VAIBHAV GLOBAL LIMITED

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National Stock Exchange of India Limited (NSE)
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra, Mumbai – 400 051
Symbol: VAIBHAVGBL

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

Subject: Submission of transcript of conference call

Dear Sir / Madam,

With reference to captioned subject, we are enclosing herewith the transcript of Q3 & 9M FY25 Earnings Conference Call held on Thursday, 30th January, 2025.

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

https://www.vaibhavglobal.com/admin_assets/Investor/Investor_Presentation/1823131973277665.pdf

Kindly take the same on record.

Thanking you,

Yours Truly,

For Vaibhav Global Limited

(Yashasvi Pareek)
Company Secretary
ACS – 39220

Encl.: a/a

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"Vaibhav Global Limited Q3 & 9M FY25 Earnings Conference Call"

January 30, 2025

MANAGEMENT: MR. SUNIL AGRAWAL – MANAGING DIRECTOR, VAIBHAV GLOBAL LIMITED
MR. NITIN PANWAD – GROUP CFO, VAIBHAV GLOBAL LIMITED
MR. PRASHANT SARATWAT – HEAD (INVESTOR RELATIONS), VAIBHAV GLOBAL LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Q3 & 9M FY25 Conference Call hosted by Vaibhav Global Limited.

As a reminder, all participants' lines will remain 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 "*", then "0"on your touchtone telephone. Please note that this conference is being recorded. I now hand over the conference to Ms. Nishita Bhatt from Adfactors PR. Thank you and over to you.

Nishita Bhatt: Good evening, everyone and thank you for joining us on Vaibhav Global Limited's Earning Conference Call for the 3rd Quarter and 9 months ended 31st December 2024.

Today, we have with us Mr. Sunil Agrawal - Managing Director; Mr. Nitin Panwad - Group CFO and Mr. Prashant Saraswat - Head of Investor Relations.

We will begin the call with "Opening Remarks" by Mr. Sunil Agrawal on the "Business Operations, Key Initiatives and a Broad Outlook" followed by discussion on the "Financial Performance" by Mr. Nitin Panwad, after which the Management will open the forum for the Q&A session.

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

I would now like to invite Mr. Sunil Agrawal to make his opening remarks. Over to you, sir.

Sunil Agrawal: Thank you, Nishita. Good evening, everyone and thank you for joining our Q3 FY25 earnings call. I hope you would have reviewed the quarterly results and investor deck. Before diving into quarterly updates, I am happy to share that our Germany operations have broken even at EBITDA level and Ideal World, the new business that we have acquired, has turned profitable in Q3 as expected.

Now let me start on the quarterly updates. I am pleased to share that we achieved our highest ever quarterly sales of Rs. 977 crores, showing a 10% YoY growth. Owing to a surge in demand of high-end jewelry, gross margin came in at 61.3%, which is 110 basis points lower YoY. The EBITDA margin improved to 11.5% this quarter, which is 40 basis points higher than last year. Low gross margins were offset by savings in shipping costs, operating leverage, Germany reaching breakeven levels, and our ongoing cost optimization drive.

Before I cover territory-wise performance, I would like to update on lab-grown diamonds. Owing to the consumer demand towards lab-grown diamonds, we have successfully scaled our

offering, which contributes to 8.9% of quarterly sales versus 0.2% a year ago. We are leveraging our in-house sourcing, extensive jewelry design bank, and in-house jewelry manufacturing to stay ahead of our peers in this emerging segment.

Now let me take you through our key retail markets. In the US, revenue grew by 3.6% YoY, boosted by strong festive season and improving consumer confidence. In the UK, the revenue was up 6.5% with Ideal World making a significant contribution. Germany continued its robust performance, posting a 30.7% YoY revenue growth. With operations achieving breakeven this quarter, we are confident about maintaining this momentum in Q4 as well. We further expect Germany to start contributing to our bottomline from FY26 onwards.

Our 4R strategy, that is widening reach, new customer registration and acquisition, strengthening customer retention, and repeat purchases continues to deliver strong results. Our TV networks now reach 127 million households, and our unique customer base has grown by 30% YoY to approximately 6,98,000. Excluding acquisitions, our customer base grew by 6% YoY. Customer retention remains strong at 43% with an average 22 pieces purchased by customer annually.

I would like to update you on Ideal World and Mindful Souls. Ideal World showed impressive YoY growth of 95% and achieved full cost profitability in Q3. Mindful Souls also performed well, maintaining PBT margin of 7% this quarter. With over 1,02,000 unique customers, we are getting visible benefits of leveraging VGL's supply chain and are regularly launching new products as well. At VGL, community give back is our area of focus. We recently achieved milestone of serving 97 million meals to school children through our **'Your Purchase Feeds…'-** One for One Meal initiative. With 69,000 meals donated every school day, our long-term goal is to provide one million meals per school day by FY2040.

On the sustainability front, we generated 1.1 million kilowatt hours of solar energy this quarter, entirely powering two of our manufacturing units in India. This aligns with our long-term goal of achieving carbon neutrality for Scope 1 and Scope 2 greenhouse gases emissions by 2031. During the quarter, we received the IGJ Award from the Gems & Jewelry Export Promotion Council for being the highest exporter of cut and polished colored gemstones from India. This reflects our operational capabilities and commitment to contributing to India's leadership in gemstones and fashion jewelry industry. As we aim to balance growth, reinvestments and shareholder returns, the board has declared an interim dividend of Rs. 1.5 per share for this quarter representing 39% payout. This reflects upon the robust cash generation ability of our business and a strong growth outlook.

Looking ahead, we remain mindful of macroeconomic trends, particularly the muted consumer sentiments in UK and Europe. We expect 12% revenue growth for FY25, reflecting these conditions while maintaining operating leverage. From FY26 onwards, we anticipate early team revenue growth with a continued focus on operating efficiencies and leverage. I will now hand over the call to Nitin to discuss our financial performance in detail. Over to you, Nitin.

Nitin Panwad: Thank you, Sunil. And good evening, everyone. I will take you through our financial performance for the December quarter. We are pleased to report that this quarter, we recorded our highest ever quarterly revenue of Rs. 977 crores, up from Rs. 888 crores of Q3 FY24, which is 10% year-over-year growth. Our gross margin was 61.3% suggesting the impact of product mix tweaking to match the consumer demand. EBITDA margin improved by 40 basis points to 11.5%. This was primarily driven by Germany achieving EBITDA breakeven, Ideal World achieving full cost profitability, operating leverage, part of which we reinvested in digital spending in the US. Profit after tax for the quarter stood at Rs. 64 crores, a 36% year-over-year growth, reflecting the degree of operational leverage of our unique business model.

In terms of regional performance, US revenue grew by 3.6%, supported by a strong holiday season and improving macros. The UK posted a 6.5% revenue increase, driven largely by Ideal World. Germany recorded a strong 30.7% Y-o-Y growth, with operations achieving breakeven this quarter. As Sunil also mentioned earlier, that this progress strengthened our confidence in Germany's ability to contribute to the bottomline from FY26 onwards.

For Q3, TV revenue reached Rs. 547 crores, while digital revenue totaled Rs. 380 crores. TV revenue grew by 6% year-over-year, and digital revenue grew by 12% year-over-year. Digital sales is contributing 40% of total B2C revenue. Our budget pay EMI option accounted for 38% of B2C revenue, highlighting its convenience for our customers.

Ideal Worlds' full-cost profitability this quarter is a significant milestone, and we are focused on scaling the business further. Mindful Souls also contributes to perform well, with cross-learning from its digital operations benefiting our existing business in US, UK and Germany. Our balance sheet remains strong, with the net cash position approximately US $12 million, that is, Rs. 106 crore. Free cash flow and operating cash flows stood at Rs. 54 crores and Rs. 78 crores respectively. Quarterly cash flow generation was slightly impacted by our receivable due to increased inventory and prepayment to suppliers. Our ROCE improved to 18% and ROE to 11% reflecting steady progress.

We are pleased to announce a third interim dividend of Rs. 1.5 per equity share, representing 39% quarterly and 63% YTD payouts. As we look ahead, we remain cautious about broader market conditions, especially in the UK and Europe. Factoring in these challenges for FY25, we now expect 12% revenue growth while maintaining operating leverage. From FY26 onwards, we aim for an early teen revenue growth along with operating leverage. Back to you, moderator, please.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. Anyone who wishes to ask a question may press "*" and 1 on their touchtone telephone. If you wish to remove yourself from the question queue, you may press "*" and 2. Participants are requested to use their handsets while asking a question. Ladies and gentlemen, we will wait for a moment

while the question queue assembles. The first question comes from the line of Rushabh Shah from Buglerock PMS. Please go ahead.

Rushabh Shah: Yes. So, in the last call, you mentioned that our current market share is 4% compared to the Qurate and Shop HQ. And their market share has grown less than 2%, which is good for us. So, as we grow our revenue per household, which we are at $3 to $3.5, and the leaders are sitting at $60, so what steps are we taking to reach towards the leaders? I know the journey would be really long. How much time would it take the management and does the management have that vision to reach nearer to $60?

Sunil Agrawal: Yes, Rushabh, thank you for the question. Good question. So, we focus on our 4Rs, expanding our reach on television footprint as well as our e-com reach through social, Google, and affiliates. Then we expand additional registration to get more customers coming and register or join us, then retention and repeat. So, for these, we have action registers for each of these drivers of our business. We also have guardrails in place. The gross margin is a guardrail. RoCE is the guardrail and the profit leverage is a guardrail. So, with these guardrails, we function and invest into these 4Rs continuously. As we have demonstrated over the years, we will continue to grow our market share for many years to come. Our business model is very, I would say, unique and very difficult to assail. Our moats are strong because being vertically integrated from India and Asia and very agile to the market. We will continue to see gaining the market share in these advanced economies of the world.

Rushabh Shah: Just a follow up on that one, you said your **moats** are strong because you are a vertically integrated business. What else separates you from the competitors? Is it the SKUs or what else separates you?

Sunil Agrawal: So, vertical brings low cost so we can afford to undercut a competitor should a competitor come and agility for any new idea coming in. Other people are working through middlemen, so it takes time for people to respond to any new opportunity that comes in. We being vertically integrated, we can turn around an idea within two weeks, from idea to product on air within two weeks. Pretty much like Zara, that they have perfected the model from concept to showrooms within 4 weeks. Since our product is mostly shipped by air so we can produce it..

Rushabh Shah: How much time does the competition put an idea into a product?

Sunil Agrawal: So, they take much longer. I do not have an exact number for each of the competitors. They have multi-layers in between. So, the concept has to travel and then has to be translated into the product and sample has to be approved and then product has to be shipped, so much longer lead time. So, I can tell you from my experience, we used to supply to QVCs or HSNs or Wal-Marts of the world. So, they used to give us three months lead time. So, we took a long time to make and then shipp to them. And the concept used to be six months in advance. So, it used to be a much longer period when we were vendors to them.

Rushabh Shah: So, my next question is in the budget pay, if a customer defaults on one product and he orders another product from our website, so how do you maintain a list of people who have defaulted and do we offer any new product to him via budget pay?

Nitin Panwad: Hi, Rushabh, Nitin here. Let me take this question. So, we assign the limit based on customer profile, customer payment pattern, and customer default or failure history. So, as soon as a new customer comes, we don't assign a full limit to them. We give, for example, budget pay available over there. If customer defaults at the first place, then customer will no longer be able to take budget pay while they can check out via full payment through card. As soon as customer repay their debt, then customer will be eligible from the assigned limit respectively based on our internal management system.

Rushabh Shah: Okay, that's great. In the last call, you mentioned that when a customer comes to you, you want to retain the customer and move him to the other platforms when the lifetime value goes up. So, how many of the customers have been able to convert in the past three to four years?

Nitin Panwad: So, we monitor as per three categories. One is omni-channel customer, one is TV consumer, and one is buying only on web consumer. Though there are different subsections also in between. But omni-channel customers roughly contributes in counts. It's around 12% of our business which contributes roughly around 70% to 80% of business sales, and while TV and web as different numbers. So, that is why we promote the customers for having omni-channel experience so we can increase the customer lifetime value. And we maintain this ratio and try to increase that customer count ratio of 12% to 13%.

Rushabh Shah: Okay, so last question is what is your vision for Vaibhav Global? Where do you see Vaibhav Global going next 5 years?

Sunil Agrawal: So, our mission is to reach 1 million meals by FY2040. And we evaluate ourselves against that goal. It is a stretch goal, though, from currently 69,000 meals per school day to 1 million meals per school day. And for that, we have an internal tracker of how we are doing against that. So, that counts into number of pieces, revenue and continued profitability deliveries in short to mid-term.

Rushabh Shah: Thank you so much. Thank you.

Moderator: Thank you, Rushabh. Ladies and gentlemen, in lieu of time, we will restrict to two questions per participant and you can rejoin the queue for further questions. We take the next question from the line of Anushka Chitnis from Arihant Capital. Please go ahead. Anushka, if you can please unmute your line from your end and ask your question.

Anushka Chitnis: Congratulations on a good set of numbers, and thank you for the opportunity. I have a couple of questions regarding material costs. They seem to be substantially higher this quarter. So, any particular reason for that? And also, I would like to know about how you see your lab-grown

diamond business shaping up in the future, because it was quite a large contributor to the topline this quarter. So, can you just talk about that a bit?

Sunil Agrawal: Let me talk about lab-grown diamond first, and then Nitin will take the first question. So, lab-grown diamond is a strong trend right now, promoted by most retailers, particularly Swarovski and Pandora. So, these are large retailers, and they are trendsetters. And we believe that our value proposition in lab-grown diamond is pretty strong because of direct sourcing and our inhouse jewelry manufacturing and designing. So, that's why it has taken a large portion of our sales. And for foreseeable future, I see this ratio to continue. It may go up a little bit, we don't know about exact sales mix. We are very agile in addressing consumer demand. So, we expect it to be double digit for about 10%, 12% for foreseeable future.

Nitin Panwad: And about your question of material cost, so our gross margins remains strong, what we used to guide earlier, i.e., over 60%. Though the margin is lower than the last year because of the mix in product portfolio and the higher number of clearance days that we have done in this quarter. And we expect that our gross margin will continue to be above 60% in upcoming quarters and years.

Anushka Chitnis: Okay, thank you. I will get back in the queue.

Moderator: Thank you. The next question comes from the line of Aditya Singh from Robo Capital. Please go ahead.

Aditya Singh: Hi, thank you for the opportunity. Sir, I would like to understand more on the TV revenue and the volume growth because it is kind of flattish. So, is there some kind of risk that we need to know in the TV segment?

Sunil Agrawal: So, I will take that. So, thanks for the question, Aditya. TV segment for us still is a lot of untapped opportunities within US. Although there is a cord cutting happening on the cable front, OTA continues to grow year-over-year. And we expect a single digit growth continued into television space. It could be low to mid-single digit growth year-over-year. Now, some quarters may fluctuate a bit, some quarters may not, but overall, we expect it to continue to grow. On the other hand, digital, we expect to grow faster than TV. Therefore, overall growth will continue on early teens for the future years. Now, the volume is also a factor of average price point. With lab-grown diamond taking up a lot of revenue share, our ASP increased last quarter. Therefore, the volume you might be seeing a little bit subdued. But in long run, we see the steady state at around similar price points and will continue to grow on early teen numbers overall.

Aditya Singh: Alright and with respect to Germany, Ideal World and Mindful, do we see any potential revenue or target market share that we might be targeting to achieve in their respective geographies?

Sunil Agrawal: Yes, so Ideal World we include within the same TV demography. Mindful Souls is a completely D2C digital business. And we see this to be accretive for the group from topline and bottomline

both ways. And also we are learning from this pure D2C business, transferring that learning to our Group for TV channel brands, and we've seen benefit of that. Our digital spend has gone up, digital efficiencies have gone up. They're still not at the level of Mindful Soul, but we expect the learnings to inculcate more and more in coming years. And our TV business will become as efficient as Mindful Souls in digital retail.

Moderator: Thank you. The next question comes from the line of Anushka Chitnis from Arihant Capital. Please go ahead.

Anushka Chitnis: Thank you for the opportunity again. So, I have again a couple of questions. I want to ask you a question about.

Sunil Agrawal: Anushka, can't hear you.

Moderator: Anushka, are you there? Apologies Anushka, if you can hear me, we are not able to hear you. Since there is no response, we move on to our next question, which is from the line of Shubham Biswal from Convergence Capital. Please go ahead.

Shubham Biswal: Yes, hi, sir. Am I audible?

Moderator: Yes, you are. Please go ahead.

Shubham Biswal: Yes. So, in one of our slides, we have mentioned how we are making several D2C brands of our own. So, do these brands necessarily have high retention rates, have you observed this or have you observed this with bigger companies having their own brand? So, what's your thought process here on our own brands? That's my first question.

Sunil Agrawal: Thank you, Shubham. It's a good question. We track our own brand's performance against the benchmarks we have from industry. So, we create the benchmark against each vertical of digital marketing that is organic social, paid social, organic SEO, paid Google affiliates through email retargeting and other properties retargeting through display ads and all that. And through that we constantly review and we try to improve each of our brands. To your point, yes, we track not only D2C brands, but our legacy brands as well against those practices.

Shubham Biswal: Thanks for the answer. So, the next question is, we have been trying to expand our digital medium. I mean, I think it's a significant portion of our revenues now. But what we've been trying to understand is our majority for modes, right? In a way, as we have been catering to a very old population who primarily watch TV, but now when once we're transitioning to digital, the customer base changes. Right now there's a much younger population. So, what I want to understand is this digital transition, kind of an omni-channel approach that you're following, or will there be higher A&P spends going forward, because this is a completely different, there's a big high competition as well in this segment. So, how are you looking at this, this digital transition? So, yes, that's my question.

Sunil Agrawal: Thanks, Shubham. So, even digital space, we target customer 40 plus only. So, that's why we go on Facebook and Google for our customers, not on TikTok or Snapchat or other younger demographic platforms. The reason of targeting this customer is because this customer is more affluent. This demography is increasing every year as the population is aging. So, this demography increases, and they have more disposable income. So, our web customer is just about 5 years younger than our TV demography, but still is same. And our product offering is also addressed towards this demography, 40 to 70 year old, mostly white Caucasian female. We also have some Hispanic, some Asians as well, but largely white Caucasian females, and same in Germany and UK as well. So, our ecosystem is largely driven towards this audience.

Shubham Biswal: That answers my question. Thank you. All the best for the future.

Sunil Agrawal: Thank you, Shubham.

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

Pritesh Chheda: Sir, I wanted to know for the nine months, what would be the margin percentage or loss percentage number in Germany operation and what will be the profitability or loss percentage number in The Ideal World?

Sunil Agrawal: Hi Pritesh. So, Germany in the first nine months, roughly around 2% margin was consumed by Germany, Germany losses. Ideal World was very small. I don't have the exact number but I would expect roughly 0.5% Ideal World was in first nine months.

Pritesh Chheda: So, you're saying Ideal World will be 0.5% of the Ideal World revenue, right?

Sunil Agrawal: Not 0.5%, as a group percentage if I talk about.

Pritesh Chheda: So, basically both these operations put together consume 2.5% of the group's revenue?

Sunil Agrawal: That's right.

Pritesh Chheda: So, adjusted for that, if you're nine month, whatever was your nine-month margin, we have to add 2.5% to it?

Sunil Agrawal: That's right.

Pritesh Chheda: Thank you very much.

Moderator: Thank you. We take the next question from the line of Anushka Chitnis from Arihant Capital. Please go ahead.

Anushka Chitnis: Thank you for the opportunity. I have a couple of questions. I would like to know about your US and UK growth, ex The Ideal World and Mindful Souls acquisitions. And the second question is, how do you see your medium-term margin outlook shaping up? And how will the German business be contributing towards the margins and the bottomline like going ahead in the next three to five years?

Sunil Agrawal: So, this is Sunil. I will take the second part and first part, then Nitin will answer. The US economy is relatively better. So, we expect the US to continue to give us a growth of high single digit in the coming quarters and coming years. And in UK, TJC and Ideal World are sort of combined operations. They are combined legal entity and they have a lot of common staff and operations are also quite common. So, we prefer to give the guidance together with UK. And so together, the UK will give us low double-digit revenue growth in the coming quarters and years. Now, does it answer your question or you had other question to it?

Anushka Chitnis: I wanted to know about exluding the two businesses.

Nitin Panwad: Let me take the question that you asked initially. So, UK in the first nine months, if we exclude the acquisition of Ideal World, UK standalone TJC de-grew by 2% while Ideal World grew significantly. In first nine months, UK grew by 12.3% year-over-year including Ideal World.

Anushka Chitnis: Okay, that is helpful. Thank you. And regarding the medium-term margin outlook also, if you can say anything, and the German business as well?

Sunil Agrawal: From the gross margin point of view, we expect the gross margin to be in the region of around 62% in the medium term. And Germany continues to grow. We had a 30% growth rate in Germany last quarter. So, we'll see good growth in 20s or 30s percent kind of growth in the coming quarters as well.

Anushka Chitnis: Thank you, sir. I also have one more question if I can squeeze it in. I noticed that your B2B revenue is up substantially compared to the B2C revenue in terms of growth. So, why is this? And also, you have any plans to significantly enhance your retail presence?

Sunil Agrawal: Yes, so I will take that. The B2B revenue is more a reflection of our operational excellence from India. A lot of customers are approaching us from Europe, USA, Japan, probably because of China Plus One, and also seeing our operational efficiencies and values that we offer to them. So, long time ago, we used to have our own B2B operation in the US that we discontinued quite a long time ago. So, whatever is done from India, and we also make sure that these operations give us at least 18%-20% ROIC and also learning from those markets. Because we are in these markets, Europe, US, and we do hope to go to Japan, so those learnings are valuable to us.

Moderator: Thank you. The next question comes from the line of Saurav Kumar from Scientific Investing. Please go ahead.

Saurav Kumar: Sir, I have a question. So, our target audience is basically 45 plus and women. And TV has been historically a key revenue driver and we are trying to grow digital to 50%. But my question is, this whole internet in US and Europe, it caught up in post 1995. So, ideally, if we look at the age band people who are like at a young age after 95, 97, they are the one who are hitting 45 years of age band. Do you see some major disruption coming in next three, four years? Because now the next generation of 45-year plus people you will see next five year, they will be the people who have grown on internet. So, I know your digital is growing and you want to take it to 50%. But do you see any major disruption in the consumer behavior coming in the TV segment because of this risk? And if yes, how are you planning to mitigate? Is 50% good enough or we need to have a higher aim for digital?

Sunil Agrawal: Good question, Saurav. Thank you. So, we expect the digital to continue to grow as a ratio of sales, and TV to continue to grow in absolute numbers for foreseeable future because we still have some footprints that we can still acquire on television. We are not fully covered. But the main phenomenon that we look at ourselves as, that we are a live programming Company, we broadcasts oursignal right now through television, through cable satellite, telcos. But more and more, our web stream revenue share is growing up as a percentage of revenue. Now, web stream would be consumed by these consumers through OTT platforms, say Netflix or Amazon Fire TV, Roku, Hulu, and AT&T of the world. And those platforms will become bigger and bigger part of our sales. So, our USP is a live programming with engaging content, now and here kind of entertainment, education, and Company to these audience that we have 40 to 75 year old. They are mostly single. They are living in their homes. Single in the sense that children have gone. They are at home. They have time on their hands and they want the company, education and entertainment. So, whether the signal goes through cable, satellite, telco or OTT or OTA, i.e., over the air, that they don't pay or to their desktop or tablets or iPhones. So, we see that as our strength and that will continue to grow as you might have seen, I am not sure. The web stream business in China is substantially large and that phenomenon is coming in the US as well, more and more. So, those seeming advantage that we have over many years will continue to help us in long time to come. The medium may change.

Saurav Kumar: Okay and sir I have additional questions here, so when it comes to competing in digital, in digital what kind of market share we have and who are our key competitors? That is one. And second is a bookkeeping question. I think out of nine years, only two years, we have gone free cash flow negative. Else, we already have a lot of good free cash flows. And given now we don't have any major CAPEX for next two, three years, can we expect an increase in dividend in the years to come for next two, three years? These are the two questions.

Sunil Agrawal: Yes. I will take the first one, the digital market share. Now, we are right now competing against the relative TV/e-com companies. Now, we do not compare ourselves against Amazon or all the D2C companies so far, because our pure D2C is a very small portion. As we learn the D2C to that level of being pure D2C, then we will start to measure that market, but we are not there yet. So, I don't want to even hazard a guess how big is the market, what is our market share in that

space yet. But we are confident that we are learning rapidly and getting more and more efficiencies in our digital spend and getting those customers and hopefully transitioning those customers to live stream that goes through web or OTT and thus increasing the lifetime value of that customer that other D2C players cannot so that they don't have that experience. Saurav can you repeat your second question?

Nitin Panwad: Let me take the second question about the free cash flow. So, our business model is very unique where we get the payment early from the customer. And we generate pretty high cash. There is a very low asset-light model. Apart from a year that we had, as you mentioned about negative cash flow, but all the year we had a good amount of cash flow. We reward that through dividend payments and we constantly look for our future opportunities to get more market share via digital or TV mediums. But if you don't find a suitable opportunity which gives 20% or more ROIC, then definitely we may think of rewarding to shareholders.

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

Gaurav Nigam: Yes, thank you for taking my question. My first question was Mindful Souls and Sunil Sir, just wanted to get your view. Since the acquisition in your view, how has the business performed? What has worked favorably and what has not? And a related question which I wanted to ascertain whether I am looking at the right number. In Mindful Souls, I think the last quarter that TTM PBT margin disclosed was 10% which is right now 7% in the presentation. Is this number right? And that growth numbers are also looking almost similar. So, just wanted to check if the numbers are printed correctly and if you can help understand on Mindful Souls, what has worked and what has not?

Nitin Panwad: Sure. Let me take the first part, Nitin here. So, for the Mindful Souls, the last some months we moved our warehouse facility to our own in-house and also supply chain started using from our own in-house, i.e., Vaibhav Global rather using from third party in China. So, that required air shipments that resulted in lower gross margins what we initially had with the Mindful Souls. But now as we are leveraging the supply chain which will be fully completed from February onwards, that will convert into higher gross margins. So, numbers you are looking is right as a current PBT margin 7%, but with the leveraging full supply chain from India after having sea shipments starts form India- that will come from this quarter onwards, we will see the higher gross margins. And Sunil, you can take the other part.

Sunil Agrawal: Yes, so other part about the revenue growth, we transitioned the business to us. In that process, we are also learning and implementing new strategies. For example, when Mindful Souls was doing its own business, it was separate, it was not our Company. They were only focused on subscription. And now we started adding single item sales as well. The hope is to get the single item customer to move into subscription. And to acquire a single item customer is much lower cost and easier than a subscription customer. So, that is paying off. So, our customer acquisition

is now higher year-over-year, every month, every week now. And we are hoping to transition that and having those email flows, text flows, and retargeting flows to convert them into subscription. So, we are very happy with the business that we acquired from ROIC point of view and from learning point of view for other parts of the business. So, this is one of the best deals that we've done.

Gaurav Nigam: Very interesting. Thank you, sir. So, one another question was on Ideal World. So, when we said it is full cost profitable, are we talking about it at the EBITDA level or at the PBT level? Just wanted to clarify this one?

Nitin Panwad: Yes, it is PBT level. Yes, there's not much deprecation cost involved in Ideal World.

Moderator: We take the next question from the line of Nirvana Laha from Badrinath Holdings. Please go ahead.

Nirvana Laha: Hi, thank you for the opportunity. So, to hit the early teens revenue growth that you're targeting now, can you please break down the volume growth, the ASP growth, and any kind of INR depreciation that you're factoring in this 13% growth number. The reason I ask is because the volume growth in this quarter, I think it's the first full quarter with Mindful Souls and Ideal World in the base, but is is only 1.7%. So, what are the levers that you have to take it up to your target volume growth number and what is that target volume growth number to achieve the target revenue number?

Sunil Agrawal: Yes, I will take that question. Thank you Nirvana. For us, we are a very agile Company. We have a lab-grown diamond ring as a trend. Last year we had almost zero revenue share of lab-grown. This year it's almost touching 10%. We take opportunity of the trend and address and cater to the market. In that process, our ASP went up and because we give more airtime to higher ASP items. Our lower price point products were not given sufficient airtime, so overall volume came down. But for going forward, we see about similar ASP for foreseeable future. So, you must assume in your model, similar early teens volume growth, and therefore similar operational expenses at similar volume. And from revenue coming up at early things, the leverage coming down from our other expenses, HR expenses, logistic expenses, and so on, distribution expenses. The digital spend will go up because we see that as a future leverage potential. So, that may go up. So, content and distribution may stay constant as a percentage of revenue, but there will be leverage coming in from other areas.

Nirvana Laha: Got it. Next question is strategic on the TV, sir. So, if we look at our reach, it's 127 million households, but our unique customer is only 0.7 million, which is like a 0.5% penetration, right. And when I compare this with Qurate, Qurate reaches about 200 million, but their penetration, their unique customer is very high. It's 14.5 million. So, almost like a 7%-8% kind of penetration compared to our 0.5%. So, my question is, out of the budget that we say that out of the 18% that we spend, 11% goes towards TV. My question is, out of this 11%, how much are we spending in tying up the broadcast deals with the carriers, which just carries our channel to their

households, versus how much are we spending to actually market our channel to the viewers so that they actually tune into our channel? So, if you can help in understanding how the spend is split between the two and what we are doing to get our penetration number high because I think our household reach is already very good?

Sunil Agrawal: Yes, thanks Nirvana. So, household reach has two factors. One is the footprint, how many homes we are in. And second is, what is the channel position in respective home that we have? So, Qurate has been able to get very low channel positions or prime position and multiple channels in each home. So, Qurate has three or four channels in most of the homes. And we have 1.2-1.3 channels per home. I don't have the exact number, but it is substantially lower than them. And the channel position also is not as high as them. So, high means not as prime as them. It is a factor of how much you pay to those airtime companies. Now, our effort is to continue to improve the channel position and number of channels each home that we broadcast in based on the ROI that we expect from these markets. So, we are very tight in managing that expense where it can run away very quickly. So, we have a good analytics team, so we evaluate that continuously every week where these deals are offered to us, and we evaluate them. And we go with that open eye. If it doesn't work, we are able to get out of these deals within say 90 days or so. So, we will continue to evaluate those opportunities and try to get better and better channel positions or more footprints in time to come. And the biggest opportunity for us coming time Nirvana is the streaming channel positions. For example, YouTube TV is about 11 or 12 million homes and we are not there at all. Roku TV, we are not in that. There are a couple of million homes. So, we are not into that OTT, say OTT online linear stream space yet. It's a huge potential market for us. But as we go deeper and deeper into the understanding of this OTT, that will add revenue or bottomline to us. So, there is a lot of potential in TV space to grow per household revenue, better channel position, larger footprint, and more channels within each market. But we are frugal in analyzing each of these opportunities.

Moderator: Thank you. The next question comes from the line of Gopinadha Reddy from PNR Investments. Please go ahead.

Gopinadha Reddy: Hello, sir. My question is, why are we not entering Indian market? I've shown our channels, web channels, to some of the women here. And they're very much liking the models, as well as they're very much fine with the pricing also. And I wonder why we are not entering, given that we are also entering into lab-grown diamonds now, which is a good market in India?

Sunil Agrawal: Yes, thank you for a good question Mr. Gopinadha. So, we evaluated Indian market few times. We couldn't make the model work. Even in the three, four years' timeline that we make our Western companies profitable, Indian market didn't have the visibility for a few factors. Number one, the airtime costs in India are higher than Western world as a proportion of sales. Number two, the shipping cost is all on us. Consumer don't pay shipping costs in India, whereas in the western world, we charge shipping costs. Shipping cost contributes about 6% of our revenue, so that doesn't come in India. Third thing in India, when we looked at numbers of some of the target

companies we were thinking of acquiring in India, the 30% of the customers don't receive the parcel when the parcel reaches them on COD basis. So, those 30% packages come back whereas in US, UK, Germany, this ratio is less than 0.2%. So, the economics of India TV space doesn't work. Now, India is a potential market for complete D2C in future, but still is in discovery mode. So, the majority of D2C companies in India are still loss-making. So, we will come into India market down the road, but we believe that it is still in discovery mode and doesn't fit well for our business model.

Gopinadha Reddy: Okay, that's it from my end, thank you.

Moderator: Thank you. The next question comes from the line of Manan Vandur from Wallfort PMS, please go ahead.

Manan Vandur: Yes, thank you so much for the opportunity. So, one of the participants had asked about excluding Germany, like how much cost Germany took. So, that number you said 2.5%. So, that 2.5% I add in the PAT or in the EBITDA?

Nitin Panwad: Yes, it's a margin, Manan. The initial first six months, we had losses in Germany for this year. And though we have achieved a breakeven in quarter three, but six months in terms of our margin side roughly around 2% of our margins were lowered due to Germany. So, I meant to say that excluding Germany and Ideal World both if I exclude that, I could have achieved 2.5% higher EBITDA margin in this quarter or in this nine months.

Manan Vandur: Okay, so you are saying that at the EBITDA level, if we exclude the cost, sorry the losses of Germany and Ideal World both on the EBITDA level, then you would have had 2.5% more, right?

Nitin Panwad: Yes, right.

Manan Vandur: Okay, understood. And sir second question is that, could you please tell us what were the Germany revenue in INR for quarter three and for full nine months 25 in INR?

Nitin Panwad: INR, I am not sure, but we reported that number in one of the slide, I think 7.5 million Euro in quarter three we have done, and 19.4 million Euro in first nine months we have done.

Moderator: Thank you. The next question comes from the line of Pradeep from RGI Private Limited. Please go ahead.

Pradeep: Hello.

Moderator: Yes, Pradeep, please go ahead.

Pradeep: Yes, thanks for giving me the opportunity. My first question is, why your Company call off the merger between Vaibhav Vistar Limited and Vaibhav Lifestyle by selling the Vaibhav Vistar Limited? What is the reason?

Nitin Panwad: So, both these companies are not in operational nature. So, the merger was that the Vaibhav Vistar is not in operational. It was just sitting with the asset of land in that Company. So, to optimize our working capital, we have sold that asset. So, that is not needed for our operational perspective in India side. We already have six different buildings in India which has a capacity of even 30% to 40% higher production in the current capacity. So, that is why we have sold that and we called off the merger of Vaibhav Vistar and Vaibhav Lifestyle.

Pradeep: And my second question is what is the gross margin for lab-grown diamonds? That you said that it's the 10% of total topline. Can you comment on that?

Sunil Agrawal: Yes, it's slightly better than our overall margin, a couple of percentage points better.

Pradeep: That means our actual gross margin now, this current quarter is 61.5% approximately. That means higher than that?

Sunil Agrawal: Yes, correct.

Moderator: Thank you. The next question comes from the line of Pratik Dedhia, an investor. Please go ahead.

Pratik Dedhia: Hello.

Moderator: Yes, Pratik, please go ahead with your question.

Pratik Dedhia: Yes, my questions have been answered. Thank you.

Moderator: Thank you. The next question comes from the line of Ketan Chheda, an investor. Please go ahead.

Ketan Chheda: Thank you for the opportunity, and congratulations on good results. What I would like to ask is, in terms of our digital platforms, of the various mediums like the websites, the mobile app, social, OTT or the third-party marketplaces which contributes higher amongst the digital options in terms of revenues?

Sunil Agrawal: Sorry, can you repeat please?

Ketan Chheda: Yes, sure. My question is that of all the various digital avenues that we have, like the mobile application, the website, the social media, the OTT platforms, of all these different avenues, which avenue generates maximum revenue in the digital platform space for us?

Sunil Agrawal: Digital, our main medium is our own proprietary website where we do our live streaming of our live tele shopping, live running video commerce, and also the other selling medium for fixed price catalog, rising auctions, and clearance. Apart from that, we have other medium of marketplaces and selling through smart TVs. But our majority of almost around 80% of sales is coming through our own proprietary website. But sorry, actually let me correct this. The digital medium also includes the mobile apps. So, mobile, if my total digital sales is 100, then mobile app itself is contributing roughly around 30% of total digital sales, and around 50% roughly contributing our proprietary website through desktop and rest is other different mediums of marketplaces and smart TVs, OTTs.

Ketan Chheda: Yes, thank you. That was very helpful. So, again, related question. So, in terms of the spends, if we were to, for the nine months FY25, if we were to divide the spends between digital and TV, could you give a break up either in absolute numbers or in percentages, however?

Sunil Agrawal: Absolute, I don't have, but percentage terms, the cost is roughly around 18% for content broadcasting. And out of this 18%, 11% is our TV-related broadcasting cost, and 7% is our digital medium cost, which is primarily in Meta and Google.

Ketan Chheda: Does it mean that we are spending less on the digital right now, the growth rate of digital revenue is increasing and the share of revenue also is increasing digital?

Sunil Agrawal: Yes, so digital we have a good amount of sale coming through live shopping medium. That is also part of the broadcasting. Some of the customers who watch our show in live streaming platform on our website, they also watch from television. So, that digital 100% cost, we cannot attribute that our sale and all digital sales is coming through our native digital platform. That is why you may see that the lower amount of spend is generating higher revenue in digital.

Moderator: Thank you. Ladies and gentlemen, that was the last question and that concludes our question and answer session. I now hand the conference over to Mr. Sunil Agrawal for his closing comments.

Sunil Agrawal: Thank you, Ryan. I want to thank all the participants for your time and great questions. If you have any further questions, feel free to reach out to Prashant Saraswat at VGL, or Amit Sharma at Adfactors PR India. And we will be happy to answer your questions. Thank you once again.

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