VAIBHAV GLOBAL LIMITED

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National Stock Exchange of India Limited
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 Q4 & FY26 Earnings Conference Call held on Friday, 22nd May, 2026.

The Transcript of the earnings conference call has also been made available on the website of the Company and can be accessed through the following link:

https://vaibhavglobal.com/admin_assets/Investor/Investor_Presentation/1866435024894616.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
Q4 and FY '26 Earnings Conference Call"
May 22, 2026

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

MODERATOR: **MS. NISHITA BHATT – ADFACTORS PR**

Moderator: Ladies and gentlemen, good day, and welcome to the Vaibhav Global Limited Q4 and 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, then zero on your touchtone phone. Please note that this conference is 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 afternoon, everyone, and thank you for joining us on Vaibhav Global Limited Earnings Conference Call for the fourth quarter and full year ended 31st March 2026. Today, we have with us Mr. Sunil Agrawal, Managing Director; Mr. Nitin Panwad, Group CFO; and Mr. Vivek Jain, 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 uploaded and 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 afternoon, everyone, and thank you for joining VGL's Q4 and FY '26 Earnings Call. I trust you have reviewed the results and the investor presentation. FY '26 has been a year where the investments of the last few years have started reflecting in our numbers. Profit before tax grew 41% year-on-year.

EBITDA margin improved to 10.8%. Our in-house brand contribution has crossed 50% of B2C sales, nearly a year ahead of our earlier target. Germany has turned EBITDA positive for the full year, and we generated our highest ever free cash flow of INR272 crores in FY '26. These are meaningful outcomes, and they validate the direction we are moving in.

Let me briefly cover the macro backdrop. The year had its share of noise. Precious metal prices spiked, the U.S. went through tariff-related uncertainty and discretionary spending was cautious across our core markets. Despite all of this, we navigated the year well. We also see the recent macro developments as supportive for VGL.

The India, U.K. and India EU free trade agreements, the ongoing India-U.S. trade discussions and the easing of U.S.-China tariff tensions all create a favorable environment for a vertically integrated retailers like us.

Coming to the numbers. For Q4 FY '26, consolidated revenue stood at INR935 crores, a growth of 10% year-on-year. EBITDA was INR96 crores with an EBITDA margin of 10.3%. One of the most encouraging structural shifts during the year was a rising share of our in-house brands, which crossed 50% of B2C sales. This was achieved almost a year ahead of the plan.

Higher in-house brand contribution strengthens customer engagement, improves sourcing efficiencies, supports pricing discipline and lifts gross margins. We expect this to remain a key driver of margin improvement going forward.

Our digital business also continued to scale steadily. Digital contribution stood at around 44% of B2C sales for the year, supported by better quality customer acquisition, improving retention and stronger AI-led targeting and personalization. Our OTT, live stream and social commerce initiatives are also gaining traction.

We remain on track to reach 50% digital mix towards the end of FY '27. Lab-grown diamonds are another important new lever. LGD now contributes 11% of retail revenue at an average selling price of around USD 250. This is lifting realizations, supporting gross margins and making a clear shift in -- meeting a clear shift in consumer preferences.

Moving to our geographies. In Q4 FY '26, U.S. and Germany grew by 1% and 7%, respectively, and U.K. degrew by 1% in local currency terms, resulting in total growth of 3% Y-o-Y in U.S. dollar terms. The most important milestone in our international footprint this year has been Germany achieving EBITDA breakeven.

This is a meaningful faster turnaround than we experienced in the U.S. and U.K. earlier when we launched originally. Germany is now well placed to contribute to group profitability from FY '27 onwards. Our growth continues to be guided by our 4 “R” priorities, that is reach, new customer registration, retention and repeat purchases.

During Q4, our TV networks reached around 127 million households globally. Our unique customer base stood at 6.8 lakh customers. Retention remained stable at around 38% and customers purchased an average of 23 pieces from us on a trailing 12-month basis. Technology and AI adoption remains central to our long-term strategy.

During the year, we expanded the use of AI across customer engagement, marketing optimization, analytics, content creation, merchandising and operational workflows. These initiatives are already helping improve productivity, scalability, customer experience and operating leverage across the organization.

Sustainability and community remains at the core of our business. Our ICRA ESG rating was upgraded to 74 during the year, reflecting continued progress on environmental, social and governance practices. Under our flagship Your Purchase Feeds program, we have now served

over 112 million meals to school going children, currently providing around 56,000 meals every school day.

We remain committed to our long-term goal of 1 million meals per school day by FY '40. On clean energy, we continue to meet 100% of our manufacturing power needs through solar. Two of our U.S. sites and 1 site each in U.K. and Germany also operate fully on renewable energy. We have also committed to the science-based targets initiatives, aligning our carbon reduction pathways to 1.5 degrees centigrade goal under the Paris Agreement.

And I'm pleased to share that all our group entities across India, U.S., U.K., Germany and China are now Great Place to Work certified, reflecting our human resources engagement. On capital allocation, the Board has recommended a final dividend of INR1.5 per equity share, including the interim dividends paid earlier. That leads to total INR6 payout for the year.

We remain committed to a balanced approach, rewarding shareholders consistently while keeping flexibility to invest in growth. Looking ahead to FY '27, we remain confident in our growth trajectory and currently expect revenue growth of 9% to 11%, along with an improvement in EBITDA margin of 50 to 100 basis points. Backed by continued investments in digital capabilities, technology adoption, customer engagement and operational efficiencies, we are confident to drive long-term value creation.

With this, I would like to hand over the call to Nitin to discuss the financial performance in greater details. Over to you, Nitin.

Nitin Panwad: Thank you, Sunil. Good afternoon, everyone. Let me now walk you through the key financial highlights for the fourth quarter and full year ended 31st March 2026. For Q4 FY '26 consolidated revenue stood at INR935 crores, a growth of 10% year-over-year. EBITDA for the quarter was INR96.3 crores, translating into EBITDA margin of 10%.

Profit before tax came in at INR64 crores, a strong 41% year-over-year growth, one of the sharpest quarterly profit improvement we have delivered in recent years. For the full year FY '26, consolidated revenue was INR3,691 crores with EBITDA margin expanding by 140 basis points to 10.8%.

Gross margin remained healthy through the year, supported by our vertical integrated sourcing model, higher in-house brand contribution, traction in lab-grown diamonds and disciplined inventory management. Despite elevated precious metal pricing and geopolitical tariff tension, we maintained pricing discipline and product profitability.

Our product mix, lifestyle products now contribute around 35% of total sales, and we continue to target a medium-term share of 50%. Lab-grown diamonds contribute close to 11% of retail revenue. And as Sunil mentioned, our in-house brands have crossed 50% of our B2C sales, a year ahead of our earlier target. The business continued to be strongly cash generative.

We delivered operating cash flow of INR305 crores and free cash flow of INR272 crores, which is our highest ever free cash flow generation in a year. Net cash position stood at INR296 crores

as of 31st March 2026. ROCE improved to 24% and ROE to 15%, reflecting much better profitability and disciplined capital allocation.

We also saw operating leverage during the year. Employee cost efficiencies improved further through process optimization, automation and increased use of AI tools across functions. Airtime cost productivity also improved with sharpest product portfolio and better negotiation outcome. Our digital marketing spend continued to stay focused on higher quality of customers with stronger lifetime value, which is helping strengthening our long-term customer economics.

Now let me cover geography-wise performance. In local currency terms, Q4 revenue growth was 1% in U.S., U.K. degrew by 1% and 7% growth in Germany, resulting in total growth of 3% year-over-year in U.S. dollar terms. In U.S., the retail landscape continued to shift rapidly towards digital-first customer discovery with paid social media emerging as one of the most important channel for customer acquisition and engagement.

Customers are increasingly discovering, evaluating and purchasing through platforms like Meta, Apple, TikTok and Google. And we have been steadily scaling our presence and investment across these platforms. Our paid social strategy is driven by performance marketing, AI-led targeting, creator and influencer partnership and platform-specific content, all aimed at improving customer acquisition efficiencies and lifetime value.

This aligns very well with VGL's omnichannel model with blends live TV, digital and social commerce. Despite higher precious metal prices and softer discretionary spending sentiment during the quarter, we delivered growth in U.S., supported by improving digital contribution, healthy traction in our proprietary brands, stronger customer engagement and better marketing ROI driven by AI-led optimization.

Importantly, the in-house jewelry casting line we operationalized in U.S. during the year continue to help us to mitigate tariff impact on our shipments and product gross margins. In the U.K., headline revenue was flat during the quarter and on the back of weaker consumer sentiments, the impact of elevated metal prices on discretionary purchases.

However, underlying performance improved meaningfully, especially Ideal World continued to be strong momentum with a healthy double-digit growth of 15%, while TJC declined by 7%. Overall, U.K. EBITDA improved substantially by 220 basis points year-over-year, supported by strong gross margin, disciplined cost management and an improving product mix.

In Germany, we delivered growth of 7% year-over-year, supported by continued strength in our live TV commerce and improving digital adoption. The Germany business achieved EBITDA breakeven for FY '26, which is a notable milestone for us. It is expected to contribute positively to group profitability from FY '27 onwards.

Mindful Souls, our digital-first acquisition also continued to its steady performance with strong gross margin and delivered tangible cross learning benefit across the group. On dividend, the Board has recommended a final dividend of INR1.5 per share, subject to shareholders' approval. Including the interim dividend already paid, our total FY '26 payout works out to around 37% of our free cash flow, reflecting our continued focus on consistent shareholder returns.

Thank you. We can now open the floor for Q&A.

Moderator: Thank you very much. We will now begin the question-and-answer session. Question comes from the line of Aditya Jhawar from AK Investments.

Aditya Jhawar: So I have a question regarding the margins. In FY '22, we did roughly about on a INR2,000 crores revenue, 15% or 13% to 15% margin. And currently, going forward for FY '27, we are doing roughly about INR4,000 crores of revenue. And still we are inching up at 11% EBITDA margin. So I just wanted to understand what -- I mean, what it takes to inch up the margins higher? That is my first question.

Nitin Panwad: Thank Aditya for the question. So margin in FY '22, we have launched Germany operation, which initially led the lower margins for the initial period. Now past financial year, we made the Germany business breakeven, and that now will start contributing in our similar kind of margin ratio over the years what we have seen in U.S. and U.K. will improve our margin lines.

Apart from that, our initial investments in our -- as we are expanding in our digital footprints in platforms like Meta or TikTok or the all paid media channels, which require investment in these kind of platforms, resulting lower margin compared to FY '21.

But all of these results, if you see the last 3 years, our margin is steadily improving from 7% to 11% from FY '23 to '26 now. And we're confident that our margin is continuously improving in upcoming years as we have guided 50 to 100 basis point year-over-year improvement next year, we have given a guidance.

Aditya Jhawar: Okay. And these investments, we have to continue for the growth. So the operating leverage is kind of -- I mean, it will happen slowly, but it will not be even though our base is becoming larger, but it won't be that big. Is it right?

Nitin Panwad: We expect that margin will continue to improve. Operating leverage will continue to come in the business especially the technology development and the AI initiatives what we have, we see the operating efficiency across all the platforms. And we expect that the leverage predominantly will come from HR and SG&A and shipping kind of cost platforms.

But it will continue to improve. And for the foreseeable future, we don't see that we should not achieve the peak margin of 15% we have achieved. But in terms of like precise guidance, it is not the right time to say, but our margin will continue to improve and it can be achievable to our peak level we have seen 15% in earlier years.

Aditya Jhawar: In coming 1 or 2 years, basically...

Nitin Panwad: Yes, it's a gradual improvement as we have seen in the past 3 years improvement you see it, it will be a gradual improvement.

Aditya Jhawar: Okay. Next, my question is a little medium term. Now since we have the presence in Germany and it has been stabilizing, I know you earlier talked about Japan or any other geographies. But I wanted to specifically ask why management is reluctant to start the business in India when we

have there in India who is ready to contribute or ready to pay up. And still, why aren't we focusing on India? When will be the time that we'll be focusing on India and create an optionality for the company?

Sunil Agrawal: Yes. Let me take that. So this is Sunil. Thanks, Aditya, for the question. So India, the television shopping is not really never took off in India. So for us to get into India, it will be only digital entry. Now for our own business in Western world, all 3 countries, the digital is nearing maturity. Once we feel comfortable with our full maturity in digital, we will look at India as a potential market for us.

Aditya Jhawar: That makes sense. And also, I have another suggestion for the management. I know we are paying a good amount of dividend, but our stock price is down really from the peak from 1,000 to 230-odd. We would request the management to go for a buyback so that it helps in the EPS boosting. So that will create more shareholder value rather than dividends.

Moderator: The next question comes from the line of Pradeep Maity with RGI.

Pradeep Maity: Yes. Just a moment ago, you have already told that our in-house spend already achieved 50% of total revenue. But in the investor presentation, it is already in that. Our in-house brand mostly contributing to gems and jewelry products of 80% to 85%. But just a moment ago, already -- and you also already said that in midterm, will achieve the lifestyle product 50% of total revenue how you can say that, the 2 statements are contradictory can you explain...

Nitin Panwad: Yes. So thanks, Pradeep. Yes. So let me explain that. So our total in-house brands is 50% of our total B2C business. Now if we do a sales bifurcation of in-house brands, that is 85% of in-house brands is through jewelry and 15% of in-house brands through lifestyle products. The other ratio that we are suggesting guiding for the business is whole together that our total sales of business, 35% of total sales of business coming through lifestyle product. So both are the different things.

Pradeep Maity: I am telling you told that, that 50% in midterm lifestyle product will increase 50% already the jewel in jewelry product is 80% to 85%. how can you say that? In-house jewelry product is major product, but you are telling that the lifestyle product will increase in percentage terms?

Nitin Panwad: Lifestyle product will increase in percentage terms. Our midterm target is 50%. It is combining in-house and external brand and our umbrella brand both. So the number we have reported in in-house brands is only the 85%, 15% ratio of our 50% of total branded ratio. But if we have more confusion, then we can have a separately e-mail chat and then we will explain you better.

Pradeep Maity: Okay. Okay. And then I will definitely email you. And another question is, can you comment on the tax for next year, means FY '27...

Nitin Panwad: What do you mean?

Pradeep Maity: You have already told in the FY '26 that it will remain in the line of 20% to 22%. Can you comment on that?

Nitin Panwad: Got it. So our tax rate will be steady around 22% for the upcoming years.

Pradeep Maity: Okay. And next question is that in TV broadcasting expense, can you comment on that? It will increase in percentage term or remain in percentage term or it will increase in absolute term or decrease in percentage in terms of revenue?

Nitin Panwad: Yes. So that the line we're continuously investing to expand our digital share. We expect that this will continue to be around in 20-odd percentage that line.

Moderator: The next question comes from the line of Sahil Sharma with Dalmus Capital Management.

Sahil Sharma: So sir, I just wanted to understand, we see volumes have declined across the board in both TV and digital by about 9% to 10% Y-o-Y, which seems quite significant. So how should we see this? Like is this reflective of a broader macro and demand trend? Or are we seeing increased competition?

Nitin Panwad: Sure. So our portfolio is pretty wide, and we offer every day a new product of 50 to 100 every time based on customer need or market trend, how is going on. As a recent period, lab-grown demand is pretty high. So lab-grown is around $200 price point. So that to fulfill that demand, our average ticket size is -- average ticket size has increased, so volume is impacted.

So -- and also increased metal prices also driving higher price point customers. So we actually look into it more in terms of our number of quality of customer acquisition and total sale of each platform is a true performance of our overall business. So declining volume doesn't mean that the customer is less buying is the product portfolio is shifting where we see more quality of customers and more lifetime value.

Sahil Sharma: Okay. Understood. So you're not seeing any sort of slowdown in demand at this point, especially given the inflationary environment that we are living in right now?

Nitin Panwad: Yes. Sunil, would you like to comment on this?

Sunil Agrawal: Yes. So Sahil, we are very agile in assessing the customer environment, the macro environment and customer demand. So whatever the current environment, whether recessionary or the positive, we will adapt and bring the product suitable for that particular time. So volume may not be the right barometer for you to look at it. The number of customers, repeat purchase, the retention rate and the reach, therefore, are the best way to look at our business and the overall revenue and profitability.

Sahil Sharma: And sir, on the own brand as a percentage of revenue has reached about 49% and 85% of that would be jewelry. So I think it would be about 64% to 65% of the jewelry revenue is now coming from own brands. So do you see the share of jewelry revenue from own brands increasing further like how do you see it in the next 3 to 5 years? You mentioned that it would be margin accretive. So would it be margin accretive on an EBITDA level given there could be higher advertising spend in the own brand segment?

Sunil Agrawal: Yes. So having higher own brand ratio is margin accretive. And as we increase the ratio across jewelry and LSP product, the EBITDA margin will increase. We don't have precise calculation for that because there is still very dynamic, but it helps in margin accretion because our customer

with our own brand has better repeat purchase and better retention, and we can give better value with our own brand than the third-party brands.

Sahil Sharma: And on like the share increasing further, do you see it increasing further?

Sunil Agrawal: Yes, it will continue to increase. I do not have exact guidance on that because we constantly push it and then -- but we are also cognizant of customer pull, but we'll continue to increase it. At what ratio will increase in coming years, I don't have a guidance on that yet, but it will definitely continue to increase in the foreseeable future.

Sahil Sharma: Okay. And can you just give a little more color on the sharp increase in the ROU what has led to this increase?

Nitin Panwad: Let me take this. So ROE is primarily driven in our growth in our PAT. So our company's PAT grew sharply during the quarter and year-over-year growth. So that is leading in our ROE number. But if we normalize the MAT credit that we have gotten this year, we're still having an improvement in our ROE to 15%...

Sahil Sharma: Sorry, sorry. I was asking about the ROU, right-of-use assets.

Nitin Panwad: Yes. Okay. got it. Got it. So I understand that. So we have taken one lease -- signed a lease in U.K. around February. So that result in a higher ROU. But the existing building that we have, we will vacate and move in the new buildings by the end of -- during this financial year. So ROU increase is mainly related to the new lease we have signed for the U.K. premises.

Sahil Sharma: So would that result in a significantly higher depreciation cost going ahead?

Nitin Panwad: Yes. Depreciation will be similar in line that for this financial year compared to the next financial year. But we have a resulted savings in terms of our -- as we are consolidating our 4 buildings operation in one building. So operational efficiencies, faster execution deliveries, all around, we will get the benefit in our operational cost.

Moderator: The next question comes from the line of Shreyans Jain with Svan Investment Managers.

Shreyans Jain: Congratulations on a good set. Sir, my first question is, over the last 3 years, our mix has consistently improved from, say, TV to digital. And I'm just looking at that percentages from 38% to 41%-odd right now digital, right? And the other thing that you also mentioned is that we are having a lot of sales from lab-grown diamonds, which is about 11% of your sales right now.

And also gold has, to an extent, played a big role in this growth, right? But when I look at your gross margins over the last 3 years it hasn't improved that much. And we were also made to understand that as your business mix moves more towards the digital side, your gross margins tend to be better on that side.

So why aren't we seeing a commensurate improvement on the gross margins? Or is it that the TV business that we're ending up doing is at a far lower gross margin that we used to do historically? Can you just help us understand this?

Nitin Panwad: Gross margin side, it is what I see actually it is improving trend, but the main reason I see is only the gross margin as we have a B2B sales increase. Though the B2B sales EBITDA margin is very close to our channels EBITDA margin, but B2B gross margin is much lower as the B2B doesn't have like a fixed cost of digital content broadcasting that much.

That is why you are seeing in the overall consol result that it is flattish over the years. But like in the current quarter, we have seen around 180 basis point improvement in gross margin and the full financial year is also 40 basis point improvement in gross margin. And as digital share is expanding now further and which might be in next year, a significant half of the business size is from the digital, then gross margin will further expand in future.

Shreyans Jain: B2B is hardly, I think, INR200-odd crores out of INR3,700 crores. And also the volumes have dropped off from where we used to do what we used to do historically. So that is why the question that we're not able to see the kind of gross margin improvement that we were earlier looking at.

Nitin Panwad: Yes. So I see the gross margin 1% improvement from FY '21 -- sorry, FY '27

Shreyans Jain: Sir, last 3 years from 64.6%, we are at 65.5%. And last 3 years, your digital has improved by 3%. Lab grown has become 11% of your sales where ideally your gross margins would have been higher. Volumes have sort of dropped off.

So your ASPs have gone up. So just these 3, 4 things when I look at these things and then try to sort of come to the gross margin number, I feel are we doing the traditional TV business at a lower gross margin than what we used to do historically?

Nitin Panwad: Yes. So margin-wise, it is flat, but time to time, we do inventory clearance. But overall, broadly, we look into it that year-over-year, are we getting an improvement in our overall margin or not. And that we are seeing in past 3 years, though this is not maybe like significant amount of percentage higher, but still 100 basis points higher in the past 2, 3 years.

And now we are seeing more traction on the higher gross margin side in our paid media sales channel. So that share is increasing in a recent period. So that will drive more higher margin in coming years.

Sunil Agrawal: Let me add to that. The last financial year has been the tariff addition to the business, the cost of tariff was there. Although in jewelry, we were able to start casting in U.S. and bringing to India and then making -- so we save tariff on some portions of the jewelry. But overall, the tariff intensity was substantial and the metal price spike was there.

In spite of that, we were able to expand the margin during the year. Digital has helped to some extent, but it was more of an internal discipline of improving margin that are seeing the growth in margin and therefore, the profitability, ROCE and ROI. So given the circumstances, I believe that we have done pretty well with our margin profile.

Shreyans Jain: Got it. And my second question is, sir, obviously, employee costs as a percentage of sales have improved by about 200-odd bps in the last 3 years. And now when we're seeing 50 to 100 bps

of margin improvement going forward, and Mr. Panwad also mentioned that some of it would come through from employee cost -- so just trying to understand going forward for the next 2 years, where -- which significant line item should we see improvement coming from?

That's one piece. And second is, sir, what is the kind of top line growth we should ideally look at? Because I'm just looking at the constant currency full year numbers for U.S. and U.K. And obviously, we understand the macro, but U.K. is flat and U.S. is 3%. So could you help us understand what are you looking at for the next 2 years in terms of constant currency growth in 2, 3 geographies?

Sunil Agrawal: Yes. So constant currencies, there's still a lot of noise of the currency fluctuation and the tariff uncertainty. So we are just giving guidance in INR for midterm of around 10% to 12%. For next year, we're giving guidance of 9% to 11% of overall revenue growth. Now the business as we go more towards digital, where we have more conviction of growth, then we can give local currency guidance going forward. At this time, because of the macro and business transition, we are not giving that constant currency guidance.

Shreyans Jain: Got it. And the margin improvement, sir, where will that come from 50 to 100 bps? Already employee cost by 200-odd bps?

Sunil Agrawal: Yes. So first, it will come from gross margin improvement, then the employee cost improvement. Shipping may have some leverage, but in current the Asian crisis, the war have whatever growth we had last year or the margin leverage we had last year in shipping that won't be available for this financial year. But if the business goes steady state, then there may be a room in shipping as well.

SG&A, I don't see leverage because we will continue to invest into whatever the savings we do on TV, we continue to invest into digital. So content and broadcasting will stay at around 20%, what Nitin mentioned earlier. So leverage to sum it up, leverage will come from margin improvement and HR costs.

Shreyans Jain: Okay. All right. Just last question. Sir, when I look at your other expenses ex of C&B, so that has increased by about 16%-odd in this quarter, right? So what has led to this 16% growth? And the second thing is, we've taken a write-off of about INR25-odd crores in the mindful souls piece, right? So just trying to understand what has happened in that because I think it's 1, 1.5-year old business and aren't we too early to take that write-off? Or you think fundamentally something has changed in that business?

Nitin Panwad: Yes, let me take this question. So the other line which has increased is mainly related to our traveling and the different office expenses that we have incurred for the initially to set up the warehouse in U.K. and also the -- some of the technology expenses that we have driven in AI side that we have done resulting other expenses are slightly higher compared to last year.

But that we see that it is temporary in nature. The other point about the Mindful Souls. Mindful Souls current business, initially, we structured based on the higher growth and we forecasted based on the double-digit growth basis, the initial impairment testing that we have done it.

Though conservatively, we have taken this year that, that number -- however, that number growth percentage not coming, but the business is still good profitable business for us. And the cross learning is pretty high that we are having the U.S., U.K. and Germany, all 3 business are learning from Mindful souls. So considering that, we perceive that, that business is very fruitful for us.

But now the recent investments that we are seeing in changing our digital strategy in Mindful Souls, focusing more on the one-off single items, we are seeing that this quarter started seeing the positive number from Mindful Souls, but the write-off is mainly related to the conservative impairment testing that we have done it.

So initially, we forecasted that the business will be recover all the invested money within 5 years. Now it is increased to 7 years. So the potential it may be reversed in upcoming years if the business performed well. But for now, because of the initial year, we haven't converted well from Mindful souls, that is why the write-off is coming INR25 crores.

Moderator: The next question comes from the line of Sheelkumar Shah with Sameeksha Capital.

Sheelkumar Shah: So considering the current macro environment in U.S. and U.K. particularly elevated gas prices and inflationary pressure, could you give us some color, qualitative color on the current trends that you are observing in April and May so far?

Sunil Agrawal: Yes. So I'll take that. So we are seeing better digital traction in both the geographies, but the television audience is still a bit stressed owing to the inflation. The gas price is high and interest rates are getting higher. So we are comfortable with our guidance that we gave for 9% to 11% growth year-over-year in overall for the group.

And let me add the Germany also. Germany is seeing better traction this current quarter than it did last quarter. So all in all, for the group, we are comfortable to see the growth in revenue as well as profitability in current quarter and for this financial year.

Moderator: The next question comes from the line of Pulkit Singhal with Dalmus Capital Management.

Pulkit Singhal: Sunil, I think one of the concerns is that U.S. market particularly has been growing at low single digit for 3 consecutive years. I mean we have been making a lot of investments on the digital side. We've been trying a lot of things. How do we get comfort that this will grow higher going ahead? What is it that you're seeing? Is there something that you're doing that gives you comfort on this going ahead that we grow higher?

Sunil Agrawal: Yes, good observation. So we have -- over the course of last 31 years we are public, we have transformed our business multiple times from B2B to B2C, brick-and-mortar to TV to jewelry to lifestyle and to now digital. So last 3 years has been our transformation journey from purely TV dependent to TV/e-comm and more and more towards e-com, while giving improved EBITDA, improved margin and amidst the German initial buildup negative margins.

So to your question of U.S., given our investment into digital and my conviction of us being on the right track gives me confidence that in mid- to long run, U.S. and U.K., both geographies

will get to double-digit growth for us because we put those investments in place and the teams in place.

Pulkit Singhal: You're talking about double-digit constant currency growth you're expecting for both the markets eventually?

Sunil Agrawal: Yes, -- in mid- to long run, yes.

Pulkit Singhal: Any initiatives you will touch upon AI or otherwise that gives confidence that you're doing something new, which is kind of giving you that confidence or visibility?

Sunil Agrawal: Number one is AI is now completely integrated into our digital efforts, from scanning the competitor environment or Meta library or other data or what is working, what angles are working. So we scan that. And then we create the creatives for Meta or for [inaudible 0:47:16]. Based on that intelligence through AI.

And then we create landing pages for those customers clicking on that ad with the help of AI. And then we analyze with AI where the customer is bouncing from through there is Microsoft service and that integrated with AI. So we are able to watch real time where the conversion is slowing down, where the customer is bouncing.

And that is helping us getting to improve the conversion and customer spend. That gives me a lot of confidence. So from product identification to creative angles to making the creative AI and the landing pages and analytics. Completely this is on the marketing side. Now we are also using AI in our operations to -- for the supply chain demand forecasting into the back-end supply chain analysis and optimization.

So it's quite across the board, we are using AI, and it's only going to accelerate. And we are not doing centralized AI. We are encouraging all our team members to use AI with certain security guidelines to utilize AI to improve their results and there are contests across the company going on for best AI use and people are getting handsomely rewarded for the good AI use that they demonstrate.

Pulkit Singhal: Right. And these initiatives on AI demand generation or marketing, when have they started? And when do you think it can reflect in terms of some real impact in terms of significant impact in terms of demand generation? I mean, how old are these initiatives? And how do we understand...

Sunil Agrawal: Started a few months ago. So it's not -- you just don't switch on one switch and go on. So it started almost a year ago and in recent weeks and months, it started accelerating. I cannot predict how much it will result in substantial increase. I cannot say that. But I'm comfortable with the guidance that we have given you, and we hope to meet or exceed those guidances.

Moderator: The next question comes from the line of Mehul Panjuani from 40 Cents

Mehul Panjuani: Sir, last few quarters, we were kind of our business was -- there was some uncertainty due to tariffs. So can you say that the tariff uncertainty is out of the way right now or we have to wait for one more quarter or so?

Sunil Agrawal: With the current administration, Mehul, we can never be certain. -- but I can only say that is whatever the circumstances, we are very agile and pretty multi-country operations and logistics that we'll deal better than competitors.

Mehul Panjuani: **Another** question related to this is that since we have reported a very good set of numbers if the tariff related uncertainty wouldn't have been there, we would have been significantly better...

Sunil Agrawal: That is very hypothetical question, difficult to answer. But it is a fact that uncertainty can cause disruption. But I look at uncertainty sometimes as an opportunity to make a difference or do something better than competitors are not doing. So it's difficult to say, hypothetical and very difficult to say.

Mehul Panjuani: Sir, our products -- another question related to certification, are our certified by external agency or there's no requirement as such for our customer base.

Nitin Panwad: So our products like diamonds or lab-grown, those are certified products and customers are also looking for certification to get a trust and authenticity. And regulatory requirement also is in U.K. to assay the silver and gold jewelry item so that also certified. So most of the product and branded product side, we certify.

And the product -- the certification varies based on product price range and product brand related. But I would say that the trust we have created and value generation that we have created across the years. The customer believes and customer trust is there, and we do a certification also there for our customer if needed.

Mehul Panjuani: Sir, my last question is about lab-grown diamonds. Since when have been selling these products...

Nitin Panwad: Sorry, I didn't get that last part. When are we

Mehul Panjuani: Since when are we into the business of lab-grown diamonds starting in the last couple of years...

Nitin Panwad: So lab-grown category picked almost around 18 months back. And that category was pretty much nil for us in lab-grown diamond. But now that category within 18 months, it has peaked to almost 11% now.

Moderator: The next question comes from the line of Parth Dalam, an Individual Investor.

Parth Dalam: The first question is about the unique customer which has gone down. So how do you see that panning out in the next 2 years, 3 years?

Nitin Panwad: Sure. So the customer number, we are constantly looking and refining our customer persona and portfolio and where we see a more value or quality of customers that we have target. In the past 3 years that we have targeted very low price point customers and then we have seen the lifetime

value for those customers were not high, then we deliberately move to the more quality of customers where the customer -- we get more repeat like beauty items and the lab grown and the other gemstone items.

So that we have expanded and that they are naturally slightly high price point items, and the quality of customers' cost is also high, but longer term, it gives value. So overall unique customers, we monitor based on how many quality of customers we're acquiring. So the number has gone down because of mainly those one-off customers which were earlier not giving value inflating the last year number. But now the focus is more on the quality of customers.

Parth Dalam: But do we see that increasing, maybe not immediately, but at least 2 years down the line because we have this Germany doing very well. We have 2 acquisitions. If I recall from the past calls, we have been investing in customer acquisitions and all. So do you see that...

Nitin Panwad: We are seeing that the recent improvement led through AI and the digital marketing, the whole platform that we have created of content generation. So that is resulting in the acquisition of higher number of customers with lower cost. And we see that, that number will continue to improve.

Moderator: Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Sunil Agrawal for the closing remarks.

Sunil Agrawal: Yes. So thank you, everybody, for your participation and great set of questions. If you have any further questions, please feel free to reach Vivek Jain at Vaibhav Global or Disha or Amit Jain at Adfactors, and they'll take care of your questions.

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

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