VAIBHAV GLOBAL LIMITED

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Bandra Kurla Complex,
Bandra, Mumbai – 400 051
Symbol: VAIBHAVGBL

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

Subject: Submission of transcript of conference call

Dear Sir / Madam,

With reference to captioned subject, we are enclosing herewith the transcript of Q2 & H1 FY27 Earnings Conference Call held on Thursday, 29th October, 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
Date: 2026.11.03 12:21:03 +05'30'

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

Encl: as above

"Vaibhav Global Limited

Q2 FY27 Earnings Conference Call"

October 29, 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. DEEPALI KUMARI – ARIHANT CAPITAL MARKETS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Vaibhav Global Limited Q2 FY27 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 touch-tone phone. Please note that this conference is being recorded.

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

Deepali Kumari: Thank you. Good evening, everyone, and thank you for joining us on Vaibhav Global Limited Earnings Conference Call for the Q2 and H1 FY27. 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 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 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 to make his opening remarks. Over to you, sir.

Sunil Agrawal: Thank you, Deepali. Good evening, everyone, and thank you for joining Vaibhav Global Limited's Q2 and H1 FY27 Earnings Conference Call. I hope you have had the opportunity to review our results and investor presentation. Q2 was a quarter of transition and an important one.

During the quarter, we completed 2 of the major operational projects. The migration of all our retail websites to Shopify Enterprise and the consolidation of our U.K. 4 different sites into single headquarters. Both are now behind us. They came at a near-term cost, which I will quantify, but they leave us with a simpler and more scalable business as we enter the seasonally important second half.

What the new platform unlocks. I want to spend a moment explaining why we made the move to Shopify as the cost of these transitions are visible in current quarter, while the benefits will build over coming quarters. This was a conscious and considered strategic decision, keeping our long-term commitments and business objectives in mind.

First, we now operate one platform across all our 6 retail brands. Our feature built once can be deployed in every market so we can move faster and at lower cost. Second, we have a unified

view of our customers across TV and digital, built on first-party data, which supports better personalization, higher repeat purchase and greater customer lifetime value.

Third, the platform integrates natively with modern marketing technology and AI tools, which are appealing our advertising creatives, product descriptions and SEO content. Fourth, we expect a lower long-term technology cost than our earlier legacy platform.

And finally, we can launch new brands, categories and geographies far more quickly. Let me be specific about the cost. When we spoke in August, we flagged some initial disruption as we moved off our legacy platform. The stabilization took longer than we had planned and affected traffic and conversions across all the 4 business units where we made this transition.

Based on our internal assessment, the revenue impact in the quarter was approximately USD2.8 million or around 2.8 percentage point of growth. This is also why digital share of B2C revenue moved down by around 3 percentage points compared with Q1. At the same time, in the U.K., we consolidated 4 warehouses and 2 studios into a single site. This temporarily took some inventory offline and had a modest impact on sales.

What gives me confidence is how the underlying model performed in the tougher consumer environment. Retail volumes grew approximately 2%, driven by strong demand for our lower price point items. Customers are clearly seeking value. And because we design, source and manufacture much of what we sell, we can meet the demand and still expand the gross margin, which rose by close to 197 basis points this quarter.

Revenue for the quarter grew 7% to INR938.4 crores with reported growth supported by a weaker rupee. Gross margin expanded by approximately 197 basis points to 65.5%. EBITDA was INR76.2 crores, down 13.5%, with a margin of 8.1% compared to 10% in Q2 last year.

Our EBITDA could have been 2% higher, whereas the same was not accounted due to reduction of 100 basis points related to Shopify and U.K. warehouse migration and 30 basis points related to lower forex gain than last year and remaining due to higher volume growth resulting in higher shipping costs.

For the first half, revenue grew 9.7% to INR1,855.4 crores. EBITDA rose 9.6% to INR178.3 crores. The decline in quarterly profitability is mainly related to operating leverage in the U.S. and U.K. due to transition. We see these pressures as transitional.

Sustainability and community impact remain embedded in our business model. VGL's ICRA combined ESG rating further improved to 75 from 72, 2 years ago, rated strong. Through our Your purchase feeds program, more than 119 million meals have been distributed to date, and we now serve approximately 56,000 meals every school day, up from 55,000 a year ago.

We remain committed to our long-term ambition of 1 million meals per school day by FY 2040. The Board has declared a second interim dividend of INR1.5 per equity share, following the first interim dividend of INR1.5 per share in Q1 FY27. Our capital allocation approach continues to balance investment in growth, shareholder returns and balance sheet strength.

Outlook. On guidance, we want to be transparent and prudent. We are taking into account the migration impact in Q2, the U.K. consolidation, a weaker U.K. consumer and the upcoming U.S. midterm election. We now expect revenue growth of 7% to 9% in FY27 compared with our earlier guidance of 9% to 11%.

While the ongoing platform transition has impacted near-term growth, we believe the investments and structural improvements underway will strengthen our digital business and create a more scalable foundation for sustainable growth.

Looking ahead, we remain confident in our ability to return to 9% to 11% revenue growth in FY28, supported by our new digital-first platforms, enhanced marketing capabilities and greater operational efficiency.

The transition to Shopify is a strategic step towards achieving this objective, positioning us to accelerate digital growth and drive sustainable profitable growth over the medium term. We expect FY27 EBITDA margin to be broadly in line with FY26 compared with our earlier expectation of 50 to 100 basis points of expansion.

We believe this is the right call, and it does not change our medium-term view. The unified digital platform, proprietary brands, lab-grown diamonds and our vertically integrated operating model positions us for stronger customer engagement, better quality of growth and improved profitability.

With that, I hand over to Nitin to take you through financial performance in more detail. Over to you, Nitin.

Nitin Panwad: Thank you, Sunil, and good afternoon, everyone. I will take you through the financial and operating performance for the second quarter and first half of FY27. Revenue from operations grew 7% year-over-year to INR938 crores. Retail revenue grew 5.3% to INR867.5 crores and B2B revenue grew 32% to INR70.9 crores.

Currency was significant tailwind. The rupee weakened approximately 9% against the U.S. dollar,. In U.S., revenue grew 4.3% to INR500 crores in rupee terms and declined 4.1% in constant currency. The shift towards value is clearest here.

Unit rose 4.8%, while the average selling price was 8.4% lower as consumer moved to lower price point. Digital share was 44% of revenue and EBITDA margin was 5.7%, reflecting sales deleverage of our investment in connected TV, OTT, app-based guiding to extend our reach beyond linear TV. Our vertical integrated supply chain continues to help us mitigate the impact of tariff. For the first half, U.S. EBITDA grew 24.9% to INR86.6 crores with margin up 102 basis points to 8.4%.

The U.K. had a most challenging quarter. Revenues grew 2.3% to INR257.2 crores in rupee terms, but declined 7% in constant currency.

Three factors were at play, the platform migration, temporary product unavailability during the warehouse consolidation and a noticeably weaker consumer sentiments. U.K. inflation rose to

3.5% in September, driven by a higher fuel cost, non-food retail sales were almost flat. And in October, consumer confidence recorded its sharpest monthly fall since 2020. As households held back ahead of autumn budget, discretionary category such as our field dispersed. Over time, the India, U.K. FTA offer further upside through lower duties, sourcing flexibility and margin improvement.

Europe, excluding U.K., delivered the strongest underlying growth. Revenue rose 18.3% to INR110 crores and 8% in constant currency terms, led by 11.5% in units growth. Shop LC Germany grew 5.8% and Mindful grew 12.7% year-over-year. The first half loss narrowed to INR0.7 crores from INR6.6 crores of a year back. And the Germany remain on track to continue positively to the group profitability in FY27.

Our B2B business delivered another strong quarter with revenue up 32.4% to INR70.9 crores. Digital revenue was INR367 crores, up by 5.6% year-over-year in rupee terms and declined marginally YoY because of the Shopify migration. With the transition complete, we expect digital to return to its earlier growth trajectory, and we continue to work towards our target of digital share at 50% of B2C revenue by Q4 FY27.

Lifestyle products contributed approximately 40% of B2C revenue, and we continue to work towards a medium-term objective of 50% share. Budget accounted approximately 35% of retail revenue. It remains an important affordability tool supporting conversion and accessibility, particularly for higher value purchases.

In-house brands contributed 57% of B2C revenue and the lab-grown diamond share rose to 12% of total retail revenue from about 10% a year back, strengthening our differentiation and pricing. Under our 4R framework, we reached more than 127 million households with approximately 687,000 unique customers on a trailing 12-month basis and 360,000 new customers acquired over trailing 12 months, 38% retention and an average of 23 pieces per customer buying per year.

Group's gross margin improved by approximately 197 basis points to 65.5% from 63.5% in Q2 FY26, supported by vertical integration, in-house brands and growing share of lab-grown diamonds. The first half gross margin was 65.5% compared to 63.6% in H1 FY26. EBITDA was INR76.2 crores with a margin of 8.1%, lower by 193 basis points year-over-year despite the gross margin expansion.

The movement reflects the retail sales deleverage during the transition. The first half revenue increased 9.7% to INR1,855 crores. EBITDA increased 9.6% to INR178 crores with a margin of 9.6% and profit after tax increased to INR98.1 crores with a growth of 15.2% year-over-year.

Moving to our balance sheet. As of September 30, 2026, our net cash stood at INR186 crores compared to INR279 crores of March '26. This reduction is mainly related to seasonal inventory buildup and capex related to U.K. warehouse migration of INR36 crores. The ROCE stood at 22% and ROE at 18%.

As Sunil mentioned, the Board has declared the second interim dividend of INR1.5 per equity share. Our capital allocation remained disciplined with priority given to digital growth,

proprietary brands, lab-grown diamond, Germany's progress towards profitability and profit-led operating performance -- operating improvement.

To conclude, Q2 was a quarter which we absorbed the cost of necessary changes. We complete our platform migration and U.K. consolidation, expanded gross margin by 197 basis points, grew volume in difficult consumer environment, delivered strong B2B growth and continued to strong constant currency growth in Europe.

With the heavy lifting done, our focus through the second half is seamless customer experience in digital platform, customer acquisition, increased repeat and efficiency improvement in U.K. operations.

Thank you. We can now open the floor for questions.

Moderator: Thank you. We will now begin the question-and-answer session. The first question is from the line of Kaushik Kanjwal from HIA Association.

Kaushik Kanjwal: First, I just wanted to ask Sunil, what are the top priorities for us in coming festive season? And also, can you also throw some light on FY28, how we can leverage maybe AI and get more revenue through that on these 2, can you just share?

Sunil Agrawal: Thank you for the question. So first question is what are the priorities in the festive season. So for us, the festive season is the Christmas period right ahead of us. And even the quarter 4 is a winter months where people stay indoors and buy product from us.

So the coming 6 months are better -- H2 is usually quite better than H1 for us. And the priority for us is to make sure that -- the priority for us is to ensure that the investments being made. Deepali, can you hear me?

Kaushik Kanjwal: We can hear you clearly.

Sunil Agrawal: Highest priority for us is to leverage the new platform that we launched in Shopify and scale our digital presence across all the geographies we are in. The second thing is make the product appropriate for the current consumer sentiment. So we are very agile in getting what consumer needs and bring that product back to them.

Your next question was next year, what are our leverages to get next year revenue and performance as per our guidance. We believe that the digital will be the main growth driver for us. For television, there is some attrition in the television homes.

And that is the main reason we made this investment into digital to address the consumer through the platform where they are more residing. They're residing on Facebook, on Instagram, on other social media, and we can address them and reach them with Shopify's help to those mediums and acquire them cost effectively. So scale the digital business and bring constantly bring innovative products to the customer based on what their current needs are.

Kaushik Kanjwal: And one more Sunil, I wanted to be very blunt and honest with you. Firstly, as being a shareholder, what true for Vaibhav Global because if you see the highs, it has made high 3 years

back and the stock is down 80% and our performance is also really growth rates of 10%, which is okay, which is understandable. There are some geopolitics, etc.

But then I see a couple of quarters back, shareholders have been asking you about the buyback. But still, we are distributing dividends. I mean INR7 we are distributing and the stock is falling like INR50, INR100 each and every year. There is no point of that.

We -- as a listed company, I want also how the Board members provide value because Board members are there to create a shareholder value. And when we talk about buybacks, we said that we wanted to first have a cash, but then we keep distributing as a dividend.

So I see there is a gap of creating a shareholder value am really being honest. So please, I want you to look into this matter. If we are not finding good avenues of growth, then we should do a buyback so that we can reduce the number of equity shares that might uplift the shareholders who are there with you for the last many years. So that is very disheartening to see that we are distributing cash and not doing a buyback. So any thoughts on that, sir?

Sunil Agrawal: Mr. Kaushik, thank you for the feedback, your point taken. We have discussed this feedback with the Board as well. Board has decided to continue our tradition of the dividend paying company. And the dividend is relatively modest. It's not a very large dividend. We want to build up some cash for future acquisitions or future strategic moves. And after we have built the cash, we will definitely deploy any additional cash for buyback. Point well taken. Thank you.

Kaushik Kanjwal: But still it is INR100 crores of dividend we are distributing each and every year, which I think many companies in the listed are doing a buyback. So that's where we are creating a value. I don't think so that dividend paying company is a tagline that we want to have rather than creating a shareholder value by doing the right buyback should be the thought of the Board members also. So please take a look on this, looking forward for future quarters.

Moderator: The next question is from Chidananda Mohanty from Sameeksha Capital.

Chidananda Mohanty: So first question from my line is that if the management can quantify the revenue lost during the quarter due to Shopify migration, revenue lost?

Sunil Agrawal: Yes. As I said in my comments, it was $2.8 million or approximately 2.8% of growth.

Chidananda Mohanty: So the next question is what is the reason behind the INR63 crores of capex that we are doing?

Nitin Panwad: Let me take that question. So the main part of this capex related to the U.K. warehouse migration. The commentary, we mentioned the 4 different premises and 2 studios migrate in a single premises to improve the efficiencies and order clubbing, which will result in benefit in the coming years, but that was necessary change and easy to operate in a single premises. So that we have invested around INR36 crores over there. And the other investment is related to normal tech improvement and Shopify migration.

Chidananda Mohanty: So I have one last question. Like in this quarter, the working capital has shown some significant rise. Any specific reason behind that?

Nitin Panwad: Yes. So the major reason is the inventory buildup. We have roughly around INR100 crores inventory buildup compared to the last year same time, mainly related to the readiness of festive season and the uncertain environment across the world.

So some readiness that we have in terms of inventory for upcoming festive season time. But normally, we see that inventory build in that time, and we're expecting by Q3 and Q4, it will moderate that and the inventory number will in line with our previous number of days inventory, which is around 200 to 220 days.

Moderator: The next question is from Himanshu Upadhyay from Steadfort.

Himanshu Upadhyay: My first question was a few quarters back, we stated that precious metal, gold, silver and all those platinum were nearly 70% of the metal what we consume, okay? And in last 2, 3 quarters, we have seen the price of precious metals have started coming off. What would be our strategy from here on?

Will we be able to maintain some amount of higher prices what we used to charge earlier because of metal or do you think you will need to transfer to remain competitive in the market and drive sales growth or some thoughts on that will be helpful. And that was also one of the reasons we stated that some consumer sentiment being difficult and hence, the situation was or the lower growth rate was there last year. So some thoughts on that will be helpful.

Sunil Agrawal: Yes. Thank you for your question. So from precious metal point of view, we are pretty agile in what customer wants at a certain given time. So in spite of precious metal going up, platinum, gold, silver going up substantially over the last couple of years, we've been able to expand our gross margin year-over-year from 62% to around 64%, 65% currently.

So our model allows that agility for us to address the current environment. So I don't see any impact of metal prices on our margins going forward. In fact, we can continue to strive to maintain around 64%, 65% going forward.

Himanshu Upadhyay: With fall in prices, won't you expect the margins to improve further on? Or do you think you will need to transfer the pricing to the customer?

Sunil Agrawal: You never know where the metals will go. It's so difficult. So if the metal prices further fall down, we need to stay competitive in the market. And we'll see the opportunity if we get the opportunity to expand the margin further, we will, but we will respond to the market in real time while trying to keep our growth trajectory in line of our guidance.

Himanshu Upadhyay: And I have a question, general on strategy and your market sizing and everything. So what we understand through various transcripts and meetings, we have a great design team, good understanding of fashion trends. We are continuously launching large number of SKUs, flexible and agile supply chain and good control of costs.

And generally, our gross margins are better than our competitors, okay? And we have been in U.S. for nearly 20 years now. But still our market share is very, very low, okay, in that -- or the opportunity size, we are 2% type of thing in that market. What should be the focus areas?

And do we have a pull for the product in the market or do you think we have not reached that stage where there is a pull for the product in the market. And hence, getting newer customers will continue to remain -- will be a challenge. So some thoughts on that will be helpful.

Sunil Agrawal: That's a fair question. The U.S. market is quite large, but it is highly competitive, actually the most competitive market in the world. So in that market to be able to gain market share consistently over 20 years while expanding digital and expanding our gross margin. I think it is quite an achievement.

Now when you look at the number of 2% to 3% or 4% kind of market share, it looks easy for us to expand that market share going forward. We are constantly evolving our business to gain the -- take the benefit of the opportunity in front of us. Now the customer acquisition cost on the certain channels are to be taken into account. And we want to acquire a customer that can become profitable for us within 6 months.

So we don't want to overinvest into acquiring a new customer so that we get hit by the profitability within the quarter or the next 2 quarters. So keeping all things in mind, the gross margin, the ROIC, the EBITDA, we invest into acquiring customers, but our market growth has been steady over the last 20 years.

Himanshu Upadhyay: And one more thing. Our products have both fashion and discretionary limit and then each cohort with which we deal with, okay? How large or what percentage of market share can we aspire for looking at all these things over the next 5 to 10 to 15 years in this particular market, which is the largest market. So how do you think about your aspiration for the business and market share in this particular market? And what is viable?

Sunil Agrawal: The age cohort we have is 40-year plus largely Caucasian females. We do have a certain number of other ethnicity as well as our customer, but largely it is white Caucasian females. And that demographic is increasing in size in U.S., U.K. and Germany, where people are aging and that demographic also has more discretionary income and time on their hand.

So we want to stay focused on that demographic that is growing and becoming more and more affluent. So from a market size point of view, that is increasing and is attractive for us. Now we believe that the customer transition is happening from television over to digital media.

Digital could be OTT and social media or other digital platform that we reach through search medium like Bing, Google, social media like Meta, Instagram, TikTok..

So we're reaching the customer from those platforms in a cost-effective way. So transitioning is happening, and we are navigating that transition and that's the major reason we made this investment in Shopify because we want to be digital-first company, not a legacy TV company going forward.

And we made this investment and we're confident these investments will come in very useful in coming quarters and years. Just to give you context, over the last decades in the business, we made multiple transitions from pure gemstone to jewelry, B2B, brick-and-mortar retail to TV retail and multiple product category from jewelry to multiple product category.

And now we are making this transition from legacy to digital company. And the transition is happening while we are giving the gross margin growth, ROIC -- a strong ROIC north of 20% and revenue and margin growth. So we are continuing to do and we are confident of being able to deliver as we have given the guidance to.

Himanshu Upadhyay: And one last thing from my side. This lab-grown diamond has been quite a success for us, and it is now nearly 13%, 14% of revenue. How big is the opportunity for us on LGD? And is it a sustainable fashion trend or how are you thinking about it? And eventually, can it be a 20% type of 25% of business? And has it eaten into other precious stones or it is a new segment itself, which is sustainably growing? So some thoughts on that will be helpful?

Sunil Agrawal: Good question. So it is around 12% in Q2 was 12% of our revenue -- so as I mentioned earlier, we are highly agile. And whatever the consumer is pulling or has a demand for, we are addressing that. And we'll continue to drive this as long as it continues. What ratio it will reach, I do not know because making prediction for the trend is a difficult thing, but we have multiple product categories, color gemstone, natural diamonds, plain metal jewelry, lifestyle products.

So we constantly measure of the product demand by way of gross contribution per minute of the airtime or per square inch of screen space on our digital platforms. And our measurement practice is we look at the spend return on ad spend. So those measurements dictate what product categories will be shown air or on screen.

Now to your second question, what was the category that this displaced? So this lab-grown displaced the natural diamond to a large extent. Now will the natural come back? So we are tracking that constantly, and we are seeing some indication of natural coming back.

We recently bought some closeout natural diamond and converted them into jewelry and that we see good response. We'll continue to test and explore. But I would be unable to give guidance on where the lab grown can go.

Moderator: The next question is from Mr. Gopinath Reddy from PNR Investment.

Gopinath Reddy: Sir, when it comes to transition migration into this new platform, Spotify, is it smoothly done or do we have any hiccups anymore? How is it, sir?

Sunil Agrawal: Yes, it is largely done. So the optimization since we got into a new platform with the ecosystem of hundreds of thousands of apps to reach out and engage customer to reach out the customer better. So we continue to explore more and more apps coming into the platform that will help our business. But from the negative point of view, the customer experience point of view, that is behind us. Now to utilise the new apps is ahead of us.

Gopinath Reddy: When it comes to migrate, we are shifting given we are shifting from TV more towards web. But when it comes to TV, we had a definite competitive advantage. Is there a diluting of the competitive advantage that we had when it comes to shifting towards web because we need -- we have to shift that is agreed? But are we able to retain competitive advantage that we had in TV in the web business?

Sunil Agrawal: Yes. Good question. So the TV advantage for us was the vertical business model and the story telling ability means to be able to show the product from mine to manufacturing, designing, manufacturing and bringing direct to consumer.

So that advantage stays with us, whether we are broadcasting that signal through traditional cable system or through OTT platform or through social media live streaming or even going on the website PDP, we can tell that story to them.

And having the leverage of being vertical model right from sourcing gemstones or sourcing the fabric, converting -- having that converted into dresses through our partners or manufacturing the jewelry in our own factory, that advantage will be there, whatever the platform.

So as I mentioned earlier, we've migrated over the course of our career. We have made multiple transitions in the business and come out stronger with every transition. And this transition to me is exciting because TV, we couldn't really gain new and new customer because we are making one wide broadcast to all audience.

In digital, we can tailor our message individually to the customer, especially with the help of AI tools. We can message individually and address each customer's needs to what they need. And the TAM is also very large to reach out to the customers.

So advantage of having a new product coming in, being vertical at low cost and reaching a customer at individual level, I'm quite excited with the opportunity we have in the current environment.

Gopinath Reddy: Sir, lastly, the TV customers who are speaking to us for a long time, are those customers are also migrating to web or the web customers are different from those guys who are our legacy customers for a long time?

Sunil Agrawal: Yes. Good question. So some of them, we are able to -- they migrate from cable over to web. So some of them we are able to get. For example, people who were spending well with us, we send them free Roku devices or free fire stick for them to log in and watch us. Some of them do, but many of them don't.

But the new demographics, the same demographic, but on the new platform that we are able to reach through social media, through search, through gaming apps, through AppLovin platforms, through OTT medium.

So those are very large TAM. Our opportunity is to get them in a cost-effective way so that the profitability of the customer acquisition can be covered within 6 months. In our long-term view that we want to be able to cover the cost within a quarter, within 3 months. We are not there yet. But as we are utilizing new tools of the platform, we should be able to get there in near future.

Exactly, I don't know the date, but our aim is to get to within a quarter, make the customer profitable. Some of them we reach some of them, a large part is a new customer from the platforms.

Gopinath Reddy: Understood, sir. Lastly, are we -- given the web business, are we looking at India as a place to try?

Sunil Agrawal: Yes, sir. Down the road, first, we want to get Germany to robust profitability before we get into a new country. But definitely, India is on the cards.

Moderator: The next question is from Mr. Dilip Kumar Sahu, Retail Investor.

Dilip Kumar Sahu: The question is regarding the geography. While the interruption or platform change is constant, but it looks like U.K. has behaved very differently than U.S. and Germany. Germany seems to be least affected. Why is this difference in performance if the interruption is common?

Sunil Agrawal: Yes. So U.K. had 2 disruptions. One is the Shopify migration, other is the warehouse consolidation. We have 4 warehouses and then we moved into 1 warehouse in last quarter and that transition is still continuing. It's not fully there. We moved everything to one warehouse now. There's a very large space. So 2 studios in the same building and the 4 warehouses consolidated into 1. So that's second. And third thing is the U.K. economy has had more headwinds than other economies because U.S. economy had a tremendous AI investment. So U.S. has -- the GDP growth in U.S. is higher than U.K. or Germany.

And in U.K., the cost of living crisis is a little more than other geographies. So U.K. is facing 3 headwinds in the last quarter, especially. So that's why the U.K. seems challenged. Germany is a relatively new business for us and the customer base is larger than U.K. So we are capturing those demand there as well as the customer base.

Dilip Kumar Sahu: The business is declining, right? So something is Ideal world, which is not in the rest of the business?

Sunil Agrawal: Yes. So as I mentioned, Ideal also was a part of transition of the Shopify as well as the headquarter transition. So that is the reason. And Ideal world also faces the U.K. economic environment headwinds as TJC does.

Dilip Kumar Sahu: So the second question is regarding the whole that is the growth coming back through digital, right? Since less than 50% of our business is digital for us to grow at 9%, 10% or 7%, digital has to grow at 17%, 18% because at least in U.K. and U.S., the core TV business is degrowing at 1% or minus 2%.

So what gives us the confidence that we will -- because in a constant currency term, digital for last 2, 3 years hasn't really touched 20% ever. So what are the things we are doing in digital in U.K. and U.S. to the growth to 20%-plus, which is minimum required for us to reach 10% constant currency growth?

Sunil Agrawal: Yes, fair comment. Our digital platform gives us the ability to, first of all, test new products very quickly. With the legacy platform, we didn't have that so much of the ability to be agile. So constantly testing new products and then scaling the successful products to personalized AI creatives and reaching out to the audience in a cost-effective way.

So I have confidence that digital growth will be substantial in coming quarters in all 6 brands that we have right now. So we have 2 brands in U.K. We have 1 brand in Germany and 2 brands in the U.S. and 1 Rachel Galley in U.K. as well. So 3 brands in U.K. 2 brands in Europe, 1 brand in U.S. All 6 brands, we expect that this platform to help us accelerate. So we made the numbers in detail, and that's the reason we have confidence to be able to achieve 9% to 11% growth in next financial year.

Dilip Kumar Sahu: Yes. So you have a benchmark in an industry like another competitor our size who is growing at 20%-odd. And so this is a possibility, right? Or do you think we will be unique in growing at much faster -- because the market is not growing at that rate, right? Market is 2%, 3%?

Sunil Agrawal: Yes. So when you look at companies like revolve.com, they are a lifestyle brand in the U.S., they are a publicly listed company. So they are growing double digit. They are already $1.2 billion into digital only. They're growing double digit. And there are multiple unlisted companies that I'm closely friends with and we're part of masterminds. And we look at those companies that are growing rapidly into the digital space. So D2C space is growing. And as you can see the numbers from Amazon also, at their size, they're able to grow double digit on e-com space. So all these peer review gives me confidence that we should be able to get there.

Moderator: The next question is from Mr. Lakshminarayanan from Tunga Investment.

Lakshminarayanan: We have given a guidance and then we had to change the guidance and which means that a lot of things are not in our control. So my question is that why give guidance because it is for the investors and that is my first question.

Second is that how does U.S. midterm would actually impact your sales because that's the point you made when you said that you want to recalibrate your guidance. And one of the factors is the U.S.. Overall just want to under as a company as management, what is in your control and what is outside your control in terms of continuously excelling in what you do, which is expanding your products, expanding your geography, etc.

What is -- because companies exist in an environment, I just want to understand how you think about it, what is in your control and what is outside your control? And this would actually feed back into the guidance part. So I just want to get your perspective on these things?

Sunil Agrawal: Thank you. So first of all, your point about giving the guidance versus not giving the guidance. So I believe that shareholders are very important stakeholders and they should have a visibility in our thinking at any given point of time. We share with what we see at a certain given point of time When we have the visibility of, say, 9% to 11% that we had until last quarter, we gave that guidance. And when we feel that even though currently, we are at 9%, but we are still giving a guidance of 7% to 9% because we believe that the exchange benefits that we had earlier 2 quarters, we may not have that much in coming quarters. And also the economic condition as they stand in U.K., U.S., Germany, we will take that into conclusions.

Your second question was about the U.S. midterm elections. So till last quarter, we were not seeing them as possibility of contentiousness there. At this time, we see some possibility of

contentiousness there, which might take eyeballs away from our programming. Therefore, we included that as one of the factors influencing our guidance.

It is not a major factor. Major factor has been the Shopify transition and to a lower extent, the warehouse consolidation in U.K. and also to some extent, the economic environment in U.K. especially, that is contributing to our guidance. So whenever we see, I believe that we should be sharing that. And I hope that is okay for a majority of the shareholders for us to share our viewpoint at any given point of time, honestly and openly.

Lakshminarayanan: Yes. So I mean I agree. And how do you think about the business? What is in your control and what is outside your control? And how you think the business is getting more predictable or is it actually getting less predictable for the management as you drop your budget upfront?

Sunil Agrawal: Yes. Sorry, you had already asked that question, and I forgot to address that. Yes, it's a good question. We believe that creating a platform for supply chain and to reach out the customer is in our control, giving the customer experience that they deserve or better than our competitor is in our control. Bringing the product what they need at this point of time is in our control. Seeing the trend, what is -- what the customer might get interested in is in our control.

What is not in our control can be the economic environment or the political environment or say, the metal prices or the inflationary environment that is not in our control. So we take both into account when giving a guidance, what we feel confident to what our growth drivers will be and what we see headwind or tailwind from the outside environment.

The tailwind could have been the forex gain that we had that was a tailwind. The headwind could be political environment or the economic environment in Western world. So that is a headwind. So we take that into account. I don't know if I address your question.

Lakshminarayanan: Yes, sir. Thank you so much.

Moderator: The next question is from Mr. Rudraksh Raheja from Ithought Financial Consulting.

Rudraksh Raheja: I wanted to understand when we look at this INR5,000 crores, INR5,500 crores target by FY30, so how would the geographic mix would look like when we reach that number?

Sunil Agrawal: Yes. So for that number, we've not taken into account a new geography, not at this time. But possibly maybe an acquisition opportunity to a small extent. We have taken some potential e-com acquisition opportunity once we have all the 6 brands for us very robustly growing into e-commerce space. So largely organic, but some potentially inorganic as well. But we've not taken India launch into this target yet.

Rudraksh Raheja: But majority of the contribution would still be from U.S. and U.K. Is that the correct?

Sunil Agrawal: Yes. U.S., U.K., Germany, all the 6 brands that we have currently. So they are the brands that will give us this growth and potentially maybe one acquisition into digital space. We do not know the geography of the potential acquisition, but that also is part of the thought process.

Rudraksh Raheja: And sir, what would be the effective tax rate going forward on a sustainable basis? I've seen for a few quarters, we have got some deferred tax benefit on a sustainable basis.

Nitin Panwad: Yes. Sustainable basis, let me take that question. So we have a significant amount of losses in Germany, which will be set off in the coming period, which will get the benefit and also the FTC credit it is there, so sustainable basis remains 18% to 20% range in mid-term like for next 2-3 years.

Rudraksh Raheja: And sir, when should we expect these losses to get absorbed? Will it be over in FY28 or will it extend beyond that as well?

Nitin Panwad: It extends beyond that.

Moderator: The next question is from Mr. Madhusudan Reddy an Individual Investor.

Madhusudan Reddy: Sir, again, I'm coming to the point of your plan for expansion to other geographies, particularly to India, sir. Now that the U.S. and Europe are facing economic and political headwinds and they are projected to continue to face the same as the time goes on. I think it is time for you to look India, bite the bullet that is my thinking, sir. Your views on this side?

Sunil Agrawal: Mr. Madhusudan. Thank you for your observation and your comment. Definitely, India is in our view, and we may launch in India in coming years. But first, as I mentioned earlier, our goal is to bring Germany to robust profitability. And then we want to take up new country because anywhere you go new, we have initial losses, and we want our other brands, existing 6 brands to continue to have robust growth, so we can support new entry for us.

Moderator: The next question is from Mr. Himanshu Upadhyay from Steadfort.

Himanshu Upadhyay: So my one question was what drives the retention and repeat purchase? And can you give what percentage of our clients would be more than 10 years old with us who have been among the, let's say, the top average clients for more than 10 years?

Sunil Agrawal: Maybe Nitin can pull out the number. I don't have a number. There will be very few who are clients for more than 10 years, but there are certain clients who have been buying multiple pieces every month, every quarter. And has been buying from us for a long time. So some customers have bought more than $1 million from us and continue to buy.

Now the percentage of the clients would be very small, but the value by value of such clients will be quite valuable for us. Now retention and repeat, your question was how do we drive retention and repeat? Is that correct?

Himanshu Upadhyay: Yes. What drives the retention?

Sunil Agrawal: Yes. So a lot of mechanisms for this. First of all, the retention e-mails, text, social media reach out, the retention reach out, orders through Google and video. We do reach out to these customers and try to retain them. And then we have those mechanisms in place for additional discount or free credit to their account or free gift to really valuable customers.

So that drives the retention. For repeat, we constantly bring new products to our audience, whether online or on TV. And that new product drives the repeat. So we -- on an average, we launched 100 new products every day. So the customer sees us a treasure hunt and come to our website again and again to see what new came and then buy again or see watch us on for hours on TV and constantly buy products from us.

We recently had a customer day in Austin, where a lot of customers came and I was able to talk to some of them and many of them said they got 20 trays full of jewelry, some 5 trays of jewelry -- and we bought a lot of pieces with them to show up to the seller participants what they like, what they buy.

So it becomes kind of a passion for them to collect the pieces. So we have different internal brands. So some get attracted to certain brand, other get affinity with different brands. And they collect those branded pieces, all the new items that we launched in the brands, they pick up those. So repeat comes with a lot of new product launch.

The other aspect of repeat is exceptional customer service. We have a concept called Unreasonable Hospitality at VGL Group and we measure our customer service agents and businesses what their unreasonable hospitality moments were, how many moments they had during the week, during the month, during the quarter and how they do with the customer. And that results in high Net Promoter Score.

So each business is valued or assessed based on what their Net Promoter Score is. And so that ensures customer happiness and customer retention and repeat. So there are a combination of initiatives that helps retention and repeat on both sides. Nitin, if you can address the question about the older customers. Do you have the data?

Nitin Panwad: We will share with you we don't have. But Vivek will share with you.

Himanshu Upadhyay: And would it be the case that top 20% would be 80% of the revenue for us means just how would the revenue concentration be? And because some of the clients are very large when you are saying $1 million-plus type of clients, okay? So just some thoughts on that?

Nitin Panwad: Yes. In traditional retail, 20-80 ratio, and we have seen also similar ratio. A lot of TV customer is still very big customer it has. So very close to that ratio, ratio we also have.

Himanshu Upadhyay: And one last thing. The in-house brands currently contribute around 50% of the sales, okay? At any point of time, would we like to take it to third party for distribution because we used to have a B2B, which was a larger business, which was a business for us? So do the current in-house brands have that pull that they can support a distribution network also or we won't like to go through that path? And if not, then what would be the reason for that?

Sunil Agrawal: Yes. Very good question and good observation. Now we want to take that those in-house brands to third-party distribution. But for that, the requirement is the customer pull for that brand. So those retailers, for example, Target or Walmart or Macy's, they want to see where we are with the social search for the brand.

TikTok search or Google search and we are not there yet with our in-house brands. And at a certain point of time, when we believe that we are there, we will definitely approach for the distribution.

And that serves 2 purposes. One is that, that increases visibility for our brand and then we'll get the customer when the customer search for the brand and our offering will pop up on the search platforms, AI search or Google search.

And the second is the extra revenue and gross margin ability. When we own the brand, the gross margin on B2B will be quite substantially more than OEM gross margin that we currently get in our B2B business currently.

Moderator: Ladies and gentlemen, due to time constraint, we would not be able to take any further participants. I now hand the conference over to Sunil sir for closing comments. Over to you, sir.

Sunil Agrawal: Thank you very much, operator. Thank you, everyone, for your participation and for engaging discussion and insightful questions. Should you have any further questions, please feel free to reach out to Mr. Vivek Jain at Vaibhav Global or Mr. Sumedh from EY Investor Relations team, and we'll be happy to assist you.

As we approach this festive season, we wish you and your family happiness, good health and prosperity. Thank you once again for your continued interest and the support of Vaibhav Global. We look forward to connecting with you again, and have a wonderful day.

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