Operator: Ladies and gentlemen, good day and welcome to Vaibhav Global Ltd. Q2 FY27 earnings conference call. As a reminder, all participant lines will be in 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 the operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Dipali from Arihant Capital Markets Limited. Thank you, and over to you, ma'am. Please proceed.

Dipali – Arihant Capital Markets Limited: Thank you. Good evening, everyone, and thank you for joining us on Vaibhav Global Ltd. earnings conference call for 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 broad outlook, followed by a discussion on the financial performance by Mr. Nitin Panwad. After that, the management will open the forum for the Q&A session.

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

Sunil Agrawal – Managing Director: Thank you, Dipali. Good evening, everyone, and thank you for joining Vaibhav Global Ltd.'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 two of the major operational projects: the migration of all our retail websites to Shopify Plus and the consolidation of our four different UK sites into a 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 costs of disruption are visible in the current quarter, while the benefits will build over the 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 six retail brands. A feature built once can be deployed in every market, so we can move faster and at a 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 purchases, and greater customer lifetime value.

Third, the platform integrates natively with modern marketing technology and AI tools, which are scaling our advertising creatives, product descriptions, and SEO content.

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Fourth, we expect a lower long-term technology cost than our earlier legacy platform.

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 four business units where we made this transition. Based on our internal assessment, the revenue impact in the quarter was approximately US$2.8 million, or around 2.8 percentage points of growth. This is also why digital's share of B2C revenue went down by around 3 percentage points compared with Q1.

At the same time, in the UK, we consolidated four warehouses and two 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 tough 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 could meet that demand and still expand gross margin, which rose by 197 basis points this quarter.

Revenue for the quarter grew 7% to INR 938.4 crores, with reported growth supported by a weaker rupee. Gross margin expanded by approximately 195 basis points to 65.5%. EBITDA was INR 76.2 crores, down 13.6%, with a margin of 8.1% compared to 10% in Q2 last year.

Our EBITDA could have been 2% higher had we not accounted for the disruption of 100 basis points related to Shopify and the UK warehouse migration, 30 basis points related to a lower forex gain than last year, and the remainder due to higher volume growth resulting in higher shipping costs.

For the first half, revenue grew 9.7% to INR 1,855.4 crores. EBITDA rose 9.5% to INR 178.2 crores. The decline in quarterly profitability is mainly related to operating deleverage in the US and UK due to the transition. We see these pressures as transient.

Sustainability and community impact remain embedded in our business model. VGL's CareEdge combined ESG rating further improved to 75 from 72 two 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 2034 ?}.

The Board has declared a second interim dividend of INR 1.5 per equity share, following the first interim dividend of INR 1.5 per share in Q1 FY25. 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. Taking into account the migration impact in Q2, the UK consolidation, a weaker UK consumer, and the upcoming US digital migration, we now expect revenue growth of 7% to 9% in FY25, compared with our earlier guidance of 9% to 11%. While the ongoing platform transition has impacted near-term growth, we believe the

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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 FY26, 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 FY25 EBITDA margin to be broadly in line with FY24, 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. A unified digital platform, proprietary brands, lab-grown diamonds, and our vertically integrated operating model position us well for stronger customer engagement, better quality of growth, and improved profitability.

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

Nitin Panwad - Group CFO: Thank you, Sunil. Good afternoon, everyone. I will take you through the financial and operating performance for the second quarter and first half of FY25.

Revenue from operations grew 7% year-over-year to INR 938 crores. Retail revenue grew 5.3% to 867.5 crores, and B2B revenue grew 32% to INR 70.9 crore. Currency was a significant engine. The rupee weakened approximately 9% against the US dollar, resulting in an overall 1% degrowth on a constant-currency basis.

In the US, revenue grew 4.3% to INR 500 crore in rupee terms and declined 4.1% in constant currency. The shift towards value is clearest here. Units rose 4.8%, while the average selling price was 8.4% lower, as consumers moved to lower price points. Digital share was 44% of revenue, and EBITDA margin was 5.7%, reflecting sales deleverage from our investment in connected TV, OTT, and app-based advertising to extend our reach beyond linear TV. Our vertically integrated supply chain continues to help us mitigate the impact of tariffs. For the first half, US EBITDA grew 24.9% to INR 86.6 crore, with margin up 102 basis points to 8.4%.

The UK had a more challenging quarter. Revenue grew 2.3% to INR 257.2 crore 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 noticeably weaker consumer sentiment. UK inflation rose to 3.5% in September, driven by higher fuel costs. 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 the Autumn Budget, and discretionary categories such as ours felt this first. Over time, the India-UK FTA offers further upside through lower duties, sourcing flexibility, and margin improvement.

Europe, excluding the UK, delivered the strongest underlying growth. Revenue rose 18.3% to 110 crores and 8% in constant-currency terms, led by 11.5% unit growth. Shop LC Germany grew 5.8%, and Mindful Souls grew 12.7% year-over-year. The first-half loss narrowed to rupees 0.7 crore from a loss of 6.6 crore a year back, and Germany remains on track to contribute positively to group

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profitability in FY25.

Our B2B business delivered another strong quarter, with revenue up 32.4% to INR 70.9 crore. Digital revenue was 367 crores, up 5.6% year-over-year in rupee terms, and declined 4.2% in constant currency 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 our medium-term objective of a 50% share.

Budget Pay accounted for approximately 35% of retail revenue. It remains an important affordability tool, supporting [cut off]

Management: 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 tool.

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 the trailing 12 months. Retention was 38%, and there was an average of 23 pieces per customer buying per year.

The 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 the growing share of lab-grown diamonds.

The first-half gross margin was 65.5% compared to 63.6% in H1 FY26.

EBITDA was Rs. 76.1 crore 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 platform transition.

In the first half, revenue increased 9.7% to 1,855 crores, EBITDA increased 9.5% to INR 178 crores with a margin of {? 9.6% ?}, and profit after tax increased 10.1% to 98.1 crore with a growth of 15% year-over-year.

Moving to our balance sheet, as of September 30, 2026, our net cash stood at Rs. 186 crores compared to 279 crores as of March '26.

This reduction is mainly related to seasonal inventory build-up and capex related to the UK warehouse migration of Rs. 36 crores.

The {? ROC ?} ROCE stood at 22% and ROE at 18%.

As Sunil mentioned, the Board has declared the second interim dividend of Rs. 1.5 per equity share.

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Our capital allocation remained disciplined, with priority given to digital growth, proprietary brands, lab-grown diamonds, Germany's progress towards profitability, and profit-led operating performance and operating environment.

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

With the heavy lifting done, our focus through the second half is a seamless customer experience on digital platforms, customer acquisition, increasing repeat purchases, and efficiency improvement in UK operations.

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

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on the touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Kaushik Anchalia from {? MIA Associates ?}. Please go ahead.

Kaushik Anchalia – {? MIA Associates ?}: Thank you for the opportunity. Firstly, I wanted to ask, Sunil, what are the top priorities for us in the coming festive season? Also, can you throw some light on FY28 and how we can leverage AI and generate more revenue through that? Could you share your thoughts on these two points?

Sunil: Thank you for your question, Kaushik. The first question is about the priorities for this festive season. For us, the festive season is the Christmas period right ahead of us. The fourth quarter is also a winter quarter, when people stay indoors and buy products from us. So, the coming six months are usually much better than H1 for us. Our priority is to ensure that the investments we made [trails off]

Deepali, can you hear me?

Operator: Sir, we can hear you clearly.

Sunil: Can you hear me, Mr. Kaushik? Hello? Can you hear me, Mr. Kaushik? Mr. Kaushik, can you hear me?

Kaushik Anchalia – {? MIA Associates ?}: Yes, yes. Yes.

Sunil: Our highest priority is to leverage the new platform that we launched on Shopify and scale our digital presence across all the geographies in which we operate.

The second thing is to make the product appropriate for the current consumer sentiment. We are very agile in understanding what the consumer needs and bringing that product back to them.

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Your next question was about next year and the levers for achieving next year's revenue and performance in line with our guidance. We believe that digital will be the main growth driver for us. In television, there is some attrition in television homes, and that is the main reason we made this investment in digital, to address consumers through the platform where they are spending more time. They are on Facebook, Instagram, and other social media platforms, and with Shopify's help, we can reach them and acquire them cost-effectively. We will scale the digital business and constantly bring innovative products to customers based on their current needs.

Kaushik Anchalia – {? MIA Associates ?}: Okay, sure. One more question, Sunil. I want to be very blunt and honest with you. Firstly, as a shareholder, what is in store for Vaibhav Global? If you look at the highs, the stock made its highs three years ago, and it is down 80%. Our performance is also barely growing, at a growth rate of 10%, which is acceptable and understandable. There are some geopolitical factors, et cetera. But I see that a couple of quarters ago, shareholders were asking you about a buyback, but we are still distributing dividends. I mean, we are distributing Rs. 7, and the stock is falling by 50 or 100 rupees each and every year. There is no point in that.

As a listed company, I also want to understand how the Board members provide value, because Board members are there to create shareholder value. When we talk about a buyback, we said that we first wanted to have cash, but then we keep distributing dividends. So, I see a gap in creating shareholder value. Being honest, I want you to look into this matter. If we are not finding good avenues for growth, then we should do a buyback so that we can reduce the number of equity shares. That might benefit the shareholders who have been with you for the last many years.

It is very disheartening to see that we are distributing cash and not doing a buyback. So, what are your thoughts on that, sir?

Sunil: Mr. Kaushik, thank you for the feedback. Your point is taken. We discussed this feedback with the Board as well, and the Board has decided to continue our tradition as a dividend-paying company. The dividend is relatively modest; it is not a very large dividend. We want to build up some cash for future acquisitions or future strategic moves. After we have built up the cash, we will definitely deploy any additional cash for a buyback. Your points are well taken. Thank you.

Kaushik Anchalia – {? MIA Associates ?}: But it is still 100 crores of dividend that we are distributing each and every year, while many listed companies are doing buybacks. That is where they are creating value. I do not think being a dividend-paying company should be a tagline that we want to have, rather than creating shareholder value. A buyback should also be the thought of the Board members. Please take a look at this, sir. Thank you, and all the best. I will look forward to future quarters as well. Thank you.

Sunil: Thank you, Mr. Kaushik.

Operator: Thank you, sir. The next question is from Shivananda Mohanty from Samiksha Capital. Please go ahead.

Shivananda Mohanty – Samiksha Capital: Hello, am I audible?

Operator: Yes, sir.

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Shivananda Mohanty – Samiksha Capital: My first question is whether management can quantify the revenue lost during the quarter due to the Shopify migration.

Sunil: As I stated in my comments, it was US$2.8 million or approximately 2.8% of growth.

Shivananda Mohanty – Samiksha Capital: What is the reason behind the 63 crore of capex that we are undertaking?

Management: Let me take that question. The main part of this capex relates to the UK warehouse migration. You mentioned the four different premises and two studios that were migrated into a single premises to improve efficiencies and order clubbing, which will result in benefits in the coming years. It was a necessary change and is easier to operate from a single premises, so we invested around 36 crores there. The other investment is related to normal technology improvement and the Shopify migration.

Shivananda Mohanty – Samiksha Capital: I have one last question. In this quarter, working capital has shown a significant rise. Is there any specific reason behind this?

Management: Yes. The major reason is the inventory build-up. We have roughly 100 crore of inventory built up compared to the same time last year, mainly related to readiness for the festive season and the uncertain environment across the world. We have built up inventory in preparation for the upcoming festive season. Normally, we see inventory build-up during this period, and we expect it to moderate by Q3 and Q4. The inventory number should then be in line with our previous number of inventory days, which is roughly 200 to 220 days.

Shivananda Mohanty – Samiksha Capital: Understood. Thank you for that.

Operator: Thank you, sir. The next question is from Himanshu Upadhyay from {? Statecraft ?}. Please go ahead.

Himanshu Upadhyay – {? Statecraft ?}: My first question was about precious metals. A few quarters ago, we stated that precious metals—gold, silver, platinum, and all of those—accounted for nearly 70% of the metals that we consume. Over the last 2-3 quarters, we have seen the prices of precious metals begin to decline. What would be our strategy from here? Will we be able to maintain some of the higher prices that we used to charge earlier because of the metal prices, or do you think you will need to transfer the benefit to remain competitive in the market and drive sales growth? Some thoughts on that would be helpful.

That was also one of the reasons we stated that consumer sentiment was difficult, and hence the situation or the lower growth rate was seen last year. Some thoughts on that would be helpful.

Sunil: Thank you for your question, Himanshu. From a precious-metal point of view, we are quite agile in responding to what the customer wants at a given time. In spite of precious metals—platinum, gold, and silver—going up substantially over the last couple of years, we have been able to expand our gross margin year-over-year from 62% to around 64%-65% currently. Our model allows us that agility to address the current environment. Therefore, I do not see any impact of metal prices on our margins going forward. We can continue to strive to maintain around 64%-65% going forward.

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Himanshu Upadhyay – {? Statecraft ?}: With falling prices, would you expect the margins to improve further, or not? Or do you think you will need to transfer the benefit to the customer?

Management: You never know where the metal will go. Metal prices are unpredictable. If metal prices were to fall and we still needed to compete in the market, we would assess the opportunity. If we get an opportunity to expand the margin further, we will. However, we will respond to the market in real time while trying to keep our growth trajectory in line with our guidance.

Himanshu Upadhyay – {? Statecraft ?}: I have a general question about strategy, market sizing, and everything related to that. From various transcripts and meetings, we understand that we have a great design team, a good understanding of fashion trends, a continuously growing number of SKUs, a flexible and agile supply chain, and good cost control. Generally, our gross margins are better than those of our competitors. We have also been in the US for nearly 20 years. However, our market share is still very low. In the opportunity that we are addressing, our market share is around 2%.

What should be the focus areas? Do we have a pull for the product in the market, or have we not reached the stage where there is a pull for the product in the market? Will acquiring new customers continue to remain a challenge? Some thoughts on that would be helpful.

Management: The US market is quite large, but it is highly competitive—actually, the most competitive market in the world. To gain market share consistently over 20 years while expanding digitally and expanding our gross margin is quite an achievement.

When you look at numbers such as 2% to 4% market share, it appears that there is scope for us to expand that market share going forward. We are constantly evolving our business to gain and take advantage of the opportunity in front of us.

Customer acquisition costs across the different channels have to be taken into account. We want to acquire a customer who can become profitable for us within 6 months. We do not want to overinvest in acquiring a new customer and then be hit by its impact on profitability within the quarter or within the next two quarters. Keeping all these factors in mind—the gross margin, the ROC, and EBITDA—we invest in acquiring customers, but our market growth has been steady over the last 20 years.

Himanshu Upadhyay – {? Statecraft ?}: One more point: our products have both fashion and discretionary elements. For each cohort that we address, how large a market share, or what percentage of market share, can we aspire to over the next 5, 10, or 15 years in that particular market, which is the largest market? How do you think about your aspiration for the business and market share in that market? What would also be a viable number?

Management: The cohort we have is 40 years and above, consisting largely of Caucasian females. We do have a certain number of customers from other ethnicities as well, but they are largely Caucasian females.

That demographic is increasing in size in the US, UK, and Germany, which are the typical regions. That demographic also has more discretionary income and time available. We want to stay focused

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on that demographic, which is growing and becoming more affluent. From a market-size point of view, it is increasing and is attractive for us.

We believe that the customer transition is happening from television to digital media. Digital could be OTT, social media, or other digital platforms that we reach through search media such as Bing and Google; social media such as Meta, Instagram, and TikTok; or mobile app platforms such as AppLovin. This includes mobile or gaming platforms. We are reaching customers through those platforms in a cost-effective way.

The transition is happening, and we are navigating that transition. That is the major reason we made this investment in Shopify, because we want to be a digital-first company rather than a legacy TV company going forward. We made this investment, and I am confident that it will be very useful in the coming quarters and years.

To provide some context, over the last decades in business, we have made multiple transitions: from gemstones to jewelry, from B2B to brick-and-mortar retail, from brick-and-mortar retail to TV retail, and across multiple product categories, from jewelry to multiple product categories. Now we are making this transition from a TV legacy business to a digital company.

This transition is happening while we are delivering gross-margin growth, a strong ROC mark of 20%, and revenue and margin growth. We are confident that we will continue to deliver as we have stated in our guidance.

Himanshu Upadhyay – {? Statecraft ?}: One last point from my side: lab-grown diamonds have been quite successful for us, and they now account for nearly 13%-14% of revenue. How large is the opportunity for us in LGD? Is it a sustainable fashion trend, or how are you thinking about it? Could it eventually become 20% or 25% of the business? Has it taken share from other precious stones, or is it a new segment that is growing sustainably? Some thoughts on that would be helpful.

Management: It was around 12% in Q2. Just 12% of our revenue was LGD. As I mentioned earlier, we are highly agile, and whatever consumers are pulling or demanding, we address. We will continue to ride this trend as long as it continues.

I do not know what figure it will reach because predicting a trend is difficult. We have multiple product categories: colored gemstones, natural diamonds, plain metal jewelry, and lifestyle products. We constantly measure demand for all the products based on gross contribution per minute of airtime or per square inch of screen space on our digital platforms.

Our measurement practice is robust when we look at trends, whether in terms of on-air spend or otherwise. Those measurements dictate which product categories will be shown on air or on screen.

Regarding your second question, which category this displaced, lab-grown diamonds displaced natural diamonds to a large extent. Will natural diamonds come back? We are constantly testing that, and we have seen some indication of natural diamonds coming back.

Recently, we bought a closeout deal in natural loose diamonds, converted them into jewelry, and received a good response. We will continue to test and respond, but I will not be able to provide

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guidance on where lab-grown diamonds can go.

Himanshu Upadhyay – {? Statecraft ?}: Thank you. I will join back for a further query.

Operator: Thank you, sir.

Management: Thank you. Have a nice day.

Operator: Ladies and gentlemen, please limit your questions to two per participant. Should you have a follow-up question, we request you to rejoin the queue. The next question is from Mr. Gopinath Reddy from PNR Investment. Please go ahead, sir.

Gopinath Reddy – PNR Investment: When it comes to the transition and migration to the new Shopify platform, has it been completed smoothly, or do we still have any hiccups? How is it, sir?

Management: It is largely done. Since we moved to a new platform with an ecosystem of hundreds of thousands of apps to engage customers better and reach customers more effectively, we continue to explore more and more apps that are being added to the platform and that can help our business.

From the negative point of view, in terms of customer experience, that issue is behind us. Utilizing the new apps is ahead of us.

Gopinath Reddy – PNR Investment: When it comes to changing and migrating, we are shifting from TV more towards the web, given the environment. But with TV, we had a definite competitive advantage. Is that competitive advantage being diluted as we shift towards the web? We need to make the shift, which is agreed, but are we able to retain the competitive advantage that we had in TV in the web business?

Management: Good question, Mr. Gopinath. Our TV advantage was the vertically integrated business model and our storytelling ability. Storytelling ability means being able to show the product from the mine through designing and manufacturing and then bringing it to the consumer.

That advantage stays with us, whether we broadcast the signal through traditional cable systems, an OTT platform, social media live streaming, or even through the website product detail page. We can tell that story to customers.

The leverage of having a vertically integrated model—from sourcing the gemstone and sourcing the fabric, to having the fabric converted into dresses through our partners, or manufacturing jewelry in our own factory—will remain an advantage regardless of the platform.

As I mentioned earlier, we have migrated over the course of our career. We have made multiple transitions in the business and come out stronger with every transition. This transition is also exciting to me because, with TV, we could not really gain new customers continuously, as we were making one-way broadcasts to the entire audience.

In digital, we can tailor our message individually to each customer. Especially with the help of AI tools, we can communicate individually and address each customer's needs. The TAM is also very large, providing a significant opportunity to reach customers.

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The advantage of having new products, being vertically integrated at a low cost, and reaching customers at an individual level makes me quite excited about the opportunity we have in the current environment.

Gopinath Reddy – PNR Investment: Lastly, are the TV customers who have been with us for a long time also migrating to the web, or are web customers different from those who have been our legacy customers for a long time?

Management: Some of them are migrating from cable to the web, and we are able to bring some of them across. For example, for people who were spending significantly with us, we sent free Roku devices or free Fire TV sticks so that they could log in and watch us. Some of them do, but many of them do not.

We are also able to reach the new demographic—the same demographic, but on the new platforms—through social media, search, gaming apps, AppLovin platforms, and OTT media. These represent a very large TAM. Our opportunity is to acquire them cost-effectively so that the profitability of customer acquisition can be covered within 6 months.

Our long-term objective is to cover the cost within a quarter, within 3 months. We are not there yet, but as we utilize the new tools on the platform, we should be able to get there in the near future. I do not know the exact date, but our aim is to make the customer profitable within a quarter.

To summarize, some of them vary, while a large part are new customers from the platforms.

Gopinath Reddy – PNR Investment: Given the web business, are we looking at India as a potential place to try, or not?

Management: Yes, sir, down the road. First, we want to get Germany to robust profitability, and then we will consider entering new countries. India is definitely on the cards.

Gopinath Reddy – PNR Investment: Thank you, sir. That is all from my side.

Management: Thank you.

Operator: Thank you, sir. The next question is from Mr. Dilipkumar Sahu, a retail investor. Please go ahead.

Dilipkumar Sahu – Retail Investor: Am I audible?

Operator: Yes, sir.

Dilipkumar Sahu – Retail Investor: Hi, Sunil. My question is regarding geography. The interruption or platform change is common, but it looks like the UK has behaved very differently from the US and Germany. Germany seems to have been the least affected. Why is there a difference in performance, even though the interruption is common?

Management: The UK had two disruptions. One is that [trails off]

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Management: Shopify migration and then the warehouse consolidation. We had four warehouses, and we moved into one warehouse in the last quarter. That transition is still continuing; it is not fully complete yet. We moved everything into one warehouse with a very large space, so the TV studio and the warehouse are in the same building, and four warehouses were consolidated into one.

That is the second factor. The third factor is that the UK economy had more headwinds than other economies. The US economy had significant AI investment, so US GDP growth is higher than that of the UK or Germany. In the UK, the cost-of-living crisis has been greater than in the other geographies.

The UK is therefore facing three headwinds, particularly over the last few quarters. That is why the UK appears to be facing challenges. Germany is a relatively new business for us, and the customer base is quite large compared to the UK, so we are capturing both demand there and the customer base.

Dilipkumar Sahu – Retail Investor: In the UK, Ideal World is still declining even compared with the core business, specifically. Something seems to be happening in Ideal World that is not happening in the rest of the business units.

Management: As I mentioned, Ideal World was also part of the Shopify transition as well as the headquarters transition. That is the reason. Ideal World also faces the UK economic headwinds, as TJC does.

Dilipkumar Sahu – Retail Investor: The second question is regarding the entire thesis that growth will come back through digital. Since less than 50% of our business will be digital, for us to grow at 9%-10% or even 7%, digital has to grow at 17%-18%-20%, because at least in the UK and the US, the core TV business will be growing at 1% or negative 2% at that time.

What gives us the confidence that we will achieve this? In constant-currency terms, digital has not really reached 20% growth at any point over the last 2-3 years. What are you doing in digital in the UK and the US to move growth to more than 20%, which is the minimum required for us to reach 10% constant-currency growth?

Management: Fair comment, Mr. Dilip. Our digital platform first gives us the ability to test more products very quickly. With the legacy platform, we did not have that much ability to be agile.

We are constantly testing new products and then scaling the successful products through personalized AI creatives and reaching out to the audience in a cost-effective way. I am confident that digital growth will be substantial in the coming quarters across all six brands that we currently have.

We have three brands in the UK, two brands in Europe, and one brand in the US. All six brands are expected to benefit from the new platform and accelerate. We have made the numbers in detail, and that is why we are confident of achieving 9% to 11% growth in the next financial year.

Dilipkumar Sahu – Retail Investor: There is a benchmark in the industry: another competitor of our size is growing at around 20%. This is therefore a possibility, right? Why do you feel that you will be unique in growing much faster when the market is not growing at that rate? The market is growing

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at 2%–3%.

Management: When we look at a company such as Revolve, R–E–V–O–L–V–E, revolve.com, it is a lifestyle brand in the US and a publicly listed company. It is already at US$1.2 billion in digital-only business and is growing in double digits.

There are also multiple unlisted companies with which I am closely associated and that are part of masterminds. We look at companies that are growing rapidly in the digital space. The digital space is growing, and, as you can see from Amazon's numbers, even at its size, it is able to grow in double digits in e-commerce.

All this peer review gives me confidence that we should be able to get there.

Dilipkumar Sahu – Retail Investor: One last question is—

Operator: Thank you, sir. Mr. Dilip, please come again in the queue. We have participants waiting.

Dilipkumar Sahu – Retail Investor: Sure. Okay.

Operator: Ladies and gentlemen, please limit your questions to two per participant. The next question is from Mr. Lakshminarayanan from Tunga Investments. Please go ahead.

Lakshminarayanan – Tunga Investments: We had given guidance and then had to change the guidance, which means that a lot of things are not in our control. My first question is: why do you even give guidance? It is stressful for you and stressful for investors as well.

Second, how will the US midterm elections actually impact your sales? That was the point you made when you said that you wanted to recalibrate your guidance, and one of the factors was the US midterm elections.

Overall, I want to understand, as a company and as management, what is in your control and what is outside your control in terms of continuously excelling in what you do, such as expanding your product portfolio and expanding your geographies. Companies exist in an environment, so I want to understand how you think about what is in your control and what is outside your control. This will also feed into the guidance question. I wanted to get your perspective on these things.

Management: Thank you, Mr. Lakshminarayanan. First, regarding giving guidance versus not giving guidance, I believe that shareholders are important stakeholders, and they should have visibility into our thinking at any given point in time.

We share what we see at a given point in time, and we are open to sharing that without any wall-mixing and without any padding. When we had visibility of 9% to 11% until the last quarter, we gave that guidance. Even though we are currently at 9%, we are now giving guidance of 7% to 9% because we believe that the additional benefits we had in the earlier two quarters may not be available to the same extent in the coming quarters.

We are also taking into consideration the economic conditions as they stand in the UK, the US, and Germany.

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The second question was about the US midterm elections. Until the last quarter, we were not seeing a possibility of contentiousness there. At this time, we see some possibility of contentiousness, which might take eyeballs away from our programming. Therefore, we included it as one of the factors influencing our guidance.

It is not a major factor. The major factor has been the Shopify transition, followed to a lesser extent by the warehouse consolidation in the UK. To some extent, the economic environment in the UK, especially, is also contributing to our guidance.

Whenever we see something, I believe that we should share it. I hope it is acceptable to the majority of shareholders for us to share our viewpoint honestly and openly at any given point in time.

Lakshminarayanan – Tunga Investments: How do you think about the business and what is in your control versus outside your control? Do you feel that the business is becoming more predictable, or is it becoming less predictable for management as you prepare your budget for the entire year?

Management: You had already asked that question, and I forgot to address it. It is a good question.

We believe that creating a platform for the supply chain and reaching out to the customer are in our control. Providing the customer experience that customers deserve, or one that is better than our competitors', is in our control. Bringing the products that customers need at a given point in time is in our control. Seeing trends and identifying what customers might become interested in are also in our control.

What is not in our control can be the economic environment, the political environment, metal prices, or the inflationary environment. Those factors are not in our control.

We take both aspects into account when giving guidance: what we feel confident will be our growth drivers and what we see as headwinds or tailwinds from the external environment. The forex gain that we had was a tailwind. The political or economic environment in the Western world can be a headwind. We take all of that into account. I do not know whether I have addressed your question.

Lakshminarayanan – Tunga Investments: Yes, sir. Thank you very much.

Operator: Thank you, sir. The next question is from Mr. Digant Shah from iThought Financial Consulting. Please go ahead.

Digant Shah – iThought Financial Consulting: Thank you for the opportunity, sir. I wanted to understand, when we look at this 5,000–5,500 crore target by FY '27, how would the geographic mix look when we reach that number?

Management: For that number, we have not taken a new geography into account at this time. There may possibly be an acquisition opportunity. To a small extent, we have taken some potential e-commerce acquisition opportunity into account once all six brands are growing very robustly in the digital space.

It is largely organic, but there could potentially be some inorganic growth as well. We have not included an India launch in this target.

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Digant Shah – iThought Financial Consulting: Would the majority of the contribution still be from the US and the UK? Is that the correct understanding?

Management: Yes. The US, the UK, and Germany—all the six brands that we currently have—will provide continuous growth. There could potentially be one acquisition into the digital space. We do not know the geography of that potential acquisition, but it is also part of the thought process.

Digant Shah – iThought Financial Consulting: Understood. What would be the effective tax rate going forward on a sustainable basis? For a few quarters, we have received some deferred tax benefit. On a sustainable basis—

Management: On a sustainable basis, Mr. Digant, we have a significant amount of losses in Germany that will be set off in the coming period, and we will receive that benefit, along with the SEZ benefit in India. On a sustainable basis, it will be in the 18% to 20% range over the next 1 to 2 years.

Digant Shah – iThought Financial Consulting: When should we expect these losses to be absorbed? Will it be over in FY '28, or will it extend beyond that as well?

Management: It will extend beyond that.

Digant Shah – iThought Financial Consulting: Understood. Thank you so much, sir.

Operator: Thank you, sir. The next question is from Mr. Madhusudan Reddy, an individual investor. Please go ahead.

Madhusudan Reddy – Individual Investor: Good evening, sir. Thank you for the opportunity. I am again coming to the point of your plans for expansion into other geographies, particularly India.

The US, the UK, and Europe are facing economic and political headwinds, and they are projected to continue facing them as time goes on. I think it is time for you to look at India and bite the bullet. That is my thinking, sir. I would like to hear your views.

Management: Mr. Madhusudan, thank you for your observation and comment. India is definitely in our plans, and we may launch in India in the coming years.

However, as I mentioned earlier, our goal is first to bring Germany to robust profitability. Then we want to take up a new country because, wherever we enter a new market, we incur initial losses. We want our other existing six brands to continue to have robust growth so that they can support our new entry.

Madhusudan Reddy – Individual Investor: Okay, sir. Thank you, sir. All the best.

Operator: Thank you, sir. The next question is from Mr. Himanshu Upadhyay from Spark Capital. Please go ahead, sir.

Operator: Yes. Mr. Himanshu, please go ahead.

Himanshu Upadhyay – Spark Capital: Hello? Am I audible? Hello?

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Operator: Yes, sir. You are audible.

Sunil: Yes, sir. You are.

Himanshu Upadhyay – Spark Capital: Hello? Hello?

Operator: Yes, Mr. Himanshu. You are audible. Please go ahead.

Himanshu Upadhyay – Spark Capital: My question was about what drives retention and repeat purchases. Can you tell us what percentage of our clients have been with us for more than 10 years? I mean, which clients have been among the top average clients for more than 10 years?

Sunil: [pause] Perhaps Nitin can provide the number. I do not have it. There will be very few clients who have been with us for more than 10 years. However, there are certain clients who have been buying multiple pieces every month or every quarter and have been buying from us for a long time.

Some customers have bought more than 1 million dollars from us and continue to buy. The percentage of such clients will be very small, but in terms of value, such clients will be quite valuable for us.

Your question was how we drive retention and repeat purchases, correct?

Himanshu Upadhyay – Spark Capital: Yes. What drives retention?

Sunil: There are a lot of mechanisms for this. First of all, retention is driven through emails, texts, social media outreach, and retention outreach. Through Google and Criteo, we reach out to these customers and try to win them back.

We also have mechanisms in place for special discounts, free credit to their accounts, or free gifts for highly valuable customers. That drives retention.

For repeat purchases, we constantly bring new products to our audience, whether online or on TV, and those new products drive repeat purchases. On average, we launch 100 new products every day.

The customer sees it as a treasure hunt and comes to our website again and again to see what is new and then buy again. Alternatively, customers watch us on TV for hours and continuously buy products from us.

We recently had a customer day in Austin, where many customers came and I was able to speak with some of them. Many said they had 20 trays full of jewelry, while some said they had 5 trays full of jewelry. They brought many pieces with them to show the other participants what they liked and what they bought.

It becomes a kind of hobby and passion for them to collect the pieces. We have different kinds of brands. Some customers are attracted to a certain brand, while others develop an affinity for different brands and collect pieces from those brands. They pick up all the new items that we launch under those brands. Repeat purchases therefore come from a lot of new-product launches.

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The other aspect of repeat purchases is exceptional customer service. We have a concept called unreasonable hospitality at VGL Group, and we measure the unreasonable hospitality moments of our customer service agents and businesses.

We measure how many such moments they had during the week, month, or quarter and how they handled the customer. That results in a high Net Promoter Score. Each business is valued and assessed based on its Net Promoter Score.

That ensures customer happiness, customer retention, and repeat purchases. Therefore, there is a combination of initiatives that support retention and repeat purchases on both sides.

Nitin, can you address the question about older customers? Do you have the data?

Nitin: We will share it with you. We do not have it right now, but we can definitely share it with you, sir.

Himanshu Upadhyay – Spark Capital: Would it be the case that the top 20% account for 80% of our revenue? How would the revenue concentration look? Some clients are very large, as you mentioned when referring to clients with more than 1 million dollars. Some thoughts on that would be helpful.

Sunil: Traditional retail has a 20:80 ratio, and we have seen a similar ratio as well. Many TV customers are still very large customers for us. We also have a ratio very close to 20:80.

Himanshu Upadhyay – Spark Capital: The in-house brands currently contribute around 50% of sales. At any point, would we want to take them to third-party distribution? We used to have a B2B business that was larger and impressive. Do the current in-house brands have enough pull to support a distribution network, or would we not want to go down that path? If not, what would be the reason?

Sunil: Very good question and a good observation. We want to take the in-house brands to third-party distribution. However, the prerequisite is customer pull for the brand.

Retailers such as Target, Walmart, or Macy's want to see where we stand in terms of social search for the brand—TikTok search, Google search, and so on. We are not there yet with our in-house brands. At a certain point, when we believe that we have reached that level, we will definitely approach them for distribution.

That serves two purposes. First, it gives visibility to our brand. When customers search for the brand, our offering will appear on search platforms, whether through AI search or Google search.

The second is the additional revenue and gross-margin opportunity. When we own the brand, the gross margin on B2B will be substantially higher than the OEM gross margin that we currently receive in our B2B business.

Himanshu Upadhyay – Spark Capital: Thank you. That is all from my side.

Operator: Thank you, sir.

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Sunil: Thank you, Himanshu.

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

Sunil: Thank you very much, operator. Thank you, everyone, for your participation, engaging discussion, and insightful questions.

Should you have any further questions, please feel free to reach out to Mr. Vijay Jain and Madhav Biswal from the secretarial team, or the EY Investor Relations team, and we will 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 in and support of Vaibhav Global Ltd. We look forward to connecting with you again. Have a wonderful day.

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

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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