



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 Q2 & H1 FY26 Earnings Conference Call held on Thursday, 30th October, 2025.

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

https://www.vaibhavglobal.com/admin_assets/Investor/Investor_Presentation/1847867290535497.pdf

Kindly take the same on record.

Yours Truly,

For Vaibhav Global Limited

Yashasvi Pareek

Company Secretary & Compliance Officer

M. No.: A39220

Encl: as above



“Vaibhav Global Limited
Q2 and H1 FY26 Earnings Conference Call”
October 30, 2025



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

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



Moderator:

Ladies and gentlemen, good day, and welcome to the Vaibhav Global Limited Q2 and H1 FY26 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 this conference call, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Nishita Bhatt from Adfactors PR. Thank you, and over to you, Ms. Bhatt.

Nishita Bhatt:

Good evening, everyone and thank you for joining us on Vaibhav Global Limited's earnings conference call for second quarter and half year ended 30th September 2025. 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 operating remarks by Mr. Sunil Agrawal on the business operations, key initiatives and broad outlook, followed by the discussion on 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 VGL's Q2 FY26 Earnings Call. I hope you have reviewed the results and investor presentation. We are pleased to report another strong quarter with revenue growth above our guidance range and strong PAT growth despite macro headwinds. The September quarter also marked a period of operational stability across regions, supported by efficient inventory planning and improved execution.

We reported consolidated revenue of INR877 crores, reflecting a 10.2% Y-o-Y growth. Gross margin stood strong at 63.5%, well within our target range of 60% plus, owing to strength of our vertically integrated global supply chain. This structure enables cost efficiency, operational flexibility and industry-leading margins, a differentiator which none of our peers have in place.

On the digital side, momentum remained steady with digital contributing 42% of B2C revenue. We remain on track to achieve 50% sales contribution in digital by FY27. Let me briefly cover our regional performance. During quarter 2 of the financial year, total revenue in U.S. dollar terms for U.S. and U.K. recorded a growth of 6.7% and 5.7%, respectively, while Germany remained flat.



In U.S., we addressed tariff uncertainties by pivoting to casting process in U.S. and procuring parts of the input from U.S. This was made possible by leveraging over 4 decades of manufacturing learnings in India. This integrated model provides cost benefit and requisite agility for our operations. Advance inventory shipments made in Q1 FY26, positions us well for the festive season.

In the U.K., the business continued to consolidate its position, supported by a strong management bandwidth and portfolio synergies between TJC and Ideal World. Wage growth outpacing inflation also aided spending recovery in U.K. We are pleased that Ideal World is very well assimilated with TJC and is now churning a low single-digit EBITDA margins.

We are confident of achieving double-digit EBITDA margin within 2 years. In Germany, while revenue remained broadly flat, we achieved a healthy expansion of nearly 410 basis points in gross margins, driven by a sharper product mix and a stronger pricing discipline. The TV channel sustained its positive momentum, growing 6% in the first half of the financial year. Digital revenue, however, declined 9%, owing to team realignment. We are confident of delivering EBITDA breakeven for the full year FY25-26.

We continue to focus on the 4 pillars of our growth strategy, namely widening reach, new customer registration and acquisition, customer retention, and repeat purchases. In the Q2, our TV network reached 127 million households. As of 30th September 2025, our unique customer base stood at 7,14,000, up 5% Y-o-Y and the highest in our history.

New customer acquisition was 3,80,000 on TTM basis, while the retention rate remained stable at 41%. On the TTM basis, customers purchased an average of 22 pieces. Sustainability remains integral to our operations. Our ICRA ESG rating was further upgraded to 73. This reaffirms confidence in our governance and execution capabilities amidst dynamic macro environment.

With Germany now certified as a Great Place to Work®, VGL Group is now Great Place to Work® certified across the globe. Under our ***'your purchase feeds...'*** mid-day meals program, each unit sold funds a meal for a school going child. We are pleased to have served 106 millionth meal this quarter, currently providing about 55,000 meals every school day. We continue to strive towards our goal of serving 1 million meals per school day by FY40. On the clean energy front, we generated 1.2 million kilowatt hours of solar energy during the quarter, meeting 100% of our manufacturing power needs. We are advancing towards our goal of achieving carbon neutrality under Scope 1 and Scope 2 by 2031.

We remain focused on creating long-term value for all our stakeholders. Thus, the Board has declared second interim dividend of INR1.5 per equity share, implying a 53% payout. We are pleased to have delivered revenue growth above the guided range of 7% to 9%, which was supported by efficient execution and robust supply chain. In the medium term, we are confident to achieve mid-teens revenue growth with steady improvement in operating margins.



Finally, I will say that while external risks persist, our balance sheet remains robust, and we are well positioned to sustain our profitable growth momentum. I will now hand over the call to Nitin to discuss financial performance. Over to you, Nitin.

Nitin Panwad:

Thank you, Sunil. Good evening, everyone, and thank you for joining quarter 2 of financial year 25-26's earnings call. I will now walk you through the financial highlights. As Sunil mentioned, we stayed watchful of market trends and manage our operation with agility. Consumer demand across major markets was influenced by changing spending patterns and continued tariff and geopolitical uncertainties. Consolidate revenue for the quarter was INR877 crores, which is up 10.2% year-on-year, reflecting growth higher than our guidance despite an evolving business environment.

During quarter 2, the total revenue in U.S. dollar terms in U.S., U.K. recorded growth of 6.7% and 5.7%, respectively, while Germany remained flat. In the U.S., the uptick was driven by proactive inventory planning, supported by our in-house manufacturing capabilities. The performance was further enhanced by a strong traction in digital business, which is now contributing 42% of sales in U.S. versus 39% in last year.

We believe that the digital-first and vertically integrated model like ours are favorably positioned to capture long-term growth. In addition, during the quarter, we began jewellery casting operation in U.S. and also started sourcing key metals locally. This approach helped us to navigate tariff-related challenges effectively while keeping our supply chain advantage intact.

In the U.K., TJC regained growth momentum supported by strong merchandising and operational efficiency. Ideal World continued to make a positive contribution to profitability. Ideal World has already achieved a low single-digit EBITDA margin and is on the course of achieving double-digit EBITDA margin in the next 2 years. In Germany, we have improved our gross margin by 410 basis points year-over-year in past quarter, supported by a better product mix and pricing discipline.

The TV business continued to grow 6% in first half of the year. However, digital revenue declined by 9%, owing to team reshuffling there. We have now fortified bandwidth of digital business with new talent recruitments. With continued focus on margin enhancement and cost discipline, we expect Germany operation to achieve EBITDA breakeven for full financial year FY25-26.

From the sales platform point of view, TV revenue stood at INR487 crores, up 6.7% year-over-year, while digital revenue grew 14.3% year-over-year to INR336 crores, reflecting continued strength in omnichannel performance. Digital now contributes 42% of overall revenue, and we remain on track to reach 50% by FY27. Lifestyle products accounted 36% of total sales, up from 12% of FY18 with a medium-term target of 50%.

The Budget Pay program continued to contribute meaningfully and is at 38% of our total B2C revenue. Gross margin stood firm at 63.5%, consistent with historical trend and supported by our vertically integrated model. Achieving a margin of 60% plus even in one of the most



dynamic and challenging business environment reflects structural strength of our unique business model.

EBITDA margin improved by 130 basis points to 10% and is up by 28% year-over-year in absolute terms. EBITDA margin expansion was driven by productivity improvement and operating leverage in employee cost, which shows 160 basis point improvement. Shipping cost shows 30 basis point improvement year-over-year and airtime cost shows 40 basis point improvement year-over-year.

As a result, PAT also increased by 71% year-over-year to INR48 crores. Our unique business model continued to generate steady cash flow for us. Some parts of our cash flow was cautiously invested in inventory to address tariff-related uncertainties. Even after this adjustment, we generated INR66 crores of operating cash flow and INR55 crores of free cash flow. The balance sheet remains strong with INR156 crores of net cash, reflecting prudent financial management and strong liquidity position. ROCE at 20% and ROE at 13% indicates continued improvement in returns.

The Board has declared a second interim dividend of INR1.5 per equity share, representing a 53% payout consistent with our commitment to reward to our shareholders. While the external environment remains dynamic, we continue to take calibrated approach to growth. We are maintaining our FY26 revenue guidance at 7% to 9%, supported by operating leverage.

We remain confident that the resolution of tariff-related and macroeconomic challenges over time could create upside in this range. Over the medium term, we continue to aim for mid-teen revenue growth along with operating leverage.

Thank you, and over to you, moderator. We may now open the lines for Q&A.

Moderator: Thank you very much. Our first question is from the line of Shreyansh Jain from Svan Investment Managers. Please go ahead.

Shreyansh Jain: Congratulations on good set of numbers. Sir, my first question is if you could help us understand what would be the constant currency growth for the 3 geographies, specifically U.S., U.K. and Germany. I think that slide is missing from this quarter's presentation. So can you just help us with that first?

Nitin Panwad: Shreyansh, Nitin here. So constant currency growth is around 5.5% for the current quarter.

Shreyansh Jain: Nitin, I'm asking specifically for U.S., U.K. and Germany or maybe if you -- the actual currency that -- the actual revenues that you would have done in dollar terms?

Nitin Panwad: So U.S. is 6.7% growth year-over-year, and U.K. constant currency growth is 4.1% year-over-year.

Shreyansh Jain: My next question is, sir, when I'm looking at your segmental numbers, this quarter, obviously, we started doing casting -- some of the casting in the U.S. itself. But when I look at your India



and the ROW, where essentially our manufacturing operations are based out of, when you look at the profitability, the profitability has gone up significantly from 33% last year in India, it's gone up to 50%, and ROW from 38.5% to 55%?

So what is actually transpiring? What is happening in these 2 geographies, sir? Second part to my question is when I look at U.S., U.K. and Germany, which are essentially 3 operating geographies, our absolute EBIT is actually has not increased, it's about INR5 crores, INR6 crores increase in these 3 geographies. And it's only because of India ROW that we see the increase of about INR20-odd crores. So can you just help us understand, because there's lot of confusion there?

Moderator: Ladies and gentlemen, thank you for patiently holding. We have the management back in call. Mr. Shreyansh, you can continue with your question.

Nitin Panwad: Shreyansh, I'm not sure like how much you heard. But the detailed working, Prashant will share with you that U.K. and India, both -- profitability comprising the dividend income, which is from U.S. But the retail profitability, Prashant will share with you. In the U.K., there's a significant improvement in the profitability.

Moderator: You can continue, sir.

Nitin Panwad: Sorry for the interruption. Since I'm out, there's network issue here. But I was mentioning that Prashant will share the detailed profitability with you. The improvement in slide the number you see in the segmental reporting includes the dividend income in U.K. and India, which Prashant will share with you separately. But in terms of operational profit, there is a significant improvement in U.K., U.S. and the Europe operation in all of the retail entities.

Shreyansh Jain: Sir, second is U.S. profitability. Obviously, you're saying it's improved, but I'm just looking at the last 4 quarters, the trend in the profitability of U.S. Margins from 11% has come to 6.8%, and then now 5.2%; and U.S., obviously 60% of our business, right? So how should we look at the profitability of the U.S. business?

And my last question, sir, is -- some sense on Germany, if you can help us, because we were understanding that you had spent a lot to actually premiumize your OTA lines and improve your customer set. But obviously, Germany has been a little weak in this quarter. And lastly, sir, there is some volume value or degrowth. ASPs have gone down by 6-odd percent. And on the digital side, our volumes have gone down by 2-odd percent, whereas ASP has increased by 10%. So give some sense on what is happening in each of the TV and digital categories?

Nitin Panwad: Sure. So first in the U.S. profitability. So U.S. has a growth of 6.7%. And we have invested the money mainly in our digital marketing, where we have done our investment in OTT apps like Roku, and also the digital platforms like AppLovin. So this quarter compared to last year, around 10 basis points in our margins in U.S., from 5.1% to 5.2% compared to last year same time.



But obviously, that Q3 is a significant quarter where we generate a high single-digit to double-digit profitability in our retail operation. In terms of the Europe -- sorry, in Germany; so Germany, past quarters, we have seen the slowness in terms of -- especially the sales and digital part, where we have done a reshuffling in the team related to the lower conversion and traffic issues that we have seen internally in our platforms.

So that we have already done the changes, and we are seeing the returns are better compared to the previous quarter. And we are confident that the Germany will be profitable in the next 2 quarters. So we'll make a full year profitable from the Germany operation, especially the major improvement we have done in Germany in terms of gross margin side. Gross margin has improved around 410 basis points year-over-year in Germany, related to better pricing and the product mix that we are offering to the end consumers.

You mentioned about the price point of TV and web. So price point is more driven by the consumer demand, what consumer is looking for. And we keep on offering to the consumers a different set of products. It is because of 30,000 different SKU portfolio, volume growth is not directly linked with our sales. We offer based on the consumer demand and trends.

Like last year, we have seen a pretty good response from the gold and the lab-grown side also. That resulted in higher ASP. We are also seeing the traction towards the fast fashion jewelry, which is resulting in the higher volume growth there. We offer what consumer is looking for within the trend and the fashion in the respective territories.

Moderator:

Our next question is from the line of Lakshminarayanan from Tunga Investments.

Lakshminarayanan:

Just want to understand what is the half year EBITDA loss in Germany? And what is the plan? I mean, how do you think this year would actually end? The second question is related to profitability. I see that we have actually maintained a healthy profitability. Is there any one-off that actually resulted in it?

Or what activities we have done to ensure that the profitability is high? And therefore, do you expect the profitability to be maintained at these levels? And the third question is that you had actually mentioned lab-grown diamonds sales have actually reached double digits. So I just want to understand what is that percentage now? And are we getting higher margins from those products? I think these are my three questions.

Nitin Panwad:

Let me answer your initial questions. So Germany first half loss, EBITDA loss is roughly around EUR750,000 that will be compensated in coming quarters with the improved margins that we are seeing in gross margins and also improving in our digital contributions. The second thing is the profit. There is no one-off adjustment in the profitability. It's just a purely operational performance.

And this is helped by mainly operating leverage and also reviving the Ideal World operation, which was making losses in the past many years, even before the acquisition. Now that business is resulting profitability. The third part is the lab-grown diamond. We started that business, I



think, 18 months back. So since then, that category is growing pretty well for us. Last year, the share was around 5.5% for this business. And now it is almost 10.3% of our total sales in business. And we continuously seeing consumer traction towards the lab-grown diamond and that we are constantly offering in our all 3 territories.

Lakshminarayanan: Sir, on the profitability-wise, do you think this is something which can be maintainable at these levels for this year?

Nitin Panwad: Certainly, that is possible that we are seeing that the higher gross margins despite the tariff-related hits that we have in the U.S. We managed to pass on the pricing to consumer. Now with the casting process that we have started in U.S., that will result in offering better prices compared to the competitors who don't have that kind of vertically integrated ability. And that may give us an ability to take a higher gross margin from the consumer.

So that part will cover off in terms of the profitability. And we are pretty confident with the process that already been started, and some of the shipments already been tested successfully. So we expect that some of the margins we can pass on to the consumer and some of the margins we can also get in our profitability.

Sunil Agrawal: This is Sunil here. Another thing that is helping us is lower employee cost, some process automation, some ML, AI benefits. We are seeing the employee cost to be lower, and that will continue to go down. Does that answer your question, Lakshminarayanan?

Moderator: I think we have lost the line. I will take the next question now. The next question comes from the line of Pritesh Chheda from Lucky Investments.

Pritesh Chheda: Sir, I couldn't hear. Did you quantify the H1 '26 half yearly German loss, EBITDA loss?

Nitin Panwad: Yes. So half year, Germany is EBITDA loss, but this will compensate against the H2 of FY26 performance which is season time.

Sunil Agrawal: Nitin did quantify that. Nitin, can you quantify again?

Nitin Panwad: Yes. So the losses was around -- so EBITDA loss for the first half of the year and this year is around EUR 750,000

Pritesh Chheda: EUR 0.7 million. And you are saying that EUR 700,000, so that's 0.7 million, right?

Nitin Panwad: Yes, right.

Pritesh Chheda: And you're saying that the H1 loss and the H2 profit will nullify each other. So it will be a neutral year in FY26?

Nitin Panwad: Right.

Pritesh Chheda: How was it in H2 '25? Was there a loss in half year last year in Germany?



Nitin Panwad: Yes, it was breakeven in the last year. Last year was breakeven.

Pritesh Chheda: The other thing is from the presentation, I couldn't figure out your original properties, your baseline properties of Shop LC and TJC U.K. At what rate those 2 assets grew? Because what we now see is the segment, which is U.S. and U.K. And then there is one more channel being bought in U.K. So if you could just clear that for us in quarter 2 and H1, what was the growth?

Nitin Panwad: Sure.

Pritesh Chheda: The presentation does not carry. That's why. Yes.

Nitin Panwad: Sure, sure. I'll ask Prashant to separate that also. The U.S. grew by 6.7% year-over-year, and U.K. grew by 4.1% year-over-year in GBP.

Pritesh Chheda: So this is in the TJC U.K?

Nitin Panwad: Yes, U.K., combining Ideal World and TJC, both.

Pritesh Chheda: Ideal World and TJC. And with the Mindful and the other 2 properties, U.K. is a 10% growth, right?

Nitin Panwad: Mindful and the properties are separate, it is coming under the Europe. So that is separate. But the major territory U.S., U.K. is 6.7% and 4.1%.

Pritesh Chheda: Europe -- okay. So there we have put it. So then if -- what I see is a 10%, okay, there is -- what you mentioned is 4.7% GBP growth. So then there's a rupee depreciation, and the reported growth?

Nitin Panwad: Yes, rupee depreciation also.

Pritesh Chheda: Can you give -- so then for the 10% growth that we see Y-o-Y, what will be the constant currency growth for Q2 & H1?

Nitin Panwad: Yes. So quarter 2 is 5.5% growth in U.S. dollars in the retail units.

Pritesh Chheda: 5.5. Okay. Any reason why we are not seeing the profitability improvement happening in the U.S. business? What is the key areas that one should look at? Because U.S. business, the margin that it was and the margin that it is, is a significantly different number. So if you could just highlight that?

Nitin Panwad: Sunil, would you like to add on it?

Sunil Agrawal: Yes, sure. U.S., we believe, we've invested more in digital customer acquisition through OTT, as well as digital properties. So there's a new social media called AppLovin, the video game people play, Solitaire or Candy Crush. In those change of the games, there are ads coming. So we invested in that platform quite a bit in the last couple of quarters, and that also impacted our profitability.

But that's an investment to understand the platform and to acquire customers from that platform. On OTT, especially Roku, we invested quite a lot of money into app downloads. And we had over 0.5 million app downloads in last quarter. So that gives our brand visibility and customer acquisition as well. So from profitability point of view, we had the benefit of HR cost benefit and airtime benefit overall for the group, digital expense is higher.

Pritesh Chheda: So basically, U.S. went through the cycle and continues to be in the investing cycle where you first bought some cable homes, then you added digital spending. Then you -- now you're highlighting this gaming publishers where you are putting up your ads and then the OTT. So basically, in a 3-year phase, you've been continuously putting up one or the other investment. How should we look at this U.S. business now? So every time there is a new reinvestment which is done, so if you could just call out that?

Sunil Agrawal: Yes. So as we guided, we will grow 7% to 9% with the leverage in profitability, and that leverage will come combination of U.S., U.K. and Germany, all 3 geographies.

Pritesh Chheda: Can you call out the margin expansion now possible from what you are reporting at a single-digit number aggregate since your answers are also aggregate. So the margin number, which is, let's say, about 9%, which we are seeing, directionally, where they should head to?

Sunil Agrawal: Yes. So EBITDA is right now around 10% for this quarter. We expect this to further expand in current Q3 as well as Q4.

Pritesh Chheda: That is a seasonally higher quarter. On an annual basis, if one has to look at a 9% number ex other income, 9% number on an annual basis, next year or year after, where it should head and considering the strategy that you put in place?

Sunil Agrawal: We don't give specific guidance on the margin, but we do expect that the margin would expand higher than the revenue growth. So we're giving 7% to 9% revenue growth for the current year and the margin would expand higher than that, year-over-year.

Now since the economy is pretty dynamic, especially with the tariffs expanding or shrinking and we're finding solutions around them. Very difficult to give specific guidance. And also, as you rightly mentioned, we are making investment in different areas. So specific guidance is difficult. It's pretty dynamic. But we expect to have leverage or decent leverage for the year as well as for coming year.

Pritesh Chheda: My last question is on these tariff issues and whatever tariff, how -- looking at the margin number, looking at the growth number, you're fairly mitigated. So if you could just throw some light on this?

Sunil Agrawal: Yes. So what we learned in the U.S., 80% of our business is jewellery. And of that 80%, about 75%, 80% is silver, gold or platinum. But then we have done the casting from third parties in U.S., and those castings were bought in to Asia for finishing and setting the stones.

And the original major portion of jewelry is made in the U.S., the tariff -- the reciprocal tariff is not applicable on the valuable part. And when the casting is U.S. made, there is no tariff -- there is 0 tariff on the casting portion of itself, which used to be 5.5% earlier. So all in all, our cost -- the tariff cost comes to below 5.5%, which used to be pre-reciprocal tariff.

Moderator: Our next question comes from the line of Deepesh from Maanya Finance.

Deepesh: Just wanted to know how many shipments have we done by the casting experience, casting tariff experience. And we have paid only 5.5% new tariff. How many -- I mean, I just want to know how many test shipments have we done and whether that over a longer period of time will be applicable?

Sunil Agrawal: Yes, multiple shipments. So I don't have exact number. And this is so far the casting has been done by third party, but we have set up our own casting operation. Should be operational by about 15th of November, all the machines and all the permits have already been received. Now installation is going on.

Deepesh: So how much capex have we done on this?

Sunil Agrawal: Not too much. Capex on casting is not high, very limited, but it is the manpower, the know-how and the process that is the crucial element.

Deepesh: If you can just quantify how much has been the investment in U.S. which we have done for this specific thing? Do you have a number?

Nitin Panwad: Less than \$0.5 million, and also not a significant amount of manpower is required in U.S. Machinery process and the setting up the machinery is less than \$0.5 million.

Deepesh: \$0.5 million?

Nitin Panwad: Less than \$0.5 million.

Deepesh: Just to understand that when we mentioned that we will not be able to quantify how much our margin expansion because of the tariff, of course, if the tariff reduces, the margins will vary. But just wanted to understand this being a very significant factor, because most of our revenues come from U.S., most of our jewelry is manufactured -- I mean, most of our sales come from jewellery.

So when -- even if the tariffs reduce, let's say, even to 15% or even 10%, still because of this the arrangement of casting, which we are doing, how much do you think that the sales of your entire jewellery thing will be done by this casting unit and we will be using that and significantly increasing our margins because this will -- at least the entire tariff will come to our margins, right?

Sunil Agrawal: It depends on the environment. If the competitors get the product from their suppliers, it's not a vertical retailer who does manufacture themselves, but they are sellers to those retailers if they themselves have the same process of casting them in U.S. and then make the jewellery in India



or China, wherever can see the duty also. So it will be dynamic environment, the competitive environment. We will try to maximize as much as we can, but it is very dynamic.

Deepesh: So because if we had done the shipments, I mean, in the entire quarter, I was not able to understand why our margins from U.S. were significantly lower because we actually got a tariff advantage of around 50%. Even if we have passed it on to the customers, still there would have been a significant advantage in terms of the competition?

Sunil Agrawal: It's not necessary that all the other players are paying 50% and then importing into U.S. There are differential tariffs in different countries, For example, Thailand is 20 % or Dubai is 10 % or UK is 10 % or Europe is 15%. So everybody has scrambled and found the different suppliers in different countries.

I don't believe at 50% tariff, because the consumer sentiment where it increase price by 1.5x. Differential may be anywhere between 10% to 15%. Of that, how much we can capture is still yet to be seen.

Deepesh: How much total sales from jewelry?

Moderator: Sorry to interrupt. Please re-join the queue. Our next question comes from the line of Rupesh Tatiya from Long Equity Partners.

Rupesh Tatiya: My first question actually about Germany. Germany growth rate, it is a bit sharper. And is German market as big as U.K.? U.K. is roughly INR950 crores, INR1,000 crores market, Germany is around INR250 crores. So if the German market is as big as U.K., the growth shouldn't plateau before, let's say, INR500 crores, INR600 crores sales. So what is happening -- more explanation would be very useful.

Sunil Agrawal: Sure. Germany, our own internal challenge in quarter, where we had our digital team was restructured that some of the earlier players that we had, the overall e-com lead, the better marketer, the Google marketer, we changed everybody. So that disruption caused digital to reduce by 9%.

We grew 6%. So digital should be growing much higher than TV as we have seen in U.S. and U.K. and as Germany was doing. But it is internal disruption that led to flat kind of growth. But we expect this growth to resume in this quarter and onwards.

Rupesh Tatiya: So at least -- I mean, Germany can grow at 20% kind of rate for next 2 years. That's a fair assumption to make?

Sunil Agrawal: I can't say 20% or so, but I can say double digits, that is what our expectation is for this quarter and, this year and next.

Rupesh Tatiya: Q3, I think is a very big quarter, obviously, seasonally adjusted. And unfortunately, in that quarter only, we have 50% tariff. But do you feel, at least from your side, from supply side, are you well prepared if the consumer demand holds and there would be if the season is good in the



U.S., festive season is good in the U.S., U.K. everywhere, you would be able to capture a decent amount of market share from that? Do you feel confident?

Sunil Agrawal: Most definitely. Confident as we have been in our ability to navigate any challenges that we want to be conservative in our guidance.

Moderator: Our next question comes from the line of Gaurav Nigam from Tunga Investments.

Gaurav Nigam: Yes, two questions. First one is on the content and broadcasting expense. I think we had earlier guided that we will maintain like 18 or so percentage of revenue. I see that it is inching up almost every quarter now and ahead of the revenue growth. I mean, can you specify where are we investing and in which geographies specifically? And is there a revised guidance on this content and broadcasting expense?

Nitin Panwad: So the content broadcasting past financial year was roughly 19%, and we maintain because this was the area where we are investing most of the amount over here. The first 2 quarters is normally a lean quarter for the year and the season is the biggest quarter of the year where we see that in percentage terms, this cost goes down.

But we expect that this cost will be in the range of 19%. And the major investment of this cost is going towards in our U.S. market. As Sunil mentioned earlier that our investment is mainly in the gaming platforms like, AppLovin, the OTT platforms like Roku, and we have our Facebook marketing. So that is why the major investment is in U.S.

Gaurav Nigam: Nitin, just a quick follow-up on this. I think you used to measure the performance of this digital investment. Can you just highlight how it has been playing out over the last 1 to 1.5 years since we started aggressively investing in digital? I heard about this, AppLovin. Like, how it is playing out? Because I think overall growth is still muted, right? So I mean just give us a sense that how you're measuring it and whether it is giving you the desired results, in what metrics you are measuring it. Just give us a sense on that?

Sunil Agrawal: Yes. Let me take that. So we look at the customer lifetime, so the cost against the customer lifetime value. So when we started this about 2 years ago, we ramped up the investment. At that time, the cost of acquisition was taking a little over a year to cover the cost. So now that has come down to about between 6 to 9 months. Our aim is to bring that down to within 3 to 6 months of the acquisition of the customer.

So as we bring it more between 3 to 6 months, we will further continue to expand the investment because we can recover the cost in a short period and then subsequent period is where the cash flow comes from that customer. So it has progressively improved. And there are multiple platforms within digital.

So within those, we invest in some places or reduce some other places where we see the ROI being lower. So it's pretty dynamic, and we, and our team watches it pretty closely on a day-to-day basis and within the guidelines given the ebb and flow of the investments.



Gaurav Nigam: Sir, second question is on the overall market share. I mean just give us a sense of in all the 3 geographies over the last 1 year, how has the market share trended for VGL entities versus the, I think, 4 or 5 competitors in any geography that we track?

Sunil Agrawal: So we track it against the publicly listed companies. So earlier, it was Qurate Group, and Evine -- the ShopHQ. Now the ShopHQ are not doing business anymore. But when compared to Qurate in Q1 -- Q2 FY22, we were 3.1% market share against the Qurate, we had 4.6% market share. So that is in 4 years so we expanded our market share almost 50% from 3.1% to 4.6%. Long way to go for us, long runway, but between these 2 listed entities.

Now if you look at the wider market that we see U.S., U.K. and Germany, we see there's a \$30 billion worth of market, which is addressable by us, which is TV, TV-related shopping and e-com, e-com/TV. So that size is about \$30 billion. Of that, our market share is about 1.5% only. So there's a long runway for us to get into the whole market size. Just take this. It's about \$20 billion; of that, we have about \$400 million. So just about 2%.

Gaurav Nigam: Just quick follow-up, sir. Just one quick question on both U.S. and U.K., where we are facing tariff issues and we have found ways to lessen the impact. I mean just wondering when we look at our competitor and when we have found, I mean, if this gives us some additional firepower in terms of gaining market share? I mean what we would have seen in the last 2 quarters? I mean just give us a sense that does it benefit us or we are in equal footing with as compared to competitors? I mean any sense on that would be helpful on the same market share?

Sunil Agrawal: We believe that we have advantage over our immediate competitors, none of them are vertical. So there's at least one or two hops before they get the advantage. And everybody else is not as agile as we are because we have our operations in U.S.

If somebody else is there, they are not manufacturers in the U.S., they're manufacturing in India or China or Thailand, and they are only reselling to other retailers in U.S., so they can't set up manufacturing. But we can get it done through third parties and many people are doing that also, but we still are much advantageous than them.

So there's the potential to gain the market share more, but there's also potential for consumer sentiment to be subdued in U.S. given the tariffs, given the noise of inflation and then some kind of immigration and all that. So that noise makes people cautious and that we are being cautious in our guidance because we have to balance this advantage against the consumer sentiment.

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

Sahil Sharma: I just wanted to understand with the B2B space, what would be the share of jewelry and lifestyle products? And B2B sales seem to be more consistent now. So how do you see this segment going ahead?

Sunil Agrawal: We don't hear of the market size of B2B. It's pretty massive, and we never really add because it is not as material for us. But you know there are China+1?



- Sahil Sharma:** Actually, I was asking with your B2B revenues, what would be the share of jewellery and lifestyle products.
- Sunil Agrawal:** It's pretty much all jewellery. So our B2B is pretty much all jewellery or gemstone or jewellery. And we got advantage of China+1 that was there by U.S., U.K., all those players. After India got 50% tariff, that slowed down a bit. But in longer run, I see that story to continue because once India is able to strike the deal with U.S. government, wherever India settles, 15%, 16%, 17%, it will be so much better than China or even higher.
- So that story would be there, and I expect the B2B to be stable or slightly higher growth rate than B2C because of that story unfolding. And we benefit because of the scale and we also learn about the market dynamics happening with other retailers. So it's a win-win for us as well as retailer.
- Sahil Sharma:** Just trying to understand this reduction in the time period for covering the customer acquisition cost. So do you have a breakup of digital sales directly from your own assets like website or any apps and the ones which are redirected from other channels and marketplaces?
- Sunil Agrawal:** First, marketplace is miniscule, Amazon or Walmart are minuscule. So overall, for the full year, we do less than \$5 million of marketplace. So that is just about 1% of our revenue. The rest is all our own property.
- Sahil Sharma:** How much of that now would be redirected versus, say, a year or 2 years ago?
- Sunil Agrawal:** So actually, marketplace is a little higher earlier. It used to be 2%, 3% of our total sales, now it has come down to 1%, 1.5% of total sales because our focus was to make it profitable at marketplace, we are not profitable earlier on Amazon. Now we are profitable on Amazon, but we are not able to scale substantially up profitably in marketplaces.
- And secondly, we don't own that customer. So repeat purchase from that customer, lifetime value of that customer is non-existent for us. So we have to make money even in the first purchase on the marketplace. And at that level, scaling is not as much easier as it is on our website, and that's where our intention is.
- Sahil Sharma:** My last question. Actually, I was trying to understand within your own website or app, like how much of it would be a customer coming directly to the website? And how much of it would be redirection from, say, Roku or some other gaming platform, as you mentioned. So that's what I was trying to understand?
- Sunil Agrawal:** I understand. Yes, sure, sure. So from Roku or Fire TV or gaming applications, all of those customers transact on our website only. We don't do transactions. There's no transaction platform on those, I mean, there's no checkout mechanism on those platforms. TikTok has it, but we don't do much business on TikTok. Amazon has it. Amazon, as I mentioned, we are less than 1.5% of our total sales for Amazon.



Vaibhav Global Limited
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- Sahil Sharma:** So I think maybe I'll reconnect later on this. And on the LGDs, are our gross margins similar to the rest of the business or are they lower or higher?
- Sunil Agrawal:** Definitely higher.
- Moderator:** Thank you. Ladies and gentlemen, we will take that as our last question for the day. I would now like to hand the conference over to Mr. Sunil Agrawal for the closing comments.
- Sunil Agrawal:** Thank you, everyone. 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'll be happy to answer your questions. Thank you all once again.
- Moderator:** On behalf of Vaibhav Global Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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