. We are optimistic about our prospectus, driven by our robust business model and the assimilation of recent acquired businesses. We reiterate our guidance of 13% to 15% top-line growth in full year FY '24 and the high-teen range in FY '25. We continue to generate healthy cash flow, top decile returns and value for our stakeholders.

Thank you for your attention. I will now pass on the call back to the moderator for Q&A.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The next question is from the line of Kunal Sharma from Care Health. Please go ahead.

**Kunal Sharma:** So, I wanted to understand about demand scenario over there in U.S. and UK. So, what we are seeing, you know, you can just elaborate the entire thing in terms of retail demand and all those things. And yes, that was my first question.

**Sunil Agrawal:** Yes, so for retail demand, there are competing pressures. So, inflation still is there around 5 to 4% or so. And the interest rate is 5, 5.5%. So, there are some pressures. Job market is robust in U.S. especially. UK is not as strong as U.S. So, these are macro factors and available for everybody to see. But what we are seeing is our continued modified offering to customers based on current economic demand environment, we are able to generate positive momentum all at U.S., UK, Germany as well as our new acquisitions and we expect that to increase in the coming quarters and years.

**Kunal Sharma:** That's good. And the last question was on the repeat purchase that we are saying that gradually, like a year-over-year, it's declining. So, is that just because you know, we are focusing on the non-jewelry side or that kind of thing. So, is that the reason behind or is there something else?

**Sunil Agrawal:** This is more of a consumer behavior at this time. As I mentioned earlier, the consumer went out quite a bit. We had less eyeballs on TV or online to buy products from us. And secondly, there were a lot of inflationary fears. So, people bought more higher end product like gold or investment products so, our average selling price went up. Because of average selling price going up, the volumes were lower. So, because of lower eyeballs and price point, the volume was lower. But going forward, we expect price points to remain around where they are now, or even slightly moderate. So, the volume would go up in response to the revenue increase.

**Moderator:** Thank you. Next question is from the line of Sandeep Oculus Capital Growth Fund. Please go ahead.

**Sandeep:** So, question was regarding the land acquisitions which happened in U.S. almost two years ago. So, can you give any update on that?

**Sunil Agrawal:** Yes, we acquired the land in Austin, Texas with plan of constructing our own headquarters. And then after buying that, we saw the inflation going up quite rapidly, the interest cost is also going up and then the cost of constructing our own building came a bit too high. So, we put construction plans on hold and we may be either staying where we are, or moving to a rent basis. So, the construction of our headquarters has been put on hold.

**Sandeep:** So the CAPEX of this land, so that never happened?

**Sunil Agrawal:** Yes, that never happened and may not happen for another 8 to 10 years, unless we have extraordinary growth, and also inflation coming down and cost of construction coming down.

**Sandeep:** So, any plans for the land right now?

**Sunil Agrawal:** Putting it in balance sheet right now. And it has already increased much in value. So, as an investment, we are fine with that. And we look at business growth in the next couple of years and see where the business goes. Because what premises we take is for 10-year lease, either a listing or a new place. And then if we really need more space beyond our growth, then we may construct it at that time. But right now, no plans.

**Moderator:** Thank you. Next question is from the line of Yash Bajaj from Lucky investment. Please go ahead.

**Yash Bajaj:** So, my first question is on Ideal World. So, what kind of operating margins are we at once this business scales up, suppose in the next 18-24 months?

**Sunil Agrawal:** Yes, we believe that our gross margin allows us to have a robust operating margin. The gross margin is 60% plus already for the business and we are leveraging lot of existing infrastructure in the UK. So, once it scales with these gross margins, our operating margin would be similar or higher to our existing business within the next 12 to 14 months.

**Yash Bajaj:** So, similar to our existing business, right? More or less.

**Sunil Agrawal:** Yes.

**Yash Bajaj:** So, in previous presentation, you had mentioned that Ideal, our goal is to surpass the acquisition revenue profitability in the next three to five years. So, what is this number which Ideal World used to do?

**Sunil Agrawal:** I don't believe we gave guidance that we will exceed our pre-acquisition revenue numbers because we changed the structure of business. This business used to do, I believe, 60 million pounds. Nitin, if you correct me.

**Nitin Panwad:** Yes. So, before stopping this channel, the channel did 60 million pounds and initially we estimated that we will achieve this turnover in the next three to five years' timeframe. But as strategically, that business was earlier operating with a lower gross margin and we are moving with the 60% in our gross margins so, we reviewed that how long it will take to achieve that turnover.

So, what we were mentioning about before, in trailing 12 months, that business was having £60 million turnover and strategically that business earlier was operating with lower gross margin of 30%. Now, we are moving its business model to 60% gross margin with the help of our supply chain and the product categories where we operate. Our first focus is to make this business profitable and with a similar kind of margin, as Sunil has mentioned in next 12 to 14 months, what we are operating right now. So, earlier guidance that we have given to achieve that revenue in five years, and we will continuously review it and guide accordingly in upcoming quarters.

**Moderator:** Thank you. Next question is from the line of Nakul from PS group. Please go ahead.

**Nakul:** So, my question is, in the view of probable India, UK FTA, if it goes through, how much impact will it have on the topline and bottomline?

**Sunil Agrawal:** So, our jewelry or non-jewelry product from India attracts not very high duty. It's about 5% only. And we do not know whether the jewelry would be right away impacted or not, it's too early. But if it does, then we will have cost benefit of 5% just in the U.S. on the purchase of jewelry. Now remember that we have very high gross margins so, the cost of goods is very low. So, even if it's 5% on the component from India, it won't have a lot of meaningful impact, maybe 50 basis point or something like that.

**Moderator:** Thank you. The next question is from Shreyans from Svan Investment. Please go ahead.

**Shreyans:** Congratulations on good numbers. My question on other expenses ex of content and broadcasting cost. So, those costs also have gone up towards end. So, I am just trying to understand **(Inaudible),** but those expenses also have gone up in line with sales growth. So, I am trying to understand that.

**Nitin Panwad:** Shreyans, actually, so your voice was breaking, but if I understood your question correctly, you were asking the air content broadcasting cost.

**Shreyans:** After the content broadcasting, ex of that, your expenses have grown in line with your sales. So, I'm just trying to understand which other line item in cost has gone up, because we were expecting some kind of leverage benefits to you in terms of sourcing and all of that. So, I'm trying to understand that.

**Nitin Panwad:** Shreyans, actually, we have a leverage benefit. We are getting it from employee benefit expenses, that has improved. Apart from that, the additional cost is pertaining to the new acquisitions of Mindful Souls, whose major expenses are related to digital so, that is coming in our operating expenses side, which was not in last year. And also, we have seen growth in our volume. Volume growth was pretty much stable in some quarters, but last quarter we have seen a growth of 16% in our volume, that is resulting to higher dispatch and shipping cost.

**Shreyans:** Sir, my second question is, we have done about 6% of growth in UK in constant currency terms. So, if I were to remove Ideal world from number, what would be the CC growth for our base business?

**Nitin Panwad:** The 6% growth is for the base business only. If we include the Mindful Souls, it is 17%. Sorry, Ideal World.

**Shreyans:** In constant currency?

**Nitin Panwad:** Yes, in constant currency.

**Shreyans:** So, you are saying we have done about 21 million pounds versus 19.8. So, this, you are saying, is ex of Ideal World, that we have given in the presentation.

**Nitin Panwad:** Yes, yes, it is ex of Ideal World and I think it is written in the note below. So, it is ex of Ideal World.

**Shreyans:** And sir, my last question is, I think somewhere you mentioned in the call that in Germany we have grown about 35% excluding Mindful Souls. And now, I think last two quarters, we are adding a lot of premium customers what we understand in terms of cable addition that we have done. So, how did we get this number of 35% because we were erstwhile growing 70% to 80% every quarter? So, just trying to understand this part, how do we look at this number, sir?

**Nitin Panwad:** So, Shreyans, this number is continuously improving, and we expect that to continuously improve. We are clocking around 1.9 million Euro revenue per month, which was in previous quarter around Euro 1.8 million per month. And we are more focusing now on reducing the returns, which will overall help to improve net revenue to grow. We are focusing on the categories and offering the products to the customer on low price points, which helps to reduce overall returns.

**Shreyans:** So, from this 1.9, when do we expect 2, 2.5 million run rate?

**Nitin Panwad:** So, the guidance that we have given breakeven by the second half of the next year, which require 3 million odd numbers. So, we are on track of that number, and I think by the second half of the next year, we will achieve that number.

**Moderator:** Thank you. The next question is from the line of Gaurav Nigam from Tunga Investments. Please go ahead.

**Gaurav Nigam:** My first question was on the unique customers. Can you provide what are the unique customers in Germany and Mindful Souls?

**Nitin Panwad:** We have reported for the last quarter 50,000 customers from Mindful Souls.

**Gaurav Nigam:** In the numbers that we have given out for the TTM unique customer, that includes Mindful Souls or not, 540,000 that we have reported.

**Nitin Panwad:** Yes, 50,000 customers that includes Mindful Souls, yes.

**Gaurav Nigam:** And for Germany, sir?

**Nitin Panwad:** Germany is around 60,000 customers on TTM basis.

**Gaurav Nigam:** And sir, Germany, how should we look at this business? Should we look at it on a Y-o-Y basis or a Q-on-Q? Because on a Q-on-Q basis, that seems to have delivered the same. So, just wanted to understand how you are doing it internally?

**Nitin Panwad:** We are reviewing internally many different metrics, number of customers, volume, revenues. So, many different factors we follow, like our repeat rate should be going up, retention to go up and overall revenue to going up. So, there are many different metrics we follow, but we see that all the territories are improving in trend and we anticipate that it will continue to improve.

**Gaurav Nigam:** Q-on-Q decline, is that any concern, sir, or what is this?

**Nitin Panwad:** There is no concern on it. It is mainly related to higher provisions of the returns. Returns policies is based on the past trailing 12 months, but efforts that we have done in changing categories and moving to the low price points, it resulting the provisional amount is higher, but we are seeing this already a lower returns rate. So, that will reflect in upcoming quarter.

**Gaurav Nigam:** One more question was on the spend **per customer**, which we have disclosed this quarter, which is 701. I think it has declined from 718 from last quarter. Just to understand is this because of acquisition or something has changed or is this a like for like comparison?

**Nitin Panwad:** Yes, so I have to check that number. I am not sure, but I think Prashant will come back to you on it.

**Gaurav Nigam:** And sir, just the last question. In slide 24, just before the acquisition that you have done the pickup of U.S., UK and Germany, is that with acquisition or without acquisition? Just want to confirm. Before the acquisition and update on recent acquisition, there is a slide, slide number 24.

**Nitin Panwad:** It is including the acquisitions.

**Gaurav Nigam:** I will check Prashant later on the open question.

**Moderator:** Thank you. Next question is from the line of Shreyans from Svan investment. Please go ahead.

**Shreyans:** Sir, I am just looking at Germany numbers. So, Q3s are typically the festive, right, festival season so, just try to understand why was this number bad? So, I understood the return state, but still, don't you think this is slightly more sluggish than to our liking?

**Nitin Panwad:** One of the reasons, Shreyans, is that on Q2, we had done a clearance that for the August month was a full clearance on that month. So, we have seen a pretty good momentum and response from the customer for the clearance we have done in August. So, August number got pretty high due to the clearance.

Also, on the quarter-three, we have focused more on the categories which are having a lower returns, but provisions were based on trailing 12 months. We anticipate that the lower returns in Q3 and Q2 revenue was higher, the one-off big clearance event we have done in August.

**Shreyans:** And sir, second is just on the ASP for both TV and digital. Last three quarters, we have seen some kind of slowdown there from 31 to 29 and from 42 to 37. So, are you envisaging that customers are buying cheaper or what is increasing volume growth or have trending downwards last three quarters?

**Sunil Agrawal:** So, Shreyans, we look, we modify our offering based on the consumer demand and consumer pull. So, earlier few quarters, we were seeing a lot of higher end gold and diamonds pulled in because of inflation fears. And now inflation fears have subsided. So, we are now reverting to a little bit of the regular life, regular products and we are seeing the passion of lower price points. We ideally want to go lower price point that helps in reducing returns and acquiring more customers and those customers then we can go to the higher price points. So, our long-term goal is to bring the price point even actually a little more lower if we can. The economy will be better.

**Moderator:** Thank you. Next question if from the line of Narendra Mahajan, an individual investor. Please go ahead.

**Narendra Mahajan:** First of all congratulations on the numbers. I have two small questions. First is on the outlook, that Q4 '24, and second is on the exceptional item such as cyber attack in Q3. Can you throw some light on it? It will be helpful.

**Nitin Panwad:** So, I will address your second question first, on the exception of cyber attack. Last year, we had an impact of 3% in our revenue, related to cyber attack. Even if we exclude that impact, we have our growth in our revenue of 19%.

**Narendra Mahajan:** So, is there any breach of customer data or anything like that?

**Nitin Panwad:** There is no breach in that, and we have received a claim also from insurance company because of the revenue losses, and also part claim is still pending for the recovery of the reimbursement of expenses related to cyber-attack.

**Narendra Mahajan:** And on the first part of question?

**Nitin Panwad:** Can you repeat your other question?

**Narendra Mahajan:** Yes, I was looking into the outlook of the quarter 4 financial '24. So, what growth we are expecting if you can highlight on this?

**Nitin Panwad:** So, for the next quarter, we are anticipating similar kind of performance what we are seeing right now. And about that, we have been giving the guidance to achieve full year growth of 13 to 15%. We are anticipating similar numbers to achieve in full financial year. So, remaining it is equivalent to 18 to 19% growth in quarter 4.

**Moderator:** Thank you. The next question is from the line of Pritesh Chheda from Lucky Investments. Please go ahead.

**Pritesh Chheda:** Sir, my question is on the customer number. We are at about 540 today. So, at the Mindful Souls is about 40. So, I am reducing that, and Germany you mentioned is about 60. So, the base business, which is UK and U.S., the number is about 440. Can you help us with the base business number of this customer identification for last year?

**Nitin Panwad:** Pritesh, for the base business, what we see, we are seeing the growth in U.S. business as well as in UK. I don't have the number with me at the moment, but we are seeing growth of 2 to 3% in unique customer TTM basis, what we have reported in September quarter and this quarter.

**Pritesh Chheda:** Is it fair to assume that your pre-COVID number was 360,000 and then there was this whole COVID-related jump? Is now this 440 number can be looked at versus the 360 number of FY '20? Is this the correct estimate or there is some other number that we have to look at?

**Nitin Panwad:** Yes.

**Pritesh Chheda:** Because if you mention 540 today, then in that 40 is Mindful Souls, 60 is Germany, which was not part of the number in FY '20, right?

**Nitin Panwad:** Right. There is also one more, the Ideal World, which was included.

**Pritesh Chheda:** How much is it?

**Nitin Panwad:** 30,000.

**Pritesh Chheda:** Then it is 410,000 versus 360,000.

**Nitin Panwad:** Yes, so if I give you the correct number, so excluding Mindful Souls, Ideal World and Germany is around 410,000 is our base business customers.

**Pritesh Chheda:** Base business, okay. So, now we are about 410 divided by 360. We are basically in 4 years, we are from 360 to 410. What efforts are we doing to increase our customer count?

**Nitin Panwad:** So, Pritesh, there are multiple efforts to increase that. First is household expansion. In U.S., we are currently having 70 million household and the potential to increase to 100 million households, which is 30 million which we don't have at the moment. So, household expansion is one of the factors. OTT which is a huge space, we are very small or very unexplored area for us. OTT is a huge opportunity to expand the household. Also, the lower price positioning in U.S. and UK for the established air time or broadcasters is a major opportunity to expand the household in TV business. Apart from that, we are investing on the digital space to bring the customer profitably. In COVID time or even after COVID, we spent a lot of money on the customer side in digital marketing. We are now focusing on the first purchase profitability of digital customers so that we generate the profit also and acquire more customers in digital space.

**Pritesh Chheda:** All the efforts which you mentioned were always present, right? If you are going to incrementally also do these efforts, will they come at a cost? So, when you are increasing the cable connectivity, will we see another round of cost increase or we will see operating leverage staying in our business?

**Nitin Panwad:** Yes, there will be operating leverage because what we normally monitor, we have created a cadence. If the air time comes within cadence, then we continue that air time. If the air time doesn't come with the cadence, we exit that air time. And that cadence gives us an operating leverage which means cost increase is lower than the revenue growth.

**Pritesh Chheda:** So, you are mentioning that incremental growth will bring distress and you will not have significant cost associated with the cable connectivity.

**Nitin Panwad:** Yes.

**Pritesh Chheda:** And in the U.S. and the UK geography, what kind of growth are you looking at next year and let's say 6 to 8 quarters of next two years?

**Nitin Panwad:** So, we will continue to grow. However, it is difficult to anticipate at the moment. At the current scenario, we will grow in existing territory with a low double-digit or higher single-digit rate.

**Pritesh Chheda:** Excluding US and UK?

**Sunil Agrawal:** Yes, so for US and UK excluding Ideal World, we expect the growth to be high single-digit. And the new acquisitions, Ideal World as well as Mindful Souls, that will give us additional growth. So, the real guidance that we are giving is mid-teens.

**Pritesh Chheda:** And the high single-digit is dollar growth, right?

**Sunil Agrawal:** Dollar growth, yes. High single or low double-digit growth.

**Pritesh Chheda:** So, basically India translation will be double digit?

**Sunil Agrawal:** Yes. We hope so. We can't predict for currency growth. On a high single-digit or low double-digit.

**Moderator:** Thank you. The next question is from the line of Aniket Redkar, an individual investor. Please go ahead.

**Aniket:** Sir, I have few questions. I just want to understand the subscriber base growth, the effect from this acquisition to better see any growth again?

**Sunil Agrawal:** Yes, Nitin, can you give me the number? So, Aniket, you are asking subscriber base growth in current geographies outside the acquisition?

**Aniket:** Yes, sir.

**Sunil Agrawal:** I will have to look at the numbers. You are asking me for the future growth numbers or?

**Aniketh:** Current one.

**Sunil Agrawal:** Let me get the numbers back from Prashant. Nitin, if you can answer Aniket's question about total customer numbers outside of acquisition in last quarter and their growth year-over-year?

**Nitin Panwad:** So, year-over-year I don't have it with me, but outside the acquisitions quarter-over-quarter from September to December, we have a total 2 to 3% growth in unique customer base.

**Aniket:** And are we diversifying into any other product categories, we can appeal to a broad demographic and the age group?

**Sunil Agrawal:** Yes, so we constantly scan the market and get them on websites and set up new blocks and we bring in a few new products every day. New introduction is our huge strength and whatever works well, then we go deeper into it and we have a very robust exit mechanism of exiting non-performing products or deals. So, we cannot answer specifically what product we will bring but we are scanning constantly. So, any product that give us our gross margin of 60% plus that will also be profitable. We will acquire sufficient new customers to get our metrics, productivity ratio, margin per minute. Based on that, we take a decision on the product. This process that we have across the group.

**Aniket:** And sir, one last question, do we have any plans to see a geographical expansion to other country?

**Sunil Agrawal:** Not in the near future. I don't believe it will be at least for about three years.

**Moderator:** Next question is from the line of Harsh Mulchandani from Kriis PMS. Please go ahead.

**Harsh Mulchandani:** I wanted to understand with the operating leverage kicking in as we move forward, can we expect EBITDA margins to reach up near the historical highs or you know, we might have seen low double digits going forward?

**Sunil Agrawal:** Yes, so we expect operating leverage to continue for the foreseeable future for next four to five years at least, if not more and we do expect us to get to our historical high margins of about 15, 16, 17%, 16% on the highest. We expect to reach there and even beyond as we leverage the business.

**Harsh Mulchandani:** So, we see incrementally say 100 bps every year improvement or faster on a full-time basis?

**Sunil Agrawal:** I can't give specific guidance on that question because business is so dynamic, but I am clearly confident of us reaching and going beyond our historical high EBITDA margins in coming few years.

**Moderator:** Thank you. The next question is from the line of Gaurav Nigam from Tunga Investments. Please go ahead.

**Gaurav Nigam:** So, just one question I forgot to ask. What is our current NPS in the U.S. and UK geography? I believe we track it.

**Sunil Agrawal:** Yes, we do. Nitin, can you share it?

**Nitin Panwad:** Yes, so in U.S., 53 is our NPS and UK, 57 is our current NPS.

**Gaurav Nigam:** Sunil sir, if I remember correctly, it used to be higher earlier, right? Both of them have declined. Is there something or it's transitional.

**Sunil Agrawal:** Yes, so I think the macro environment also creates some pressures on NPS. So, any NPS above 50 is considered pretty good because as you know, the NPS measurement criteria is pretty strict on a scale of 1 to 10. Promoters are only 9 and 10 and then passives are eight, seven, six and from 1 to 5 detractors. So, of the 1,000 response we get, so if we have 10 promoters, that is 9 in 10 score, up to 10, then the 1 to 5 are reduced from that. So, given that strict measurement, or pretty robust measurement criteria, I think above 50 is good. Now, I suspect this macro-environment more than anything else, and as the macro-environment subsides, we will get back to our 60s or even 70s in the coming quarters or years.

**Moderator:** Thank you. This was the last question for today. I will now hand the conference over to management from Vaibhav Global Limited for closing comments. Over to you, sir.

**Sunil Agrawal:** Thank you. So, 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 will be happy to answer your questions. Thank you once again.

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