



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 Q4 & FY25 Earnings Conference Call held on Thursday, 22nd May, 2025.

The Transcript of the earnings conference call has also been made available on the website of the Company and can be accessed through the following link:

https://www.vaibhavglobal.com/admin_assets/Investor/Investor_Presentation/1833337984703088.pdf

Kindly take the same on record.

Thanking you,

Yours Truly,

For Vaibhav Global Limited

(Yashasvi Pareek)

Company Secretary & Compliance Officer

M. No.: A39220

Encl.: a/a



“Vaibhav Global Limited’s Q4 & FY25 Earnings Conference Call”

May 22, 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**



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Moderator: Ladies and gentlemen, good day and welcome to the Vaibhav Global Limited Q4 & FY '25 Earnings Conference Call.

As a reminder, all participants' lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*”, then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Miss Nishita Bhatt from Adfactors PR. Thank you and over to you, ma'am.

Nishita Bhatt: Good evening, everyone. And thank you for joining us on Vaibhav Global Limited' earnings conference call for the 4th Quarter and Full Year ended 31st March, 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 the opening remarks by Mr. Sunil Agrawal on the business operations, key initiatives and a broad outlook, followed by the discussion on the financial performance by Mr. Nitin Panwad, after which the Management will open the forum for 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. Thank you for joining VGL Q4 FY '25 earnings conference call. Hope you have reviewed the results and the investor presentation.

Before we discuss financial performance, I would like to briefly touch upon some broader macro developments in recent weeks that have influenced upon our operations in the US and the UK. First, the tariff issue. In anticipation of this, we had already shipped advance inventory to the US, assuring we are well stocked for the next few months. However, policy fluidity causes uncertainty and consumer confidence erosion. We are hopeful for a trade agreement between India and US in near future which would benefit a vertically integrated retailer like us. Among our peers, we are uniquely positioned with our in-house manufacturing and a global sourcing base, which gives us agility and flexibility to respond quickly.



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Few days back the much-awaited India-UK FTA got signed, which is a timely development, and could open opportunities for our industry and VGL. In addition, the US-China tariff discussion is encouraging, especially as our US group companies procure lifestyle products from China. These macro developments offer us opportunities that, we believe, will translate into improved consumer sentiment and market share gain for VGL.

Let me now take you through financial performance:

Revenue for the Q4 stood at Rs. 850 crores, reflecting a 7.7% Y-o-Y growth. For the full year, revenue reached Rs. 3,380 crores, up 11.1% from Rs. 3,041 crores in the previous year. Our gross margin for the quarter remained robust at 62.1%, with a cumulative margin of 63.1% for the full year. We continue to see strong gross margins in our target range of +62%, backed by global supply chain. This integrated setup allows us to offer competitive prices with quicker turnaround times, while enjoying industry-leading margins. The digital business is contributing 41% to overall sales registering a five-year CAGR of 15%. We are on path to achieve 50% sales mix from digital businesses by FY '27.

Let me now walk you through the performance across key retail markets:

In the US, retail demand was subdued in January due to economic uncertainty and tariff concerns. February and March showed signs of improvement, particularly in e-commerce. A 1% growth in the US, while modest, reflects market share gain amid a challenging environment.

The UK retail industry has continued to face a challenging environment, with growth held back by economic uncertainty and cautious consumer spending. While this affected TJC, the Ideal World continued to show strong growth and help support UK performance. We actively manage airtime and product mix to align with evolving customer preferences.

Germany continued to gain market share, maintaining EBITDA breakeven for this current quarter as well. We are confident about achieving better profitability in FY '26. Notably, this has been a much faster turnaround than we experienced in the US and UK when we launched there originally, thanks to our past retail learnings.

In local currency terms, Q4 growth in UK and Germany stood at 2% and 18.7%, respectively. We expect Ideal World to start contributing meaningfully to the group's profitability in coming quarters. Mindful Souls continued its steady performance, delivering 7% PBT margin in Q4. With over 107,000 unique customers, we see tangible benefits from VGL supply chain and ongoing products passion to get wallet share of these consumers.

We continue to focus on four pillars of our growth that is:

1. Widening reach.
2. New customer registration and acquisition.



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3. Customer retention.
4. Repeat purchase.

In Q4, our TV network reached 127 million households. As of 31st March 2025, our unique customer base stands at 710,000, which is up 21% Y-o-Y and the highest ever for VGL Group. Even excluding acquisitions, unique customers grew 7% Y-o-Y. New customer acquisition stands at 410,000 in Q4. While we sustain the retention rate at 44%. On a trailing 12-month basis, customers purchased an average of 22 pieces from us.

Sustainability continues to be the core of our business, and we are strengthening our ESG initiatives to drive long-term value. I am pleased to share that VGL has been assigned a combined ESG rating score of 72, that is strong from ICRA ESG Rating Limited. This reinforces our position as a responsible corporate citizen.

At VGL, community giveback is integral to our business model, where every unit sold results in a meal for a school going child. We are pleased to share that this quarter we served 100 millionth meal to a school child since the inception of our mid-day meal program called ***'Your Purchase Feeds...'***. Currently, we serve 57,000 meals every school day.

On the clean energy front, we generated 1.1 million kilowatt hour of solar energy this quarter, meeting 100% of power needs of our manufacturing units. In addition, two US sites and one site each in UK and Germany also operate 100% on renewable energy. These steps bring us closer to our target of achieving carbon neutrality as per Scope 1 and 2 emissions by 2031.

From the governance standpoint, our subsidiaries in India, the US, UK, Germany and China are certified as Great Places to Work®. We are grateful to our employees for their honest feedback and are committed to imbibe inclusive collaborative workplace environment across the group.

We believe in creating long-term value for our stakeholders. The Board has recommended a final dividend of Rs. 1.5 per equity share, subject to shareholders' approval. Including the three interim dividends already paid, our total dividend payout for FY '25 stands at 65% of earnings.

We remain focused on profitable growth. For FY '26, we expect to achieve revenue growth of 8% to 12%, with operating leverage. While macro risks persist, we are well positioned to navigate them thanks to our low cost vertically integrated model, and high agility. For subsequent periods, we project revenue growth in the mid teens range with operating leverage.

I will now hand over the call to Nitin to address the financial performance. Over to you, Nitin.

Nitin Panwad:

Thank you, Sunil. Good evening, everyone. And thank you for joining Q4 FY '25 earnings call. Let me walk you through the key highlights of our financial performance for the 4th Quarter and Full Year ended March 31st, 2025.



As Sunil mentioned earlier, we continue to closely monitor market dynamics and proactively manage our operations. In anticipation of tariff disruption in April, we strategically shipped additional inventory ahead of time, giving us a distinct advantage over many competitors. Additionally, positive development like India, UK Free Trade Agreement and US-China trade discussions are promising and can unlock long term opportunities for business growth.

Turning to our financial performance, revenue for Q4 FY '25 grew by 7.7% year-over-year, reaching Rs. 850 crores compared to Rs. 789 crores of Q4 FY '24. For full fiscal year, our group recorded revenue of Rs. 3,380 crores, up 11.1% from last year, marking double digit revenue growth.

Geographically, the US market demonstrated resilience. Though growth momentarily paused due to tariff uncertainties, we remain confident that the digital-first retailer like us will benefit significantly in the long run. In the UK, consumer sentiments remain subdued, with weak discretionary spending. However, Ideal World's robust growth helped offset softness in our TJC core operation. Germany stood out by significantly outpacing the market, achieving EBITDA break even once again in this quarter. In local currency terms, growth in US, UK and Germany was 1%, 2% and 19%, respectively.

In terms of seals, TV revenue was Rs. 456 crores, showing a modest growth of 1% year-over-year. While digital revenue reached Rs. 350 crores, demonstrating strong growth of 15%. Our digital expansion is driven by strategic investment into enhancing our omni-channel capabilities. Digital now represents 41% of total revenue and we are confidently on track to reach our goal of 50% digital revenue share by FY '27.

Lifestyle products now comprise 33% of total sales compared to just 12% in FY '18. And we aim to raise this further to 50% in the medium term. Additionally, our budgetary option, which allows customers to purchase on EMI, contributes notably to 39% of retail revenue in FY '25.

The gross margins remain healthy at 62.1% in Q4, reflecting the strength of our vertically integrated business model. EBITDA margin stood at 8.3%, slightly impacted by ongoing investment in digital growth and challenges in UK profitability, though partially offset by operational efficiencies and lower shipping cost. For full year, EBITDA margin was 9.4%, slightly down from 9.7% of FY '24.

Profit after tax for Q4 was Rs. 34 crores, upon impressive growth of 62% year-over-year. Annually, our profit after tax reached Rs. 153 crores, making a solid growth of 21% year-over-year.

Both of our acquisitions continue to perform well. Ideal World maintains strong growth momentum while Mindful Souls remain a high gross margin business and is actively expanding its product offering and customer base. The cross learning opportunities from these acquisitions are delivering tangible benefit across the group.



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Our business model continued to generate healthy cash flows with free cash flow at Rs. 127 crores and operating cash flow at Rs. 162 crores. Even after regular dividend distribution, our net cash position remains robust at Rs. 170 crores. Our return ratio, ROCE 19% and ROE at 12% continue to strengthen.

We remain firmly committed to delivering consistent value to our shareholders. The Board has recommended a final dividend of Rs. 1.5 per equity share, subject to shareholder approval. Our total dividend payout for FY '25 stands at 65% of our earnings.

Looking forward, while we remain optimistic about growth trajectory, ongoing macroeconomic uncertainties prompt a cautious approach. For FY '26, we expect revenue growth in a range of 8% to 12% with operating leverage over subsequent years, we anticipate revenue growth in the midteens with operating leverage.

Thank you. And I now turn the call to moderator for Q&A.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. We have our first question from the line of Rupesh Tatiya from IntelSense Capital. Please go ahead.

Rupesh Tatiya: Hello, sir. Thank you for the opportunity. My first question is for FY '26, can you give some idea about the content broadcasting budget? I think the number was Rs. 650 crores for FY '25, what kind of spend are we looking for in FY '26? Hello?

Moderator: Hello, Nitin sir?

Nitin Panwad: Actually, I just reconnected the call. If you can repeat that will be helpful.

Rupesh Tatiya: So my question sir is, the content broadcasting budget for FY '25 was Rs. 650 crores, what would be the budget, what kind of spend are we looking for in FY '26?

Nitin Panwad: So the content broadcasting cost right now is roughly around 18.5% of our business. We are monitoring both of the cost in line with our gross margin improvements. So if our content broadcasting goes up by 1%, we are expecting the additional gross margin will offset it by 1%.

Rupesh Tatiya: Okay, okay. I mean, it's a little bit difficult, I do not know what to make of that answer, sir. So, I mean, would it remain at 18% even if the gross margin goes up? So let's say, hypothetically, gross margin goes up by 3%, 4%, the content and broadcasting cost would also go up by 3%, 4% as a percentage of revenue?

Nitin Panwad: Yes. So, let me brief about the bifurcation of this content broadcasting cost. So roughly around 11.5% is our TV broadcasting cost which is included in this content broadcasting cost number. And the remaining 7% to 8% cost is our digital marketing. So a major cost increase happens year-over-year in digital marketing cost. And that we are continuously investing year-over-year



to see the momentum and acquiring a higher number of customers, as you may have seen in our investor presentation also. So right now it is difficult to guide this number that will remain to 18%, but definitely this number will not be below for the next financial year, either it will be 18% to 19%, I can give the range for the next year, it will be the content broadcasting cost. But we will not see the operating leverage in particular in this line item from P&L perspective.

Rupesh Tatiya:

Okay, okay. That is clear, sir. Thank you. The second question sir is, I mean, can you give some idea about how would Germany revenue and EBITDA will look like in FY '26, and same for Ideal World? Because these two are not contributing to EBITDA and between I think two of them its roughly I think Rs. 400 crores kind of revenue. So if you can give some idea about these two components businesses, that will be very helpful.

Nitin Panwad:

Yes. So last two quarters were Germany and Ideal World, they both performed well. So for second-half, both of these units have done EBITDA breakeven. And first half of the year, both of the units have done EBITDA losses. The full financial year, we expect that the EBITDA margin from Germany operation will be in positive territory, which is right now around \$2 million, \$3 million losses that we have seen in the Germany operation in full financial year, that will be resulted in our profitability in Germany per se. And also from the Ideal World perspective, Ideal World from the second-half has done well and growth of over 40% we have seen from the Ideal World operations. And the recent improvement in our airtime cost negotiations and the productivity improvement in different areas of the warehouse, we expect that that the Ideal World will improve the profitability margin.

Rupesh Tatiya:

So to summarize, sir, Germany will grow at, let's say, 20%, 25%, and there will be at least 2%, 3% EBITDA margin, is that a fair assumption for Germany?

Nitin Panwad:

Yes. So EBITDA margin specifically is hard to guide for Germany, but last year we had losses. So slight profitable, not 2%, 3%, but slight profitable for Germany.

Rupesh Tatiya:

Okay. And then Ideal World you are saying GBP21 million it was and it had 40% growth, maybe I do not know if we can repeat that kind of number, but maybe 20% growth. So GBP25 million and 1%, 2% EBITDA margin?

Nitin Panwad:

Yes. So growth that I mentioned was the previous quarter in Ideal World operation. So we expect that Ideal World will grow to 20% growth rate year-over-year specifically, and it will be around 1% EBITDA margin from Ideal World operations.

Rupesh Tatiya:

And when do you see both these components coming to company average, so 8%, 9% margin, is that possible in FY '27?

Nitin Panwad:

Yes. So both business will continue to grow with the pace of 20% and above. So in next two years we will be in similar kind of margins what we are seeing in US.



- Rupesh Tatiya:** Okay. So FY '27 they will be significantly closer to Company average?
- Sunil Agrawal:** So let me just clarify, this is Sunil. Ideal World should be there in FY '27. Germany is still new, so to give a guidance of 8% to 10% kind of EBITDA in FY '27 is too premature. But what I can say is there will be EBITDA positive in FY '26 which we were negative almost \$3 million. So that will help the group profitability by, I believe, 1.5 to 2 percentage points average. But we will be EBITDA positive. And in FY '27 we will be EBIT positive for Germany. To what extent, I cannot state at this time, it's too early.
- Rupesh Tatiya:** Okay. Yes, that's clear, sir. And sir, I think we were expecting a better gross margin due to Ideal World due to LGD and all of that, but it has not kind of come through in Q3, Q4. So if you can give some color around that.
- Sunil Agrawal:** Yes. So this is Sunil. So one thing is the macro environment is a bit challenging because the consumer sentiment is weak. So to push through price increase at this time is difficult. Second thing is our B2B sales had a bit of increase last quarter and B2B had lower margin, therefore, you do not see that flow through into the overall margins. So these two factors.
- Rupesh Tatiya:** And it would be like, I mean, I do not think the macro scenario has improved so it would be similar, it's fair to assume similar gross margin for this year as well?
- Sunil Agrawal:** Yes. So at the guidance level, we want to give between 62% to 63% gross margin guidance for this current financial year FY '26, but will be operating in leverage coming from our HR SG&A line items, because we are seeing a lot of optimization happening in HR area with AI, with talent initiatives that we have across the whole organization.
- Rupesh Tatiya:** Okay. And then for my final question is for the full year what percentage of --
- Moderator:** Sorry to interrupt, Mr. Rupesh, may we please request you to rejoin the queue?
- Rupesh Tatiya:** Okay.
- Moderator:** Thank you. We have our next question from the line of Gaurav Nigam from Tunga Investments. Please go ahead.
- Gaurav Nigam:** Yes. Thank you sir for taking my question. Sir two questions, one is, just wanted to understand what is the PBT drag of Germany in Q4 and whole of FY '25?
- Nitin Panwad:** Yes. Hi, Gaurav. So PBT level, Germany is still in losses as the depreciation and the interest of inter-company is still there. But EBITDA level it is breakeven.
- Gaurav Nigam:** Got it. What about Q4, at a PBT level was it still in --



- Nitin Panwad:** PBT level still losses, because interest cost is high for the inter-company loan. Though that it is eliminated at the consolidation level because the loan is given by US subsidiary Company to Germany
- Gaurav Nigam:** Understood, understood. But excluding the interest, will it be fair to say that PBT level there is a breakeven in Q4?
- Nitin Panwad:** Very close to breakeven, not to breakeven, but very close to breakeven.
- Gaurav Nigam:** Understood. And Sunil sir, just wanted to get a sense from you on USA sentiment with the tariffs and everything I think things are still, I mean, not very clear. So, how is the consumer sentiment? And is there any improvement because I think already two months have passed since the quarter has ended, I mean, how are you seeing things on the ground?
- Sunil Agrawal:** Yes. So consumer sentiment still is a bit challenging. We are faring better than many other, for example, one of our peer just declared yesterday their negative comps after a very long time. And we are reading about negative comps, but our business is currently about mid-single digit growth level for the first one and a half month so far. So we are seeing about mid-single digit growth for US business for this quarter for us, for the year it's too early to give the guidance right now. But our guidance stays true for the whole year 8% to 12%, that accounts for uncertainty in the environment. If the sentiments become positive because of say, India-US treaty or US does treaty with say 10, 12 different countries before the expiry of 90 days, that may bring a lot of positivity. And if they can sell it to China also, that will also bring a lot of positivity. But if the stalemate continues and the tariff again kicks in, that will bring in negativity. So it's very early for us to define how the sentiment will shape up. That's why we have given very wide guidance this time.
- Gaurav Nigam:** Very interesting, sir. And sir, just one more point you mentioned about the operating leverage on the HR and SGA line item. It would be great if you can help understand like what are the initiatives that we are taking which will drive this operating leverage?
- Sunil Agrawal:** Yes. That's a good question, from the HR point of view we started driving about 8, 10 months ago the talent diversity across the whole organization. This is based on a book by Reed Hastings called 'No Rules Rules', we started that initiative, and very clean and good results for us across the organization. Just to give an example, in our US and Germany warehouse we hired a talent with little bit higher pay than our average pay, so that led to much higher output per person and reduced our warehouse cost, both in Germany and US substantially. So with less number of people with higher output. And similar initiative we drove across entire business in back-office operation, into factories, into call centers, into management team, mid management team, everywhere. So that is the initiative that is helping us across the group. AI has helped as well; we have eliminated a lot of repetitive function which we were able to automate. So HR, as you might have seen with the numbers, HR costs are down year-over-year for us. Now, SG&A



includes the shipping cost where we are able to consolidate some and also automate many functions to reduce the SG&A cost across the organization.

Gaurav Nigam: Very interesting, sir. And sir just a final question to understand the overall dynamics, sir. One, I was observing that the digital revenue for us is growing faster, and my understanding is that digital revenue comes at a higher cost, and because of the nature of the customer it also has a lower repeat rate. And I can see that the gross margin that we are earning right now has not gone up in line with the digital revenue increase. So, I mean, when you are thinking about, let's say, a year, two years down the line, are you thinking about the profitability? Because I think you expect the digital revenue to go up, but if the profitability of digital business is relatively lower, how should we think about the blended profitability going forward?

Sunil Agrawal: Yes, it's a good question, Gaurav. Now digital, when we started investing into digital almost a year ago, we were not profitable in first purchase, and we still are not. But over the last one year, we have come to the stage that we are profitable between 90 to 180 days in the customers that we --

Moderator: Sorry, Sunil sir, sorry to interrupt, but your voice is getting a bit muffled.

Sunil Agrawal: Yes. So within a year when we started investing in digital, we have learned quite a bit to make the customer profitable within three months to six months of acquiring that customer. So, we are learning that to make it shorter and shorter period. So as we go forward, if we can bring that profitability to say two months instead of the currently three to six months, so we have six brands and some brands are profitable within two months and some take about six to eight months. But if you can bring that forward to two to three months for all the brands, our profitability goes up. It is not just factor of, say, understanding Meta or understanding Google, we have about 12 or 13 customer acquisition funnels. It's pretty complicated, e-comm is much more complicated than television and we have learned quite a bit from the Mindful Souls that we acquired, and from our own participation or e-comm masterminds and forums where I personally participate and all my senior team participants, and our middle level team members also participate, has brought in tremendous learning and the investments are getting better and better for us.

Gaurav Nigam: Got it, sir. Thank you for answering my questions. Thank you.

Moderator: Thank you. We have our next question from the line of Apurva from White Stone Financial Advisors. Please go ahead.

Apurva: Yes. Hi, sir. Thanks for the opportunity. Sir, I have two questions, first is on the receivables. So I was just thinking that the complete business is on online, right, online sales. So then why do we have such high receivables of around Rs. 300 crores?

Nitin Panwad: Yes. Hi, Apurva. Let me take this question for you. Receivables are mainly in line with our financing option to the end consumer- EMI option, which we call 'Budget Pay, where customer



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can pay in two to five different installments if customer opts for this option. So that outstanding is related to the budget pay EMI option which contributes right now 39% of total B2C sales. And this is roughly around 30, 33 days outstanding period in terms of receivable number of days.

Apurva: We have not been received is because of this EMI only, is it right?

Sunil Agrawal: Yes, it is, yes.

Apurva: Okay. And then my next question is on budget pay only, the risk is on us or some other Company takes the risk of this EMI?

Nitin Panwad: So risk is on us, but we have a robust procedure internally to check the customer's payment pattern and the customer's buying history before giving finance to the consumer. So effectively, our bad debts is within the range of 1% to 1.5% of our budget pay sales, and over the period it is similar, we have not seen any kind of anomalies in this trend.

Apurva: Okay. Thank you. Thank you, sir.

Moderator: Thank you. We have our next question from the line of Tanvi, an individual investor. Please go ahead.

Tanvi: Hello, sir. Sir, I just had one question. So earlier in the beginning of FY '25 you had recommended a growth of 12% to 15% and we have achieved roughly around 11%. Even after we had two acquisitions of Mindful Souls and Ideal World during the year, now you have even lowered your revenue guidance for FY '26 as compared to 8% to 12%. So why is that so happening?

Sunil Agrawal: Let me answer this. Thanks for the question, Tanvi. It is true that we did guide 12% to 15% and then we had this uncertainty in the market- economic environment impacted. We were expecting when we guided that the economic environment would improve and go to the steady state after the war finished and consumer sentiments. But it did not happen, it actually got further decelerated. Actually after the new administration came in, the fluidity of the policy and authenticity saw further deterioration. And that is the reason, as I mentioned earlier, we are giving guidance of 8% to 12% now, which is much wider than we have given in the past. Those sentiment we do not know how they will shape up and that is why we are giving this guidance. If the consumer sentiments go up, then we will be at the higher end. But still it may take some time and this is the guidance for the full year.

Tanvi: Okay. Sir, I just have a follow-up question here, sir two things. First, out of the 11% growth that you have done in last year, how much was due to the acquisitions of Mindful Souls and Idle World? And second, if you could split up, so if you talk about growth, you said that in US growth was flat, so was in Germany. So the entire growth is it coming only due to acquisitions last year?



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- Nitin Panwad:** Yes. So, hi, Tanvi. Let me take this question. So excluding Mindful Souls and Ideal World, we have a growth of roughly around 4.5% in rupee terms. And sorry, what was your other question?
- Tanvi:** Okay. I just wanted to know this only what was the growth excluding this acquisition and what is the projection of growth excluding these two- Ideal World and Mindful Souls for the next year?
- Nitin Panwad:** Yes, projection is combined actually. So now in comparable numbers, Idle World and Mindful Souls both are including, so it is all in combined between 8% to 12%, yes.
- Tanvi:** Okay. Thank you.
- Moderator:** Thank you. We have our next question from the line of Pallavi Deshpande from Sameeksha Capital. Please go ahead.
- Pallavi Deshpande:** Yes, sir. Thank you for taking my question. It was related to, initially you mentioned about the content cost, so in terms of the taking to air, the broadcasting fees were increased by the broadcasting Company. So what was the percentage increase they took and when did that come, which quarter?
- Nitin Panwad:** So that increase that we have done throughout the year, that is why you may have seen this cost has been jumped year-over-year, earlier it was 16.5% now it is 18 to 19%, so that has been increased because we started doing investment since March 2024 onwards.
- Pallavi Deshpande:** Right. So I am not talking about the digital part which is 7% to 8%, I am talking about not the investment part, but what was the increase taken by the broadcasters, the percentage I was looking for which is, you have given the split of 11.5%, so what was the increase percentage by the broadcasters?
- Nitin Panwad:** Yes, that increase is related to the Ideal World. So obviously whenever a new channel is launched, the cost to sales ratio is higher, and predominantly air time is fixed in nature so once revenue builds up, that cost as a percentage to sales goes down. Also the airtime cost we have done some investment in US- some OTA households and some cable households with the lower channel positioning that we have taken, so that has resulted increment in the airtime cost.
- Pallavi Deshpande:** Right sir. And second sir was on this, QVC has done a tie up with TikTok, so I just wanted to understand how does that impact the competitive dynamics and are we, I mean, looking for something similar or to do for your digital marketing side?
- Sunil Agrawal:** I will take that. So we believe that the TikTok has been there, and we have been on the TikTok, but at a small level. So we are doing the organic as well as paid TikTok, but with a small extent. Still to be seen how it shapes up for QVC. I hope they are very successful, I hope it picks up well. If it does, we can replicate that in a way which we are not doing. Yet to be seen how we



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will take up. Having said that, many D2C brands are doing well on TikTok, and some have done exceptionally well, but they are mostly mid to small size brands. At QVC level, how much needle it will move, difficult to say.

Pallavi Deshpande: Right. And sir these small brands, any idea of what kind of growth they are seeing, the D2C small brands because of the current environment? Are they at the best competitive edge?

Sunil Agrawal: Yes, it is differing. Companies which are China exposed are having difficult time. So for my interaction with a lot of DTC players through the mastermind that I and other team members are member of, so the China centric brands are having a difficult time. The brands which are not China exposed, they seem to be doing okay, not as robust as they were last year, but they are doing better than they were exposed to China.

Pallavi Deshpande: Right, right. And lastly would be this DHL tie up, any developments there for those small packages that you are doing the same thing?

Sunil Agrawal: Nitin, some more information on this?

Nitin Panwad: Yes. It is under discussion and going from the Indian Post. So Indian Post is recently launching the single packing services from SEZ unit that we have. Expecting that they will start the service from June. We have done a cost benefit analysis based on the shipping. What we will do, we will start from the small parcel. But yet to be seen in June how fast we will implement and how rapidly we will expand. But definitely it will help not only in terms of the freight and shipping cost but also we can enjoy the benefit of the De Minimis, which helps in sending duty-free goods directly to customers in the US.

Pallavi Deshpande: Right. Sir my last question was on the current assets, we have seen a notable increase in the 'Others' from Rs. 2.7 crores to Rs. 43 crores. We just wanted to understand now what is that pertaining to.

Nitin Panwad: Yes. So current assets increase mainly related to the balance lying with the payment gateways, so that has been the increase. So the last couple of days this time compared to previous years that was increased. The last three days balance was there, but earlier it was not. But that is realized in 1st and 2nd April of this financial year. Am I clear?

Moderator: Sir, we have the participant disconnected. We will move on to the next participant from the line of Rupesh Tatiya from IntelSense Capital. Please go ahead.

Rupesh Tatiya: Hello, sir. Thank you for the follow-up. My question is, for FY '25 can you give what was our financial provision for impairment? What percentage of sales was from financing and the corresponding impairment? And it will be great if you can give the same numbers for FY '24 as well.



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- Nitin Panwad:** Impairment, you mean which stayed in standalone accounts only?
- Rupesh Tatiya:** The 3%, 4% provision we do, right, when we do financing credit loss.
- Nitin Panwad:** Yes. So that was related to our budget pay offerings, For particularly budget pay sales, as I mentioned to previous caller also, it is 1.5% of our total budget pay sales, and it will remain the same for the upcoming years.
- Rupesh Tatiya:** So this number was same in FY '24 as well?
- Nitin Panwad:** Yes, pretty much similar, yes.
- Rupesh Tatiya:** And what is the budget pay proportion, sir? I couldn't find it in the presentation.
- Nitin Panwad:** 39% of our total.
- Rupesh Tatiya:** 39% of total sales are budget pay?
- Nitin Panwad:** 39% of total B2C sales.
- Rupesh Tatiya:** Okay, okay. And this number was in FY '24?
- Nitin Panwad:** It was similar.
- Rupesh Tatiya:** Okay. Thank you. That was my only question. Thank you.
- Moderator:** Thank you. We have our next question from the line of Ashish Shah from Business Match. Please go ahead.
- Ashish Shah:** Hi. Good evening, sir. Sir just some thoughts on this whole tariff thing and how is it impacting our business, and have you taken any price hikes to offset it, or some thoughts there?
- Sunil Agrawal:** Yes, I will take that. So, we shipped extra inventory to US before the tariff hike, the announcement that Mr. Trump had made. So we have inventory for at least three, four months during these negotiation that are happening,. And we are hopeful that negotiation that happens, India will get a favorable treaty in coming maybe 30-45 days, and we should be fine. Just in case there is no favorable treaty for India, India is still placed at equal to most of the countries and we should be able to compete with anybody else. Many of the companies depend largely on China, we will be competitively better placed than those companies. So all in all, we will be equal or better than most of the competitors.
- Ashish Shah:** But sir, in a scenario assuming a status quo, then relatively we will be better off, there could be yet a meaningful price hike, right, in that scenario to offset some base case tariffs as well, right?



- Sunil Agrawal:** So my worry is not so much about the price hike, because our gross margins are pretty high, so the price hike does not look as high, but it's more about the consumer sentiments. If consumer sentiments stay low or subdued, that could impact our business. That's why we gave 8% to 12% of guide. So if the sentiment stays low, then it will be more like 8%. If it is positive then we will go towards 12%.
- Ashish Shah:** Okay, sir. Thank you very much, sir.
- Moderator:** Thank you. We have our next question from line of Pradeep Maity from RBI Pvt. Ltd. Please go ahead.
- Pradeep Maity:** Yes, my question is pertaining to material cost. Sir, do you expect the material cost will increase in FY '26 or it will remain in line with the FY '25 on full year basis?
- Nitin Panwad:** Yes. So margins will remain in improvement trajectory as we are getting a higher digital share and the optimization in terms of pricing, and also the recent India-UK FTA will help us to improve the margins, so COGS will be lower comparatively to previous years. Though we guide that in guidance terms the margin will be 62%, so material consumed will be 38%-predominantly that number year-over-year.
- Pradeep Maity:** Okay. That means material cost will not increase in upcoming years.
- Nitin Panwad:** Yes, right.
- Pradeep Maity:** Okay, sir. Nothing else. Thank you.
- Moderator:** Thank you. We have our next question from the line of Tanvi, an individual investor. Please go ahead.
- Tanvi:** Sir, just two questions on your margins. First, sir, in the last concall you had mentioned that if you exclude the loss from Germany and in Ideal World, then our EBITDA would have been greater than by 2.5%. So, assuming that as you said for FY '26, there would not be any losses from Germany and in the Ideal World, so can we assume on a full year basis that our margins will improve by this 2.5%? As earlier you said it will improve by 1% overall, but for the nine months data you had said that number will be 2.5%. So what number shall we take?
- Nitin Panwad:** Yes. So definitely there is an improvement in overall margin through Germany operations. Earlier in FY '24 when we were having a full year losses in Germany, the gap between the EBITDA margin excluding and including Germany was 2.5%. And that is getting better in this year and next year also that will be better. With the last couple of quarters, we have seen the softness in the TJC UK profitability, that resulted that the margin improvement was not in line with the 2.5% that you mentioned earlier. But based on the initiatives that we have in the UK, so that will improve the margin in upcoming period, as you might have seen excluding the



Germany operation was 2.5% and that may be result in coming years. However, that 2.5% was if we exclude full Germany operation, that means that this operation is in a similar place as US operations. So that will take another couple of years to catch up the US operation. So you can assume that it will gradually improve up to the level in next couple of years to achieve 2.5% improvement from German operation.

Tanvi: So as of now we can assume 1% increase due to these EBITDA losses being wiped off in Germany and Ideal World, as you mentioned earlier?

Nitin Panwad: Yes.

Tanvi: Okay. Sir also just a question regarding margins only. Sir two things. First, just wanted to know, sir, had there not been any inventory pile up for next three to four months due to weak consumer sentiment in the US, how much better would we have been on an inventory level because change in inventory is also accounted for in the P&L? And second sir, what is your stance on lab grown diamonds? Because in the last quarter we had talked a lot about lab grown diamonds that they have been showing double digit growth and also improving the overall gross margin and the customer sentiment. So, what are your thoughts about lab grown diamonds for this quarter? These two questions, yes, that's it.

Nitin Panwad: So I will take the lab grown number, but Sunil will talk about the performance side what we are anticipating in lab grown. So lab grown is continuously improving and lab grown category itself has reached a double-digit share of overall business sales across all of our three geographies: US, UK and Germany. And we are seeing pretty good response from consumer side in terms of lab grown products. In terms of inventory pile ups, inventory pile up mainly we have done in US but that is for the three months inventory that we have over there. And irrespective I would pass on to call to Sunil for what we are anticipating the lab grown performance from coming period.

Sunil Agrawal: Yes, as Nitin mentioned, it is doing well for us, double-digit sales, and we see this to continue for next few quarters at least, unless the price goes further down. Consumer trust needs to stay with this, so it depends a lot on consumer trust on what they are buying. If they see price continue to go down, then they may not buy as much or they still may buy, who knows, still to be seen. But we are continuing to look at this business in a positive way while keeping the inventory low, because we know the inventory price may go further down.

Tanvi: Okay. And sir, about the first question, the earlier question that I had asked, had you not maintained any inventory pile up in US? How much your EBITDA margin would have been better for this quarter?

Nitin Panwad: There is no impact with the EBITDA margin with inventory pile up, because it is recorded at the cost of purchase price, so there's no impact in the EBITDA margin with the inventory pile up.



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But that will be benefiting at least for some period to not to pass on the increased price with the tariff increment.

Tanvi: Okay. Okay. Thank you.

Moderator: Thank you. We have our next question from the line of Harsh Mehta from Perpetual Capital Advisors. Please go ahead.

Harsh Mehta: Yes. Sir, my first question is around, why are the tax rates lower for the quarter? Like if you see as a percentage of PBT, your tax rates have most of the time remained above 25%, but this time it's only 17% of your PBT.

Sunil Agrawal: Yes. Hi, Hash. Thanks for the question. So as I think previously also we guided that tax would continue to be lower as the Germany operation becomes break even and profitable as that the losses are not accounted for. So that will be beneficial in terms of the reduced tax rate. Also we have seen the lower profitability in the UK this year, which is coming up eventually to a lower tax rate. But we anticipate that over the period and coming quarters, the ETR will remain at 22% around.

Harsh Mehta: Okay, alright. 22% for the whole year, right?

Sunil Agrawal: Yes.

Harsh Mehta: Yes. Okay. And could you share the volumes for the whole year for all the three businesses like Germany, US and UK?

Sunil Agrawal: I think it was in our investor presentation, yes.

Harsh Mehta: Okay. I will just check. Yes. Thank you so much. That's it from my side.

Moderator: Thank you. We have our next question from the line of Pallavi Deshpande from Sameeksha Capital. Please go ahead.

Pallavi Deshpande: Yes, I just wanted to understand on the auctions, did we do more of the online auctions given the slowdown in the UK this year?

Sunil Agrawal: Pallavi, can you repeat the question, you are talking about online?

Pallavi Deshpande: The online auctions, I wanted to know what was the percentage this year, was it higher, as you mentioned UK was slower, so you have TJS online auction.

Sunil Agrawal: You are looking for just online auction ratio as a total percentage of sale of UK or overall?



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Pallavi Deshpande: No, total actually.

Sunil Agrawal: Nitin, do you have the data?

Nitin Panwad: UK TV sales online, I mean, the TV sales is lower than last year, while digital is flattish, but the online auction sales is lower than the last year.

Sunil Agrawal: Can you quantify the number?

Nitin Panwad: Quantify- Prashant will share. I do not have right now but Prashant will share the number.

Sunil Agrawal: So Pallavi is looking for overall option revenue this year versus year before.

Nitin Panwad: So, I will give you that just in my commentary that TV sales grew by 1% year-over-year for the group, and digital was 15% growth year-over-year. So online auction is a TV sales, so it's a 1% growth year-over-year, including US and UK.

Sunil Agrawal: No, she's looking for an online auction, I believe. Yes, maybe Prashant, you can share that with Pallavi later.

Pallavi Deshpande: Yes, just wanted to know like because of the slowdown that this should have gone up, right, but it is down.

Sunil Agrawal: Not seeing so, from intuitive information we receive from the daily report, I am not seeing much change in the revenue going up significantly, I mean, meaningfully. So I wouldn't be surprised if the number is about similar for US, UK put together, because we do not have auction in Germany. Overall revenue would be about flattish year-over-year on the auction part. Digital revenue that has gone up largely with the catalog as well as the Web TV, and the mobile app sales have gone up quite substantially. Within those, auction hasn't gone up much.

Pallavi Deshpande: Okay, okay. And one more was on the initial remarks you mentioned about the reach of 127 million is number, and I remember it was 130 or so, so there has not been an increase in the reach. Is that a fair assessment?

Sunil Agrawal: Nitin, do you have data for the household reaches in FY '25 versus '24?

Nitin Panwad: That remains same, total 127 million. Yes, US 60 million, 27 million in UK, and 40 million in Germany.

Pallavi Deshpande: So there's no increase, right?



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- Nitin Panwad:** Yes, there's no increase in the household. Like UK and Germany, they both are pretty much covered in terms of reaching all the household. US has a potential to increase, but UK and Germany both are covered.
- Pallavi Deshpande:** Okay. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, that would be the last question for today. I now hand the conference over to the management for closing comments.
- Sunil Agrawal:** Thank you, everybody. I want to thank you all. Thanks all the participants for your time and great questions. If you have any further question, 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, sir. On behalf of Vaibhav Global Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.