# VAIBHAV GLOBAL LIMITED

**Ref: VGL/CS/2026/76**

**Date: 11th August, 2026**

**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**

**<u>Subject: Submission of transcript of conference call</u>**

Dear Sir / Madam,

With reference to captioned subject, we are enclosing herewith the transcript of Q1 FY27 Earnings Conference Call held on Wednesday, 05th August, 2026.

The same is also available on the Company's website at www.vaibhavglobal.com

This is for your information and record.

Yours truly,

**For Vaibhav Global Limited**

YASHASVI PAREEK

Digitally signed by YASHASVI PAREEK
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*Encl: as above*

# "Vaibhav Global Limited

# Q1 FY '27 Earnings Conference Call"

## August 05, 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. NATASHA SINGH – ARIHANT CAPITAL MARKETS LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Vaibhav Global Limited Q1 FY '27 Earnings Conference Call hosted by Arihant Capital Markets Limited. 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 this conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Natasha Singh from Arihant Capital Markets Limited. Thank you, and over to you, ma'am.

**Natasha Singh:** Thank you. Good afternoon, everyone, and thank you for joining us on Vaibhav Global Limited earnings conference call for Q1 FY '27. 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 an opening remarks by Mr. Sunil Agrawal on the business operations, key initiatives and Board outlook, followed by discussion on the financial performance by Mr. Nitin sir. 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 this risk 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 sir to make his opening remarks. Over to you, sir.

**Sunil Agrawal:** Thank you, Natasha. Good afternoon, everyone, and thank you for joining VGL's Q1 FY '27 earnings conference call. I trust you have had a chance to review our results and the investor presentation. We have commenced FY '27 on a healthy note, building on the momentum of FY '26.

For the June quarter, we reported consolidated revenue of INR917 crores, a growth of 12.7% Y-o-Y. EBITDA came in at INR102 crores, up 37% year-on-year with EBITDA margin at 11%, a strong improvement from 9.2% in Q1 FY '26. Profit after tax grew 50% year-on-year to INR56 crores.

Reported growth benefited from favorable foreign exchange and U.S. tariff refund during the quarter. On a constant currency basis, revenue was broadly flat, largely due to Middle East conflict-related disruptions early in the quarter and a cautious consumer spending environment across our key markets. These are near-term factors and do not change the long-term growth potential of our business or our progress against strategic priorities.

Let me briefly touch upon the macro backdrop. In the U.S., consumer confidence stayed weak through the quarter, with households prioritizing essentials over discretionary categories in face of increased fuel costs. Against this backdrop, our U.S. business delivered a steady performance, a resilient outcome relative to the wider caution across the discretionary retail sectors and one that reflects the continued strength of our value-oriented omnichannel proposition.

In the U.K., the overall operating environment remained challenging during the quarter with consumers staying cautious on discretionary spending. While the core TJC business was subdued, our proprietary brand, Rachel Galley and Ideal World continued to perform strongly and helped offset the broader softness. Overall, U.K. performance remained flat, but the momentum in these 2 brands remain encouraging and gives us confidence in the medium-term recovery of the market.

In Germany, consumer sentiment showed early signs of stabilization on the back of improving income expectations. Our Germany business also delivered good growth of 6% in local currency with improving margins during the quarter. As you will recall, Germany achieved EBITDA breakeven for the full year FY '26. And I'm pleased to confirm that the business is now on track to contribute positively to group profitability from FY '27, consistent with the trajectory we had guided to.

Coming to our strategic priorities, our in-house brands now contribute around 57% of B2C sales, sustaining the milestone we crossed during FY '26 and continuing to support our margins and sourcing efficiencies. Digital sales accounted for 45% of B2C revenue during the quarter. And we remain on track to reach our 50% digital mix target by the end of FY '27. Lab-grown diamonds continued the strong momentum at around 13% of retail revenue, broadening our price architecture and making a clear shift in consumer preference.

Our growth continues to be guided by our 4 R priorities, that is reach, new customer registration, retention and repeat purchases. During the quarter, our TV networks reached around 127 million households globally, consistent with recent quarters. Unique customers stood at 6.77 lakhs and retention at 38%.

I would like to share a bit of context here. The moderation in customer count and retention reflects our deliberate shift towards higher value, higher lifetime value customers, primarily with scale-up of our lab-grown diamond portfolio, which has a higher ASP of around USD 250. Average pieces per customer on a trailing 12-month basis remained healthy at 23 and customer economics have improved meaningfully.

During the quarter, we have successfully migrated all our key e-commerce platforms from Salesforce to Shopify Enterprise e-com platform. This is a significant structural step and marks an important milestone in our journey towards becoming a truly digital native organization. With this migration, we now operate on a unified cloud-based and highly scalable technology backbone across all our brands and geographies.

This gives us several important advantages. Faster deployment of new features across markets, a single unified view of customers across TV and digital channels, seamless integration with modern marketing technology, analytics and AI tools, improved site performance and conversions and lower long-term platform costs, which also positions us to launch and scale new brands, categories and geographies with far greater speed and efficiency.

On AI initiatives, we have implemented many important AI tools encompassing product scheduling, content generation, personalized marketing and demand forecasting, et cetera. This transformation is helping us fundamentally reengineer how we operate, evolving from traditional TV-led retailer with digital add-ons into an integrated digital first AI-led omnichannel retailer. We believe this shift will be a key structural driver of both growth and operating leverage over the coming years.

Sustainability and community remain at the core of our business. Our ICRA ESG rating stood at 74, marked as strong. In line with FY '26, under our flagship Your Purchase Feeds program, we have now served over 115 million meals to school going children since inception, currently providing around 58,000 meals every school day. We remain committed to our long-term goal of 1 million meals per school day by FY '40.

On capital allocation, the Board has recommended a first interim dividend of INR1.5 per equity share. On the outlook front, we reiterate our FY '27 guidance of 9% to 11% revenue growth with EBITDA margin expansion of 50 to 100 basis points over FY '26.

Looking further ahead, we remain confident in our journey towards achieving 12% to 15% growth in mid- to long-term as we continue to scale our digital platforms across geographies, brands and channels.

With that, I will hand over the call to Nitin to take you through the financial performance in greater detail. Over to you, Nitin.

**Nitin Panwad:** Thank you, Sunil. Good afternoon, everyone, and thank you for joining us today. I will now take you through the key financial and operational highlights for the first quarter of FY '27. We have started the year on a strong note, delivering another quarter of profitable growth.

Revenue from operations stood at INR917 crores, a growth of 12.7% year-over-year, despite a relatively soft consumer spending environment across some of our key international markets. EBITDA increased 37% year-over-year to INR102 crores and EBITDA margin expanded to 11%, up from 9.2% in Q1 FY '26.

Profit after tax grew 50% year-over-year to INR56 crores, with PAT margin improving to 6%. The improvement in profitability reflects the continued benefit in our strategic initiatives around product mix, operating efficiencies and cost discipline.

In local currency terms, our Q1 FY '27 growth was 4% in U.S., flat in U.K. and 6% in Germany. Overall B2C growth is 2% in U.S. dollar terms. And excluding the impact of tariff refunds, it is largely flat.

In the U.S., our vertically integrated model and diversified sourcing helped us to expand margins despite ongoing tariff-led pressures and softer consumer demand. In the U.K., Ideal World continued its strong momentum with healthy double-digit growth. Overall, U.K. performance remained flat, but momentum in Ideal World and Rachel Galley remained encouraging and gives us confidence in medium-term recovery of the market.

Germany continued a meaningful improvement in bottom line. While EBITDA for the quarter was marginally above breakeven, the underlying trajectory remained on track. We remain confident that Germany will contribute meaningfully to our group profitability from FY '27.

In line with our earlier commitment, Mindful Souls, our first digital acquisition brand, also continued its steady performance with strong gross margin and growing consumer base. On channel mix, digital revenue grew 21% year-over-year to INR398 crores, while television revenue grew 9% to INR484 crores.

Digital now contributes around 45% of our B2C revenue. And we remain firmly on a track to cross 50% mark during FY '27. This digital transition is important because it allow us to build a stronger customer relationship, improve customer acquisition economics, and generate better lifetime value through first-party customer data.

Lifestyle products contribute around 40% of B2C revenue this quarter, with a medium-term target of 50%. Our budget pay option, which allows consumer to pay for purchase on EMI, remained popular and accounted for 36% of our total retail revenue.

Gross margin for the quarter was 67%, reflecting the strength of our vertically integrated business model and our in-house brand mix. On the cost side, we continue to see benefit from headcount rationalization, better logistic efficiencies, sharper airtime negotiation, and higher utilization of automation and AI tools across the organization. Our digital marketing spend remain focused on acquiring higher quality of customers with better lifetime value, which is helping strengthen long-term customer economics.

Net cash position stood at INR287 crores as of 30 June 2026, giving us the flexibility to continue investing in growth while maintaining strong capital discipline. Returns ratio remained healthy, ROCE at 24%, ROE at 18%. The board has declared a first interim dividend of INR1.5 per equity share.

While we remain disciplined on cost, we continue to invest in the areas that create long-term shareholder value, scaling digital commerce across geographies, deepening own brand penetration, expanding lifestyle categories, growing our lab-grown diamond portfolio, embedding AI across customer acquisition, retention, merchandising, and strengthening customer engagement through our own digital platform. These investments are designed to improve customer lifetime value while simultaneously expanding margin over the medium term.

To conclude, we are pleased with our progress made during the first quarter. We have entered FY '27 with a healthy business momentum, improving profitability, a robust balance sheet, and multiple growth drivers that position us well for the future.

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

**Moderator:** Thank you very much. The first question is on the line of Aditya Jhawar from AK Investment. Please proceed with your question.

**Aditya Jhawar:** Yes. Thanks for the opportunity. Great set of numbers. Congratulations to the team. So my first question is regarding the guidance which we have shared, that FY 2030 vision, that is INR5,000 crores to INR5,500 crore, which looks very skeptical, I mean, when I do a CAGR, of roughly 10% revenue growth. And what sort of margins are we thinking when we are talking about FY '30? Can you just clarify on that?

**Sunil Agrawal:** Thanks, Aditya. For mid to long-term guidance, the macroeconomics is very volatile. And considering the shift from our TV to digital, we are confident that we continued our expansion in our digital platforms, like Meta or social commerce or TikTok and other platforms. We have given a guidance to hit INR5,000 crores mark.

In margin terms, it is continuously improving with the vertically integrated business model we have. We have -- our target is to improve the margin higher than our revenue growth that we do. And that we have delivered in past 2 years as our digital share is expanding.

And in terms of the margin, where it will drive from, mainly improvement in gross margin that you see in our current quarter as well. Gross margin will continue to improve. Keeping in line, our digital investment will continue to increase. So our overall EBITDA margin guidance will be in terms of improving trend.

**Aditya Jhawar:** So it will be 15% to 18%? And what will be the ballpark range?

**Sunil Agrawal:** Specific number is difficult to guide, but it will be improving. It will be in improving trend.

**Aditya Jhawar:** Okay. Okay. But still, sir, I mean, 10% revenue growth, if you talk about 12% EBITDA or PAT growth, it looks very -- I mean, now, we are making roughly this year we are making INR4,000 crores. And in the next 3 to 4 years, 3 years, we are talking about this number, which looks very -- I mean, it's very difficult to think that, okay, we are just growing this much.

Because we have made our investments in Germany and we thought that, okay, the revenue growth and this should be higher when the environment improves if we are going into digital. But, yes, that's what it is.

**Sunil Agrawal:** Okay. Second question.

**Aditya Jhawar:** Yes.

**Sunil Agrawal:** Yes, Aditya. I agree, but the macroeconomic environment is very volatile. It keeps on changing with how the world is moving towards different war, oil prices up and down. So considering all in our mind, we have kept our number like that.

**Aditya Jhawar:** Okay. And secondly, my question is, every year we are throwing lot of free cash flow, right? And we are returning as a dividend. So, here I have 2 questions. One is, why are we not doing a buyback which is shareholder accretive? I've asked in the last call also. I'm asking again, why are we not doing that? And secondly, when we are throwing this much cash, why are we not being very -- little aggressive, like starting an initiative, like we have experience now 50% of revenue comes through digital, right? We have a good experience. We can pivot into a small team and start venturing how do we explore the India market. Because here lot of new brands are trying to create lot of value.

So I think there has to be some initiative from the board that we need to think about how we can grow 15% to 20% rather than 10%. If geo-economical are not good, then, we have to focus on India market. How we can create a brand, because right now with AI, website building is not a tough initiative to do it.

And you have lot of e-commerce channel where the delivery can be fast. I think we should be little aggressive in order to create a shareholder value in the long run. If we are growing at 10% CAGR for 4 to 5 years and there is no margin improvement, I mean, how shareholders will make money sitting in Vaibhav Global? These are 2 straight questions from my end.

**Sunil Agrawal:** Thank you, Aditya, for your questions. So first, in terms of free cash flow, we keep on generating our cash and distributing dividend of almost INR100 crores every year. Our internal assessment is that we need to create some cushion of $50 million to $100 million with us for any opportunity comes with us, for not only just acquisition or any other thing to expand our business. So that internal strategy we are keeping for not doing buyback right now, until we have a $50 million to $100 million kind of cushion with us.

Apart from that, the other question in terms of coming into India market, India is definitely a lucrative market. But the first opportunity for us is that we have last 20 years operating in Western economy. And that itself has a larger potential like U.S. and the Germany market has, to grow digital business much faster.

The changes we are doing internally from shifting our live television to a digital native business that recently transformed from Salesforce Commerce Cloud to Shopify platform, also one of the major steps to expand our digital platform.

Margin improvement, we are giving the guidance to improving the margin every year comparatively., we have considered keeping all the macroeconomic fundamentals, how the other business and the economy is evolving. So right now, the board is not just throwing out the idea of coming into India. But right now, our first focus is to expand our existing digital business, what we have in U.S. you can jump.

**Aditya Jhawar:** I understood that we are expanding. But what I was saying that, if management is very occupied in that, we can have a new leader in place and where he can explore that part and it can create a pivot. And basically, once the idea matures, we can scale it up. Rather than if we're not spending it today, then, after 5 years also, we'll not be able to. Then there is always a delay, right, if we are not thinking right away? So I would suggest that we put some thought into it. From a real shareholder perspective, I'm just sharing it for the future of Vaibhav Global. That's all. It's up to you.

**Moderator:** The next question is from the line of P. Yogesh an individual investor.

**P. Yogesh:** Sir, can you break down the revenue growth between, let's say, how much we are benefiting due to currency or pricing and volume?

**Nitin Panwad:** Yogesh, our growth is largely driven by the currency in the current quarter. And part of it also driven the tariff refunds that we have received. So if you exclude that, our growth in terms of U.S. dollar is largely flat. But the volume is increased, as we are seeing traction on the lower price point. Our average ticket size in U.S. is reduced from $50 to $46. But the volume, we are seeing good traction.

**P. Yogesh:** Okay. And what are the key drivers for U.S. business? I think we've done INR530 crores. But what are the drivers in future? I rightly say that you have already mentioned in your opening remark that U.S. is something is now, I think, the consumer spending is changing slowly, slowly.

So what is our expectations? And how do we see -- what could be the growth driver? Because see, the cost of money and inflation going to be very high in U.S. in coming years also. So obviously, we, as a company, we're also acknowledging that part. But in future what is our strategy basically and what could be the growth drivers?

**Sunil Agrawal:** Yes, Yogesh. This is Sunil Agrawal. I'll answer that question. So the key growth drivers for us, number 1 is digital. We made investment over last 2, 3 years into talent development towards digital, to becoming digital first. We invested in technology. That is we went into, from Salesforce, we went to Shopify Enterprise platform for all our brands. And then we invested into AI tools across the business. And that is to enable us to become digital first across all our brands, not just U.S.

So the digital will be the key driver of our business. And there are two additional drivers. One is the OTT, where the connected television. And we have presence into pretty much all platforms, whether it's Roku TV or Fire TV, Samsung TV, Apple TV. So we have our apps on those OTT platforms. And we are having decent revenue growth and customer engagement on this platform.

And the third, that is small right now, is the live streaming. So the TV, the live programming is our strength. Over last 20 years, we refined that and right from storytelling to product identification to engaging content, with 24/7 is a live programming. That we have launched on TikTok, on YouTube, on Instagram in U.S. and then we are getting customer engagement with that.

It's still small. It's still just about $2 million business for us. But we see that as a growth driver for future for us. So now again, just to summarize, number 1 digital, number 2 is OTT, number 3 live stream on e-commerce social networks. That is all powered by AI.

**P. Yogesh:** Okay. What's your initial observation? Do you think what we are doing actually will be showing good results in future?

**Sunil Agrawal:** Most definitely. As you see, our digital contribution is increasing. We are almost 45% of the B2C revenue as of digital. We expect it to reach 50% by the end of this year. And it will continue to grow and eventually we'll become predominantly digital in few years down the road because of investments and understanding of the business that we acquired over the last few years. I'm fairly confident.

**P. Yogesh:** Just last question. Sir, lab-grown diamond contribution is increasing. So how do you see in next 2, 3 years? And is there any big margin difference between the lab-grown diamonds and our normal business?

**Sunil Agrawal:** Yes. So lab-grown currently is about 13% of our revenue. And I think it will increase somewhat more because still we are seeing a good traction on digital properties for lab-grown. So I do not know where it will go, but maybe it will grow 14%, 15%, 16% in the coming years. And the margin is slightly better on lab-grown than compared to the natural gemstone or gold jewelry or plain silver jewelry.

**Moderator:** The next question is from the line of Naveen Baid from Nuvama AMC.

**Naveen Baid:** In your medium-term guidance, if you are hoping to get to almost INR5,500 crores of revenue over the next 4 years. Can you just sort of throw some light on how much is your assumption on the currency side?

**Nitin Panwad:** Currency, the past 20 years is roughly depreciating around 3%. And similar kind of depreciation we're expecting in upcoming years.

**Naveen Baid:** Okay. So out of 12% sort of growth, if you are expecting, 3% is what you've factored in on account of currency, right?

**Nitin Panwad:** Yes.

**Naveen Baid:** Okay. The other thing is in terms of our gross margins, what is the difference in gross margins when it comes to the digital side of the business and the traditional television side?

**Nitin Panwad:** So gross margin on the native digital, pure e-com, is higher than our TV business margin, as it requires the higher spend on the social media marketing or the other paid mediums. So native digital gross margin is higher than our TV margins.

**Naveen Baid:** Okay. And I mean for the past couple of years, we've been at almost 20% in terms of our ad spends. And you have maintained that as our mix is shifting more towards digital, those spends will continue. Do you see those spends getting capped somewhere? And at what point do you think that the benefits will start to accrue to us and the spends can be sort of much lesser in terms of growth versus what the digital revenue can grow?

**Nitin Panwad:** How we internally look, we look that how much these that have done spent to the paid media and then how much ROI we are generating through that. As long as they are giving us a good margin, double-digit over margin lines, we continue to invest on that. So guiding may not be right that it will cap somewhere, but definitely all the spend, whatever we are doing, will result positively in our profitability.

**Naveen Baid:** And typically, what is the ROAS that is your hurdle rate when it comes to digital spending?

**Nitin Panwad:** The ROAS is roughly around right now currently at 2. And we are expecting to expand to over 3 in coming years.

**Sunil Agrawal:** So that is for the new customer acquisition. Now our overall ROAS for the business is much higher because we have loyalty customers also coming in through digital platforms. So overall ROAS is substantially more. So when you look at the pure digitally acquired customer, the maintenance guidance is between 2 to 3 is for those pure digital customers. And at the 67% margin, at 2, they become profitable for us.

**Moderator:** The next question is from the line of Pulkit Singhal from Dalmus Capital Market.

**Pulkit Singhal:** First question is, can you just quantify the amount of refunds that you've received this quarter?

**Sunil Agrawal:** Pulkit, our refund, we have received around INR38 crores in the current quarter. And the part of it went to the inventory as we keep alive the earlier stock and the part has gone to our P&L.

**Pulkit Singhal:** And so how much is part of the revenues or where does it figure in the P&L? Can you help us to understand?

**Sunil Agrawal:** Yes, it is other operating revenue. It is INR25 crores in other operating revenue, and INR13 crores is in our inventory.

**Pulkit Singhal:** So I should subtract INR25 crores?

**Sunil Agrawal:** Yes.

**Pulkit Singhal:** Okay. Understood. And that INR25 crores will flow entirely to your gross profit and EBITDA and PBT?

**Sunil Agrawal:** Yes. Right.

**Pulkit Singhal:** Okay. Because if I were to then remove that, then the financials, I mean, they suggest way less kind of growth in terms of profits.

**Sunil Agrawal:** Pulkit, there's still good decent leverage on that B2C revenue. Last year we had good foreign exchange gain. This year we didn't have the foreign exchange gain in other income.

**Nitin Panwad:** Last year we had around INR8 crores of foreign exchange gain, which came to almost nil mainly because of at the end of the quarter currency appreciated much faster. But then now become again depreciated.

**Pulkit Singhal:** Yes, the other income you're saying has kind of has been low because of that.

**Nitin Panwad:** .Yes

**Pulkit Singhal:** Well -- okay. Secondly, I mean, we talk about the consumer sentiment being lower in the U.S., but then U.S. Census is reporting data. There is at least 4% to 5% kind of retail sales growth across different categories on a Y-o-Y basis. And for us to be doing flat, even in this environment, just suggests something else. So can you help us understand? Because now this is consecutively reflecting low constant currency growth and we are just putting it on macro. How do we understand what the management is doing to pick this up?

**Sunil Agrawal:** Yes. So let me take that. So U.S. GDP growth is driven by 2 factors. One is the AI investments. A lot of capex investment into AI. And the second is the gasoline prices have gone up. So gasoline and groceries. So they continue to have larger portion of consumer discretionary amount.

So let me take it back. So larger consumer income is going into gas and groceries and leaving less amount for discretionary income. So when you look at the discretionary spend, they have gone lower for major retailers.

When you look at Target or JCPenney or Kohl's, all their revenue growth on discretion, they are not grocery-first retailers. They're having the impact of their revenue. Walmart or Amazon, they are different space. A lot of AWS, lot of other structurally advantage they have. So they are getting most of the growth in the market.

But the major retailers are not getting much growth at all. So in that environment, we are completely discretionary as a jewelry or accessories. In that environment, we are also seeing the lower price points that having better traction. And we are seeing the lipstick effect into all these economies, where lower price point is getting better traction. So that to me reflects the consumer pull back from discretionary spend.

**Pulkit Singhal:** And this is, I would suggest that, because while you're talking about certain customers, the whole category-wise data in U.S., as you know, is available on a monthly basis. And you would realize that various discretionary categories are still growing out there, including clothing, et cetera. So -- and we've also talked to some of those players.

But I think the best thing is just to look at macro data. The reason I'm constantly mentioning this is because, if we kind of look at that and be comfortable with the constant currency growth of flat, how would we try to outperform? Because there's, in a way, macro is what it is, but the TAM is also a lot bigger, right? I mean, we are a very small player in this whole space. So how do you get comfort that things are going to improve for you going ahead?

**Sunil Agrawal:** Absolutely. That's a fair point, Pulkit. My comfort or my confidence is in our investments we made in digital over last 2, 3 years. Finally, we just moved on to Shopify. We are still into the full integration. The initial hiccups are there for last couple of months. And once we go over those hiccups, we are fairly confident that our learning will get us to much higher momentum, given that our vertical supply chain, our store retailing abilities and our cost advantage. I'm fairly confident.

**Pulkit Singhal:** So just one last suggestion from a presentation standpoint. It would be great if the management can very transparently disclose some of these aspects which are impacting the quarter. Like for instance, INR25 crores is a big amount to flow through the P&L to not quantify. Secondly, constant currency growth rates for every country that we're operating in should be very transparently disclosed in the presentation.

I don't know why we have to constantly ask on the call for this. I think previously we used to have lot more disclosures around some of these things. But I'm noticing that the call is more about asking for data points, whereas they should just be present in the presentation.

**Nitin Panwad:** Pulkit, well, these disclosures are in the accounts. In the notes, we have done our disclosure in accounts. All the notes are there. But we'll discuss that, what data points are missing. But I think that notes are there for tariff and other impact.

**Sunil Agrawal:** Pulkit, let me reiterate on that. From our point of view, we are a highly transparent company. We've never hidden any data from anybody. It could be that we may have to disclose some more to your comfort. We'll take that as an advice. But as a principal point of view, we've always been highly transparent in sharing the customer data point, the financial data point, more than pretty much any other company in our space.

**Nitin Panwad:** And this, so I'll just take it offline with the IR as well, as to what can be added.

**Moderator:** The next question is from the line of Shreyans Jain from SVAN Investments.

**Shreyans Jain:** Sir, if I were to remove the INR25.5 crores of the refund, the EBITDA growth obviously is not as per our expectations. And obviously the margins also tend to just improve by about 40 odd bps. My second question around this is, when you're saying volume growth, but, when I'm just looking at your presentation and trying to match the 2. Digital, we have sort of grown by 20% overall.

But when I just look at the volumes and the ASP, ASP has grown by 10%, but the volumes are down, largely flat, maybe 0.7%. So the other question is, in your presentation you also mentioned if you've added about 3.5 lakh new users in the trailing 12 months on the digital business and your repeats you're seeing are at 23. So ideally, this number should have increased in terms of volumes, right?

So my point is either 2 things are happening. Your existing customers are not buying as much, they're not doing repeats or the thing is you're adding new customers, but they aren't buying. So can you just help me sort of understand this point?

**Nitin Panwad:** Shreyansh, Nitin here. So in terms of volume, our TV volume has had a good jump from 1.34 million to 1.37 million compared to last quarter same time. But digital, as we are moving towards more on lab-grown side as the consumer traction and lifetime value of those customers are high. The ticket size from those digital mediums is increased from $33.80 to $37.

Resulted that we have grown in digital, but the volume is largely flat, 1.13 million to 1.13 million. And the 21% growth is the large part coming from the currency conversion, around 11%. And the 10% is coming from the local currency growth, U.S. dollars, which is mainly because of the average ticket size has improved.

**Shreyans Jain:** So sir, if lab-grown diamonds is 13% of your business and the ASP is about $200, $250, so then, the ASP increase should have been far higher than 3%, 4%, right?

**Nitin Panwad:** Yes. Last year growth was 11%, so from 11% to 13%.

**Shreyans Jain:** And so just wanted some clarity on this lab-grown. So I am trying to understand how customers are buying lab-grown diamonds. I am just trying to understand our ASP historically used to be

$25 to $45. Now for a customer who is shopping on our sites, he is used to these price points. And obviously you also compete with a lot of jewelry retailers doing lab-grown diamonds, right?

So I am just trying to understand how does Vaibhav Global differentiate for a customer to come to VGL and buy these lab-grown diamonds? Do you have better SKUs, higher number of SKUs in that sense, better designs? Because when I look at the U.S. market, 60% to70% of engagement rings are now lab-grown, right?

So just on that part, there will be a lot of players. And in that sense, to be able to increase your lab-grown by 200 bps, just some sense there. And obviously, the customer is not used to paying $200 on your app or your website, right? So what has led to this change?

**Sunil Agrawal:** Let me answer this. There are two aspects. One is the digital and the other is the television. On digital, when we pitch to the customer through social media or Google. So Google is an intent-based platform where the customer is already looking for and our product appeals to them.

From price point, being vertical into jewelry manufacturing ourselves and our own retail in U.S. Unlike most other players in the U.S., there is a separation between the 2. So we are of better priced than most other, pretty much every other retailer.

Second advantage we have is once we acquire a customer on lab-grown, we are able to sell them other types of jewelry, that is the color stone jewelry or plain metal jewelry, or even other products, which other jewelers cannot. So we can afford to pay a little bit higher to the customer acquisition than others can. So that is our advantage.

On television side, it is selling lab-grown to customers who watch us and who are loyal to us for many, many years. They trust us. They engage with our host. They have loyalty to our programming and our talent. And they would trust us to buy lab-grown from us rather than from another player that is new to them.

So for TV, it is more to trust. On e-com, it is our pricing that is competitive than others.

**Shreyans Jain:** Got it. Sir, just last question. You have written somewhere, I think page 15, that the take rates for marketplace on primary channels are 0%. So how are we able to do that? Can you help us understand that?

**Nitin Panwad:** Okay. I got it. It is the marketplace sales. Right now, it is hardly anything we do on the marketplace. Pretty much all of the sales are coming to our own proprietary websites and mobile apps. So it is a minuscule number, less than 0.5%, that is why it is coming as a 0.

**Shreyans Jain:** Got it. And just last final question. This INR25.5 crores of tariff refund. Ideally, when you would have paid this, which entity would have paid this? And what would have been the accounting treatment for this? So I am assuming India and the rest of the world is the manufacturing base, right? So how does this, like the Indian entity adds this tariff to its COGS and then sells it to VGL U.S.? Or can you just explain to us?

**Nitin Panwad:** So for Indian entity, it is not a prepaid duty. All the duty and tariff has been paid by our U.S. entity. U.S., we have also a sourcing unit and also our retail. So both units had paid last year that 50% tariff and both units have received that refund in U.S. only.

**Moderator:** The next question is from the line of Aditya Banerjee an individual investor.

**Aditya Banerjee:** Yes. So the first question is that the company sets a revenue target of INR5,000 crores to INR5,500 crores by FY '30, given the current top-line growth of 9.2% in FY '26. What specific organic and inorganic levers are prioritized to bridge this gap?

**Nitin Panwad:** So one major lever, as Sunil mentioned earlier, is our digital growth. We have multiple mediums from our own websites to paid marketing to OTT to live TV, from TikTok, whatnot, and other creatives. These are our major levers we have. We have done our presence very little in this platform.

And now with the new platform we have from Shopify, we can expand our presence much faster compared to earlier. So that are the larger medium to fill the gap and achieve the guidance number.

**Aditya Banerjee:** Okay, great. So my second question is that with Europe currently accounts for 12% of the B2C revenue mix and is noted as a fastest growing segment. Are there specific European markets under evaluation for the next phase of expansion?

**Nitin Panwad:** So our focus is mainly to expand our existing digital markets from paid media to different sales platform. In organic side, we are open to have any opportunity if it comes with a very good price. But our main focus right now is to expand our existing business.

**Aditya Banerjee:** Okay. The next question is that with the INR296 crores in net cash and strong free cash flow, what are the strategic criteria for future M&A, particularly following the successful integration of Mindful Souls and Ideal World?

**Sunil Agrawal:** Yes, this is Sunil, Aditya. So for us, any acquisition that we make in future should be complementary to our organization, not just for the EBITDA accretion, but also strategic fit for our business. If there's a fit and we can have synergetic benefits to the overall business, we will do the M&A. But any M&A for us, we would wait till we have achieved double-digit EBITDA growth in all our markets. So we want to make sure that we are robust in every market before we do that.

**Aditya Banerjee:** Okay. Great. So another question is that as Vaibhav Global launches about 100 new products daily and 14,000 to 15,000 new jewelry designs annually. So how do you manage the inventory risk and aged SKU profile associated with such high SKU churn?

**Nitin Panwad:** Good question, Aditya. We have multiple levers for exiting the tail inventory. We have our -- on our TV specific platform, we do one clearance in a quarter to exit the tail inventory. Apart from that clearance and the other section that we have on our website and the other mediums that we do.

But the most important thing is that we have a rising auction model in our website where customer comes and bids and fight against each other to win that tail inventory. So that is kind of very engaging platform we have and customer loves that program and bid against each other.

So that is not only exiting our tail inventory, but also increase customer lifetime value, repeat, and the omnichannel presence with us. So these are the medium to exiting our tail inventory.

**Aditya Banerjee:** Okay. And my next question is that the company reports a 60% gross margin compared to 40% for typical importers. As you scale toward FY '30. Is there further room to optimize the supply chain to expand this margin gap?

**Nitin Panwad:** In the evolving world, there will be always opportunity to improve our margins, not only from supply chain, but also having a good storytelling and better designs of the product. There is always opportunity. And as we are expanding more on digital side, our target is to increase our gross margin even further.

So there is always opportunity. Companies keep on looking through multiple AI initiatives we have done internally, better sourcing models, product designs, what is working, what is going viral right now on TikTok or other medium. So that we keep on looking and improving, not only just our storytelling, but also our sourcing capabilities as well.

**Aditya Banerjee** Okay. I have only one last question. How is generative AI being used specifically to scale ad creatives and CIO content to lower the customer acquisition costs for digital shoppers?

**Nitin Panwad:** Very good question, Aditya, and I believe most of the retailers are doing. But we are also using generative AI in all of our meta marketing that we do from ad creation to landing pages optimization, to images and customer reviews and trust builders.

So through all of these things we have our internal tools, CIO Genius and the other, we keep on optimizing our different landing pages, images, Meta marketing through that. And many other upcoming tools are also coming to get the best of this AI knowledge.

**Moderator:** The next question is from the line of Dilip Sahu an individual investor.

**Dilip Sahu:** Sunil, I have been an investor in Vaibhav Global for 10 years. And for the first time in 10 years, I had to really struggle to kind of correlate revenue, gross margin, profitability, by reading the presentation. So I had to go back and read the notes of the accounts and then figure out that you have actually adjusted INR25 crores to the gross margin and hence the spike in gross margin. Like the previous participant was saying that it's not that you are trying to hide anything. But I think I was expecting a kind of default transparency, which was not there in this time. So this is just an input.

Coming to your guidance, what Nitin is assuming that the rupee will depreciate at 3% over a maybe a longer time. But in the last 2 years, rupee has depreciated by 20%. So that essentially means that next 3 years the depreciation might be 0. So what happens to the 10% guidance then, if assuming that rupee depreciate to 0 for next 3 years to that 10% guidance, will it come down to 7%?

**Sunil Agrawal:** First of all, Dilip-ji, thank you for pointing it out. We take pride in our disclosures. If we have erred inadvertently, we'll make sure that going forward disclosures are even furthermore forthcoming. So thanks for feedback.

Now the next question about the guidance. We believe that the long-term depreciation is around 3%. And even if there is not enough depreciation for next till FY '30, we've given a wide range of INR5,000 crores to INR5,500 crores revenue with leverage. So that is a very comfortable range for us to achieve, and we are confident to achieve that number.

**Dilip Sahu:** Sure. So 10% is a given irrespective of rupee movements. That's what I take it from. And you have been, in our last couple of calls, very confident about digital, the work that has gone into digital and hence the confidence to grow at 10%. Can you kind of break it down into these 4 Rs you talk about? Which R is digital going to really impact the most, starting from registration to retention to repeat and all? Can you just take it through that bucket, so that we understand where exactly the impact is going to come from? Because last 3 years, digital has helped us, because the growth has been flat in our core markets, right? So what will it change?

**Sunil Agrawal:** So the key area it helps is the customer acquisition, the registration. The TAM for digital is pretty large, much, much larger than television. That is a pure digital customer. So the customer acquisition is going to be the number 1 leverage for us. The retention and the repeat on digital is lower than television. So those 2 will take a hit when we accelerate our digital journey. Therefore, we've been investing in digital for almost 10 years now. But we've shortened the period of a customer becoming profitable over the period of last 2 or 3 years.

The current profitability of a customer comes in around 10 months, 9 to 10 months. Our aim is to take it to 3 months. And if we take it to 3 months, then we can scale the spend quite rapidly and get the customer acquisition come in. Now that will impact our retention and repeat, but the velocity of acquisition will offset the impact on retention and repeat for us because we are looking at 3 months profitability.

**Dilip Sahu:** So the first 2 Rs will get impacted here. How do we monitor that as an investor?

**Sunil Agrawal:** So Dilip, was it clear?

**Dilip Sahu:** Yes. I understood that.

**Dilip Sahu:** Yes, so you're explaining how the 4 Rs getting impacted through digital investments, right?

**Sunil Agrawal:** Yes. I was explaining that the customer registration, that is the second R, for the new customer acquisition will be the biggest positive impact in the digital journey. So that will accelerate quite a bit. But the retention and repeat will go down, because the digital customer's lifetime value is lower than a typical TV customer.

But currently, our digital customer is profitable in about 9 to 10 months. Our effort is to get to profitability within 3 months. If we can get to that level, I am sure it will improve over the time, within the next few months or a couple of quarters. And once we do that, we can scale the spend and acquire a good number of new customers into different product streams.

So lab-grown is one, the gold is another one. The mobility product that is doing well for us is another one. The coloured gemstone jewelry is another one. They are all having promising streams. Even 1$ rise in auction is a good stream that we are seeing good traction on.

So we are investing into different streams to acquire the customer profitably and improve the profitability period from current 9 to 10 months to 3 months.

**Dilip Sahu:** Sure. So going forward, in the last 2, 3 years at least, most of our growth has come either through acquisition or investment in new geography like Germany. So how is that going to look like in next 3 years, say, like we had Mindful Souls or Ideal World? Are we -- like, this question has already been asked, but I am just trying to figure out. One is, of course, organic digital investment, which I think we are on track. How is the other piece going to shape up in terms of inorganic business, either in terms of geography or acquisitions?

**Sunil Agrawal:** Yes. So good question. As I mentioned earlier also, we are creating a cash pool for potential acquisition opportunity or potential greenfield opportunities as well. So -- but we want to acquire the company, when we acquire, not for just EBITDA addition, but for strategic fit with the group, where we will have a leverage benefit of our supply chain, vertical supply chain that we have.

If there will be a leverage of cost benefit after acquiring, we will look at the acquisition. Or if there will be a product category that we are not yet strong in, for example, beauty or supplement and we want to get into that product category where we have a leverage for our existing business. For example, for television business, we want a supply chain sync of a vertical retailer on, say, supplement or beauty, which can support our television channels, then we will look at it.

But there has to be synergy for our business when we acquire a new company. For greenfield, we may look at India or Japan as a future growth potential. But we want to come there once we have the digital humming and continuously giving a good growth for digital itself and overall for the business. And for Germany to become PAT positive for us at decent numbers. So these are the 2 qualifying criteria for us before coming into new geography.

**Dilip Sahu:** Great. That makes a lot of sense. My question to Nitin is that this INR25.5 crores, which you have shown as other operating income doesn't have any cost element attached to it, right? That means it flows completely to the gross margin. That's how I understand it. Is it correct?

**Nitin Panwad:** Yes. It flows completely to the gross margin and the bottom line. If we exclude the impact, as I mentioned in my commentary, the margin is 67%, gross margin.

**Dilip Sahu:** Sure. My suggestion is that since most of our business comes from outside in U.S. dollar or pound or euro terms, don't convert everything to rupee, because that takes away a lot of information. And we then use our imagination to backward calculate all the regional performances. So I think it'll be great if you can give a U.S. dollar revenue, pound U.K. revenue, and euro German revenue. And then maybe give a unified rupee revenue. That's fine.

**Sunil Agrawal:** Noted, yes.

**Moderator:** Ladies and gentlemen, in the interest of time, that was the last question for today. I would now like to hand the conference over to Sunil-sir for closing comments.

**Sunil Agrawal:** 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 Sumedh from EY IR team and they'll take care of your questions. Thank you very much.

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

(The above transcript has been edited for readability purposes)