

Date: November 17, 2025

To
Department of Corporate Services,
BSE Ltd.
P.J. Towers, Dalal Street,
Fort, Mumbai- 400 001

To
Listing Department
The National Stock Exchange of India Ltd.
“Exchange Plaza”, Bandra-Kurla Complex,
Bandra (East), Mumbai- 400 051

Dear Sir/Madam,

Ref: BSE Scrip Code: 533941 and NSE Symbol: THOMASCOTT

Sub.: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Transcript of Earnings Conference call held on Friday, 14th November, 2025.

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the transcript of Q2 FY2026 Earnings Conference Call for the Un-Audited Financial Results for the quarter and half year ended September 30, 2025 held on Friday, 14th November, 2025 at 02:00 P.M (IST).

Thanking you,

Yours faithfully,

For Thomas Scott (India) Limited

**Brijgopal Bang
Managing Director
DIN: 00112203**

Thomas Scott India Limited
Q2 and H1 FY'26 Earnings Conference Call
November 14, 2025

Moderator: Ladies and gentlemen, good day and welcome to Thomas Scott India Ltd Q2 and H1 FY'26 Earning Conference Call hosted by Valorem Advisors. As a reminder, all participant line 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 touch-tone phone.

I now hand the conference over to Ms. Hena Khatri from Valorem Advisors. Thank you and over to you ma'am.

Hena Khatri: Thank you Danesh. Good afternoon everyone and a very warm welcome to you all. My name is Hena Khatri from Valorem Advisors. We represent the investor relations of Thomas Scott India Limited. On behalf of the company and Valorem Advisors, I would like to thank you all for participating in the company's earnings conference call for the second quarter and the first half of the Financial Year 2026.

Before we begin, let me mention a short cautionary statement:

Some of the statements made in today's earnings conference call may be in forward-looking in nature. Such forward-looking statements are subject to risk and uncertainties which could cause actual result to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by and the information currently available to management. Audiences are cautioned not to place any undue reliance on this forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Let me now introduce you to the Management participating with us in today's Earnings Call and hand it over to them for opening remarks. We have with us Mr. Vedant Bang, Managing Director heading the e-commerce division of the company.

Without any further delay, I request Mr. Vedant Bang to start with his opening remarks. Thank you and over to you sir.

Vedant Bang:

Thank you Hena, and good afternoon, to everyone and a very warm welcome to all of you for joining our first ever earnings conference call. As some of you may be new to our company, I would like to begin with a brief overview about the company and then move on to our operational and financial performance for the second quarter and the first half of the Financial Year 2026.

Thomas Scott India Limited was incorporated in 2010 as a traditional apparel manufacturer and has since evolved over the years into a technology-enabled fashion retailer. The company has been formed through a demerger from Bang Overseas Limited with a vision of creating a focused retail and fashion business. Initially, we operated as a contract manufacturer for apparels from our Solapur facility for reputed domestic clients. This phase laid the foundation for strong product quality, disciplined manufacturing and deep relationships across the apparel ecosystem.

Over the years, we have identified an opportunity to move closer to the consumer and build our own retail identity. Building on the legacy of our manufacturing excellence, Thomas Scott has transformed into a digital-first, data-driven fashion company, integrating technology, analytics and manufacturing to deliver trend-led products with speed and precision. Our plug-and-play ecosystem combines real-time data forecasting, real-time demand for inventory optimization and rapid product launch capability. This build-for-demand model allows us to bring new styles to market in very short time, thereby managing inventory risk and ensuring high responsiveness to consumer preferences. Today, we operate 15-plus brands and 19,000-plus SKUs, including our flagship brand, Thomas Scott, and we also support global licensed brands such as Nautica, Aeropostale and FCUK through exclusive partnerships with marketplaces. Our products are distributed through leading online platforms like Myntra and others, as well as through our own offline stores in Bangalore for our brand, Thomas Scott. With manufacturing units in Solapur, Bangalore and Gurgaon and four fulfillment centers across India, we ensure a high degree of control over quality, efficiency and delivery speed. Positioned in the mid-premium fashion segment, Thomas Scott caters to aspirational, brand-conscious consumers who value style and quality at accessible prices. We continue to strengthen our technology and analytics platform. Our own platform, Thread AI and Catalog AI are now being actively deployed across product planning, demand forecasting and catalog management. These tools allow us to identify emerging fashion trends quickly, gain pricing insights and determine high-demand products, leading to better conversion rates and faster response to changing market preferences. Building on a strong foundation, we continue to focus on scaling our operations efficiently, deepening our brand presence and leveraging technology to drive sustainable, profitable growth.

With that background, let me now take you through the company's performance for the second quarter and first half of FY'26.

We achieved our best quarterly sales during the second quarter. Revenue from operations stood at Rs. 57 crore, an increase of 40% year-on-year. EBITDA came in at Rs. 8.5 crore, reflecting a significant 93% year-on-year increase, with EBITDA margins at 14.94%. Profit after tax stood at Rs. 5 crores, a robust increase of 68% year-on-year and PAT margins stood at 8.26%.

For the first half of the financial year, revenue from operations stood at Rs. 111 crore, an increase of 63% year-on-year. EBITDA was Rs. 15 crore, up almost 101% year-on-year, with EBITDA margins at 13.09%. Net profit for the first half stood at Rs. 8 crore, registering a 95% year-on-year increase and PAT margins also improved to 7.4%. The strong financial performance reflects disciplined execution, improved price realization and operating leverage gained from our scale and digital model. We continued to see healthy momentum, despite a temporary slowdown in customer uptake caused by deferred purchases, for when the GST rate cut offered. The growth can be attributed to higher sales volume and improved realization, which also improved the margin profile. By the end of the quarter, we witnessed a strong recovery in demand as asset buying picked up, supported by improved consumer sentiment and the GST rate cut coming into effect.

Our own brand, Thomas Scott, delivered revenues of Rs. 22 crore, up 77% year-on-year, reflecting the growing strength of our direct-to-consumer franchise and improved assortment planning. The licensed and other brands that we support also maintained steady traction with revenues of Rs. 33 crore, an increase of 23% year-on-year, driven by healthy performance across key partner platforms. The contract manufacturing business, B2B Business, contributed to Rs. 3 crore, growing 40% year-on-year, better supported by capacity utilization and long-standing relationships with our existing clients. During the quarter, we also strengthened our offline presence with the opening of a new exclusive store at Gopalan Mall in Bangalore, further enhancing visibility and reach in the market in the South. With this addition, our total number of exclusive outlets in Bangalore now stands at six, each contributing meaningfully to our brand equity.

Overall, the quarter demonstrated solid execution, strong brand performance, and a healthy margin profile, reaffirming strength of our digital online-first, built-for-demand model, and our ability to scale profitably in a dynamic retail environment.

With this now, I open the floor for questions and answers. Thank you.

Moderator:

Thank you very much, sir. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question comes from the line of Jayshree Bajaj from Trinetra Asset Managers. Please go ahead.

Jayshree Bajaj:

First of all, congratulations on the great set of numbers. And my first question is, could you focus through the performance of your offline stores this quarter? Specifically, how have the

six Bangalore stores trended in terms of footfall conversion and contribution to overall B2C revenue?

Vedant Bang: Thank you for the question. So, presently, offline or our stores model is currently in a pilot phase where we are testing out a slightly unique model. So, it is at a base of six stores only where we are trying to identify whether we are able to get the same kind of return on capital employed that we are able to generally generate in our online business. So, currently, the numbers are too soon to look at. But generally, there has been double digits across the board in terms of footfall as well as same-store sales growth. However, currently, to comment on the numbers would be a bit early considering that the offline stores are in a pilot mode. As the business grows profitably, it will be more meaningful to look at these numbers.

Jayshree Bajaj: Okay. And in the presentation, you highlighted leveraging superior data insight to capture the seasonal demand such as winter wear. So, are you seeing higher demand for any specific license brand or for your own brand? And is there any new category or collection is planned for launching H2?

Vedant Bang: Yes. So, just to talk about our model first, how we operate is we identify trends by identifying what consumers are searching for and purchasing and where there is limited supply. So, we launch for that. Thomas Scott brand is one of the brands where we have very high agility. And because of that agility, we are able to launch very fast into the trend. So, generally, what we see is that the uptake in our own brand is very good and very positive. Over a three year period since we have re-launched the brand, we have seen very strong high double-digit growth. And that momentum seems to have continued through to this year. Amongst our other brands, we are focused on premiumization. So, some of our premium brands that we support in various models such as Nautica and Aeropostale and French Connection have also seen sizable uptake. This is broadly a part of the overall premiumization trend that we are chasing. So, yes, that is to answer your question.

Jayshree Bajaj: Okay. And lastly, could you please give us any ballpark range for revenue growth or EBITDA margin for going forward that we can consider?

Vedant Bang: So, unfortunately, at the moment, we are not providing any specific guidance. But generally, we have been growing at high double-digit even on the sales number and we are also working on improving margins as we scale. We will continue to aim to have similar kind of growth in the future as well, you know, at least for the coming financial year. And we are building up in that direction.

Jayshree Bajaj: Okay. Any CAPEX plan for the FY'26?

Vedant Bang: I am sorry, I could not hear that. Can you repeat?

Jayshree Bajaj: Any CAPEX guidance for the FY'26?

Vedant Bang: So, generally, our business is not very CAPEX driven. It is more OPEX driven. There is continuous CAPEX that we do to increase the capacities available to us, specifically in our Solapur plant. However, it is not very sizable. It is basically to add about so that it grows at about 20% in terms of capacity over the next six months. So, that kind of capacity expansion and capital planning is there for it. But it is not very sizable at the moment.

Jayshree Bajaj: Okay. Thank you. Best of luck.

Moderator: Thank you. Our next question comes from the line of Jatin Agarwal from Manish J. Mundada and Associates. Please go ahead.

Jatin Agarwal: Hello. Am I audible?

Vedant Bang: Yes. Yes, I can hear you.

Jatin Agarwal: Yes. Good afternoon, sir. First of all, congratulations on a good result. So, I just have two questions. First, sir, could you just explain to me Thread AI and Catalog AI? You have said that it has been deployed. So, could you just give me an idea of its working and how much growth can you see, growth potential with the deployment of these two AI models?

Vedant Bang: Sure. So, I will talk a bit about the internal models that we are developing. So, years back when we started, we have done things in a very data-driven manner, where we have built models or we have built internal systems to be able to make data-driven decision-making. One of the decision making that we generally do is in terms of what products to launch. In that case, we look at what kind of products are in high demand, what are people searching for, and whether supply is not available. We are able to see what kind of products are trending and what kind of revenue can we expect, should we launch in that. Thread AI is essentially an application that allows the entire team to be able to be able to work with that information in a more efficient manner to a user experience, like a front-end user experience. This allows decision making to become even more quick in terms of which styles are working well and to launch very quickly into them. So, currently this model, even the other model Catalog AI, is meant only for internal use. So, we are the anchor customer at the moment for this tool. We have no plans to take it outside at the moment, but it is improving the overall efficiency in terms of how we are working and what kind of products that we are launching and which also reflects in our performance generally. Now, coming to Catalog AI, Catalog AI essentially places an entire workflow in terms of cataloging and permits conversion of basic raw images, maybe a model shoot image at a studio or even a mannequin image, into a full-fledged e-commerce shoot. So, it takes as an input, say, you know, a model wearing it and then it converts that. The catch out here is that in the process of the conversion, it is able to identify what are historically cataloged styles that have performed well and based on that historical experience, it is able to identify what kind of

catalog used to look like. Generally, we have applied this in our kids wear segment for the brands that we do kids wear and we have seen a good success on application of this model, resulting in improved conversion by at least 80 basis points in total. So, and that is against the base of, say, 1.1% to 1.2%. So, generally, it has resulted in improved conversions, specifically in kids wear, where it is used very actively. In terms of other categories, the workflow is used and certain AI-based editing is carried out, but still because the products need to look a bit more authentic, we have not yet gone into full-fledged AI in terms of how the catalog happens. So, that is on catalog AI. Again, this is also meant for internal use and for the use of participants within our company. Currently, we have not exposed these outside and we intend to create greater efficiencies within the company through this at the moment.

Jatin Agarwal:

Okay, and when are we going to launch this for the menswear or the adult section?

Vedant Bang:

As I said, we already use the workflow part of catalog AI for all our sections. Only the part where we do AI conversion from, say, a basic shoot or a mannequin shoot to a full-fledged shoot, that component is currently restricted to kids wear. For menswear, some of the brands that we do are very premium brands and require a very authentic shoot. So, it is not possible based on that to deploy it very quickly unless the AI becomes that good. But as you know, with AI, the advancements happen at a very fast pace. So, we are hoping that as the model learns and as things progress, the quality of output will be acceptable even in the case of other categories. So, we are just waiting for the quality to get there.

Jatin Agarwal:

Okay, and sir my last question would be, sir, in this quarter you have had an exceptional OPM margin for around 15%. Are we hoping to be sustainable at this margin or could we accept some fluctuations and what caused this rise in margin?

Vedant Bang:

Sure, so I will take this in two parts. First, as this answer, what caused the rise in the margin and then I will talk about the overall margin. So, this quarter was a bit peculiar in the sense that what we saw was the GST rate cut being announced after which there was deferred purchases. So, our pricing models that we use, they realized that the customer is not price sensitive. Rather, I would say it is price insensitive. So, the person who is buying is purchasing because they have to, not because there is a discount, not because it is being marketed that much more. So, when our models generally realize that the customer is not price sensitive, we tend to start increasing the prices or the baseline prices itself to be able to maximize our margins in such situations. And that is one of the key factors during this period. And generally, during the festive period also, it is more of a full sale. So, customers came with real demand for their shopping towards the end of the quarter and also the GST rate cut was announced. So, there was another demand push that came from there that the GST rate cut coming into effect. So, all these factors combined resulted in superior demand for our products and we were able to command a higher price during this particular quarter. First, because our models increased the price considering that the customer is price insensitive. And then, the effect of the festive pickup along with the GST rate cut. So, yes, that is why the margins are higher in this quarter.

Generally, our focus at the moment is on growth, is on high double-digit growth numbers. And that is what we are completely focused on at the moment while delivering double-digit EBITDA as well. Now, as I stated, we would like to reach a particular level of revenue over the coming financial year. And to achieve that, we may need to pull levers on pricing or on marketing to achieve those growth targets as growth targets are the primary focus at the moment while maintaining double-digit EBITDA in mind. However, at the moment, I am not able to give any specific guidance on what the future EBITDA would specifically look at. But yes, as I have mentioned, we target double-digit EBITDA numbers whenever we align our business plan.

Jatin Agarwal:

Okay. Thank you so much.

Moderator:

Thank you, sir. Our next question comes from the line of Ankur Gulati from GC. Please go ahead, sir.

Ankur Gulati:

Hi. I have a question. What is your H1 to H2 ratio normally? H2 is usually 60% of what revenue second half of the year.

Vedant Bang:

Sure. So, yes. So, generally, H2 is a better period for us than H1 considering that we are a growing company at the moment. You know, those ratios are not very well-defined because we also keep looking at Q-O-Q growth. So, what you would have seen this year is that despite us moving from H2 to H1, there was still sustained Q-O-Q growth that was there. So, considering this, you know, an increase in the baseline of the company itself, it becomes very difficult to attribute the ratio. But generally, I mean, this is based on my judgment for the industry, it is about a 60% to 70% actually that generally, depending on which business you are in and how much of your business is in winter wear. 60% to 70% could potentially come in H2 and 30% to 40% could come in H1. But, yes, for us, it is a more evolving item. So, the ratios may not, you know, maybe that as we keep targeting even Q-O-Q growth.

Ankur Gulati:

That is okay. Vedant, I mean, if I set aside the aspect that you are still early stage growth, you are Rs. 110 odd crore H1. Let us assume industry works at 40:60. So, your H2, whatever, if I assume 110 is 40%, so that is a decent enough goalpost for us to work, assuming this was a steady state company. Is that fair?

Vedant Bang:

Yes, do you have a follow-up question?

Ankur Gulati:

I am just trying to confirm that let us assume you are a steady state company. So, Rs. 110 crore in H1, industry usually is 40% H1. So, even if where you are and do not factor in the high growth phase, your H2 will be 60%, right? So, 1.5x of H1.

Vedant Bang:

So, unfortunately, I am not in a position to comment on specific revenue guidance. But, yes, but generally, I give you the industry-level numbers and I think we are hoping to be at that or better than in H2 in terms of our targeting.

Ankur Gulati: How do you guys define fulfillment cost? What all cost items are included there?

Vedant Bang: So, fulfillment cost generally includes the cost of the product going from the warehouse to the customer. Okay, but right to the point of just the package being handed over to the logistic partner. So, what that generally includes is the inverting and quality control at the point of inverts of the goods that enter the warehouse. It includes the storage of the goods in the warehouse. It includes the outward of the goods from the warehouse to the handover point to the logistic partner who takes it ahead from there. It also includes the processing of customer returns or return to origin cases and making the claims if there is any quality issues in those cases. So, basically, the entire cost that goes into running the warehouse generally is attributed to the fulfillment cost. But, it does not include the logistic cost that we pay to the logistic partner to take the product from our warehouse to the customer and it does not include any reverse shipping cost.

Ankur Gulati: So, then what are the others? It is just packaging or something, right? There is logistic cost.

Vedant Bang: So, packaging is consumable for us. So, that is not considered as a part of the fulfillment cost. That is a separate cost altogether. That is a very fixed nominal cost that is there.

Ankur Gulati: So, sorry, I am a bit confused. It does not include warehousing cost. What else is there? What else is there left? I mean, you are spending Rs. 19 per unit, right?

Vedant Bang: Right.

Ankur Gulati: You are saying there is no cost of warehousing in that. What else is left?

Vedant Bang: No. It has warehousing cost. It has warehousing cost but it does not include the packaging cost, is what I said.

Ankur Gulati: And it also does not include, let us say, whatever fuel cost your logistic guy is costing or is that also included in this?

Vedant Bang: The fuel cost associated with, so, we do not actually incur fuel cost. We pay the logistic partners for movement of the goods from our warehouse to the customer. So, they are the logistic partners that we work with.

Ankur Gulati: That is included in this Rs. 19.

Vedant Bang: No. What we pay to the logistic partner is not included in this Rs. 19. This Rs. 19 is the fulfillment cost purely covers the cost of running the warehouse.

Ankur Gulati: Okay. And because it is INR per unit, how do I correlate with the broader P&L? Where does it sit? Other expenses? Because I cannot find number of units in your presentation.

Vedant Bang: Yes. That would generally sit in our other expenses.

Ankur Gulati: And is it fair to assume that this is a major fixed cost item in your P&L?

Vedant Bang: No. It is not a major cost for us. There are other heads of cost that are bigger than fulfillment cost. But fulfillment cost allows someone in the industry to understand the level of efficiency at which our operations are managed from an e-commerce point of view.

Ankur Gulati: Okay. So, in your P&L, cost of goods sold is whatever it is. Today, your employee bill is about Rs. 5 crores per quarter. So, is that a variable line item in your mind? Or is it from this point onwards semi-variable or static number?

Vedant Bang: No. So, there are two parts to the employee cost. One is linked to production, which is more variable and linked to our supply. And other part is the fixed part where as we scale up, we do not expect it to increase at the same level. So, there is a fixed component to it as well.

Ankur Gulati: So, can you give that split between fixed and variable of this Rs. 5 crores and also the other expenses, which is, let us say, Rs. 13 crores this quarter and Rs. 17 crores last quarter?

Vedant Bang: Yes. So, other expenses are generally, the major head is marketing within that. Marketing or commission. So, that is largely a percentage of the revenue, the commission part of it. But the marketing part of it is totally a lever. So, it is something that we take a call on how much marketing to do based on what kind of events are there and how our revenue progresses along the period in question. So, marketing costs are not strictly fixed, but it is done with a view of an ROI on every investment that we do in marketing. So, if we invest Rs. 100 in marketing, there is a view that we want to make 100 into X or whatever that ROI number is, depending on the brand, through that marketing endeavor. And when I say marketing, I mean performance marketing. We do it in marketplaces. So, that is the part of the other expenses that is a major part. And there is also amount of coupon funding that happens as a part of conversion, which is also covered out here, just to be complete, but that is again not very big. That is the part of the other expenses. Now, coming back to the employee, the variable part of the employee cost, largely it is semi-variable. It is very difficult to off the top give a split into how much is linked to production, how much is linked to the general scale of the business. But generally, the percentage growth in employee cost is not anticipated to be slower than the rate at which the overall revenue goes.

Ankur Gulati: Okay. Got it. Thanks.

Vedant Bang: Thank you.

Moderator: Thank you. Our next question comes from the line of Abhishek Rao, an individual investor. Please go ahead.

Abhishek Rao: Yes. Hi, Vedant. First of all, congratulations for the great set. Am I audible?

Vedant Bang: Yes, I am able to hear you. Hi, Abhishek.

Abhishek Rao: Hi. Vedant, I had one question on the inventories and trade receivables. So, what is our current inventory and the debtor days that we have and how do we plan to reduce that? Or what is our plan around that?

Vedant Bang: Sure. So, currently, as it stands, we have about Rs. 71.5 crore approximately in trade receivables and we have an inventory of about Rs. 77.1 crores. Now, in terms of inventory, obviously, the inventory increases are there to accommodate greater sales in H2. So, we are building up for H2 and that is reflected in the inventory. Along with that, it is very important to understand our cycle. So, because we are manufacturer to customer, that is, we are truly direct to customer, we have a manufacturing cycle, which is typically about 30 to 40 days in terms of manufacturing. Sometimes, for some products, it could be as high as 45 days as well. And then we have the sales cycle where the finished good is actually sold to the customer. Generally, we target to keep that at about 100 days. What you will find right now is that if you annualize our revenue, you will find that our current inventories is lesser than the days that we have presently mentioned, which would be our general cycle in terms of inventory. This is largely because our supply is catching up with our demand, where we believe that we have a higher potential demand, future demand, but we are not stocked enough for it. So, that is on the inventory. In terms of trade receivables, trade receivables largely cover what is outstanding to us from marketplace partners or partners who are a part of B2B2C transaction. Some of the marketplaces operate in that manner. So, in those cases also, typically we realize payments in the case of successful orders within 45 days. However, in the case of returns, customer returns, those stand in trade receivables till such time that the customer returns are received back. And other than that, so that also stands separately in trade receivables. Another important component of trade receivables is the outright business that we do in terms of selling our own brand, Thomas Scotts products on an outright basis to marketplaces such as [Myntra and Amazon](#). So, Amazon through its major seller. So, as a part of that business also, there is a certain credit cycle that has been negotiated. So, in those cases as well, we have some amount of receivables. So, these are the larger components of the trade receivables. Generally, if it is not growing as fast or also more stable at a bigger way, we would find that the receivables would be somewhere closer to 60 to 75 days. I hope that answers.

Abhishek Rao: Yes, that answers. Thanks a lot. I will get back in the queue. Thank you.

Vedant Bang: Thank you, Abhishek.

Moderator: Thank you. Our next question comes from the line of Irwin Netto, an individual investor. Please go ahead.

Irwin Netto: Congratulations on a good set of numbers, sir. So, my question is, why has the working days increased despite we are using a tech-driven approach? For inventory management?

Vedant Bang: Sure. So, if you see our inventory days on an annualized basis, they have generally been lesser than what it was in March, if you analyze our revenue, for the entire year, or look at future numbers. But in any case, just to answer your question a bit better, It is very important to understand the cycle, the overall cycle. Because we are from manufacturing to customer. Typically, we have about 30 to 45 days of manufacturing cycle. And then we have another 100 days that we target in terms of sales to the final customer on retail basis. So, generally, both of these components would come together and make up our overall cycle. So, we are actually at a lower number than that at the moment.

Irwin Netto: Okay. My next question is, does the company hold exclusive manufacturing rights for the brands? So, for the licensed brands?

Vedant Bang: So, some of the licensed brands also have offline presence. So, in those cases, we do not. But other than that, for online, we are a major partner in that sense.

Irwin Netto: So, my last question is for the company, what will it expand more in its licensed brands or in strengthening the Thomas Scott brand in the coming years?

Vedant Bang: So, Thomas Scott brand obviously continues to remain a focus for us, considering that we own the customer completely in those cases. So, the life value of the customer are 100% with us. In the case of our licensed brands, or other brands, in those cases, we are looking at focusing on the premium segment with some of the international brands that we work with and to see how we can further scale it up. So, that focus will continue to remain on our side. I hope that answers.

Irwin Netto: Okay. Thank you for the opportunity.

Moderator: Thank you, sir. Our next question comes from the line of Kevan Faria, an individual investor. Please proceed with your question.

Kevan Faria: Congrats, sir. Such a good set of numbers. So, my question is, what is a company's annual marketing and how is it going to help a company given that there are a lot of competitors in the market that currently exists?

Vedant Bang: Thank you for the question. Yes, I am able to hear you. So, thank you for the question. So, our marketing is generally quite different. We do not do much of general marketing, which is more of a funnel. We try and do more of conversion and we target a return on ad spend, a healthy return on ad spend on every money that we put into marketing. Essentially, it is performance marketing, be it within marketplaces or be it on B2C. So, what I was trying to get at is, generally

the marketing spends as we are growing are a bit fluid, but we typically target to keep that somewhere between 7% to 10% of our overall top line. Sometimes we have to go more aggressive, but in both cases, our pricing is also higher. But these things are very evolving. Since we are not offline retail and we are, rather offline retail is a much smaller part and we are majorly online retail, we are able to adjust pricing and marketing levers very quickly, almost multiple times in a day. So, based on what strategy at any point of time gives us better results, we could go in either direction. And this happens in a very systematic manner. So, based on that, it is very difficult to pinpoint a specific marketing number. But yes, we generally look at marketing to not be more than 10% overall. But as I said, even if there are increases, it is ROI driven and you would expect better increases in the overall price realizations as well in those cases. Got it.

Kevan Faria: Got it. So, another question is, what is your long-term vision for newer categories like kids wear and handbags and women's wear? And will it be B2B or B2C?

Vedant Bang: So, our focus on other categories is largely B2C. Kids wear is one of the categories that we are seeing good success, menswear already we are seeing good success. The good part about both these categories is that both of these categories have lower consumer returns and that results in better net margins for us. In the case of women's wear, generally it is a high returns category. So, we are doing some pilots to identify which part of this particular category we could build for while maintaining healthy net margins. However, the exception in women's wear or rather women's accessories is handbags. So, handbags is a category enjoys better lower customer return percentages and hence it becomes a more lucrative category for us. We are looking at handbags also as a very serious category and see some good numbers out there. But our focus continues to be on menswear as we grow and with the kids wear and women's handbags, it will be a diversification for us.

Kevan Faria: Got it. And what we can expect in terms of revenue mix going forward? How much we can expect from licensed brands and how much [from Thomas Scott](#) ~~has got~~ own brand?

Vedant Bang: Yes. So, generally, Thomas Scott would be between about 30% to 40% of the top line and the remaining would be other brands. About 5% would remain B2B. That 5% could go to 4% as well. When I say B2B, I mean purely contract manufacturing.

Kevan Faria: Yes. Thank you so much. I will be back in the queue.

Vedant Bang: Thank you. Thank you for the question.

Moderator: Thank you. Our next question comes from the line of Parth, an individual investor. Please go ahead.

Parth: Hi. Yes. Congratulations on a great set of numbers and hosting the first conference call. My question is regarding the fire incident at the Gurgaon facility in Q2 of this year. I understand it temporarily halted the operation. So, can you throw some light on that incident like the impact it had in the production and volumes in the future?

Vedant Bang: Sure. The impact that it had was primarily on handbags category because the specific facility in question manufactured handbags for us. The production is resumed, about and the first assumption happened in about a month. First set of assumptions happened in about a month from the fire. Generally, handbags are not a very high percentage contributor to our overall revenue. It is a developing category for us and for the interim so that there is no sale on and essentially no production loss. We did outsource some of the manufacturing to other manufacturers within the same [geographical](#) region to kind of meet the inventory requirements. So, there was not much of an impact at the moment. There is some insurance claims that we have done and that is subject to an insurance claim process. So, I cannot, so hopefully that could work out well for us. But generally, it is not very sizable either in terms of impact to the revenue or the overall impact.

Parth: Okay. So, is it 100% operational now?

Vedant Bang: Yes, yes, it is 100% operational now.

Parth: Okay. Thanks. I will get back to you.

Moderator: Thank you. Our next question comes from the line of Sanket Gupta, an individual investor. Please go ahead.

Sanket Gupta: Thank you for the opportunity. I want to understand, can you give some color on the EBITDA margins if we sell through our own brand and licensed brand?

Vedant Bang: Thank you for the question and good afternoon. Unfortunately, we are not able to share category specific EBITDA margins because that is a bit, you know, there are methods to derive it rely on a number of assumptions, which I would have to also then go through. But generally, we, in the case of our own brand, we are experiencing improvements in the EBITDA margin as the brand scales and our relationships with marketplaces also deepen. In the case of licensed brands, we are focused on premium profile licensed brands in terms of supporting them. And due to that, we do have superior EBITDA margins in them as compared to our own brand, which is Thomas Scott. This is also due to the fact that some of these [licensed](#) brands are exclusive to specific marketplace, In the case of some of our premium brands, they are exclusive to Mynta. So, in that case, the overall cost of doing business also becomes lesser because of those reasons. So, that is to answer your question.

Sanket Gupta: And can you share, is there any plan regarding launching of our own premium brand so that we can have a better margin on our own brand? And regarding that, is there any plan in future?

Vedant Bang: So, at the moment, there are no specific plans. It is an interesting proposition because we do have learnings in the premium segment. However, at the moment, at least for this financial year, we are focused on our own brand, which is Thomas Scott and our other brands specific with greater emphasis on the premium brands that we are working with.

Sanket Gupta: And can you give some color on what is the, is there any competition from large format store growing very fast like Zudio and all to online retail and if we plan to expand in on offline like small stores. So, what is the impact of these large format stores?

Vedant Bang: Right. So, I think one thing very important to understand is that there is a larger team building in terms of movement from unorganized to organized or to branded. And within that the newer and the new age customer, particularly Gen Z or even in the case of the millennials, the later millennials, what we generally find is that they have greater consumer confidence in purchasing online in a very try-and-buy model, especially for the price points that we work in. Obviously, when it is in question of occasion where something that is more expensive, offline becomes a preferred channel. But online in India, you know, right up to COVID was seeing healthy, you know, growth. In COVID, there was a sizable uptick that was there and a lot of new consumers came within the foray of online purchase. They made their first ever online purchase and these customers have now become repeat customers along with new customers getting added, you know. Generally, online e-commerce by itself is one of the fastest-growing segments within the retail industry. And the customer who is purchasing online generally prefers the behavior of the consumer purchasing offline. So, I would look at them as different customer, different target audience, different customer profiles, to be very honest. And both of these areas, the one that you mentioned, such as video or even e-commerce online, are receiving very healthy double-digit growth. So, both are high growth areas.

Sanket Gupta: And there is a question regarding Meesho is very popular in tier 3, tier 4 cities. Are we selling in Meesho, like, or we are planning to do something like target tier 3, tier 4 cities?

Vedant Bang: So, far, from an online e-commerce standpoint our inventory, our products are exposed to all of India. No matter where you are in India, you can purchase our products. What we do find is that some of the more branded businesses, rather, all of our businesses are branded, but some of the more reputed brands they get a lot of sales in tier 2, tier 3 India. But that is mostly a function of customer preference in general. We are not specifically targeting, say a metro or a tier 2 or a tier 3. We are targeting certain consumer products. Now, the other part of your question, the other part would be the offline business. Offline business, currently, we are focused on a specific geography, which is Bangalore. We have chosen Bangalore because our sales information guides us that based on our product assortment, we should perform well in Bangalore. And based on that, only the pilot has been carried out for our offline and Bangalore

specifically, so this is our current region focus. So, for online, as I said, it is Pan India. For offline, currently, we are focused on Bangalore.

Sanket Gupta: Thank you. Thank you so much.

Moderator: Thank you. Our next question comes from the line of Ankur Gulati from GC. Please go ahead.

Ankur Gulati: In one of the conferences, you referred that you are looking at quick commerce as well. So, any movement on that side?

Vedant Bang: So, we are already working with Myntra ~~on~~ and Mnow. Myntra being their biggest fashion platform, we believe has one of the best try-to-win cases in the case of quick commerce for fashion. So, we do work with Myntra and Mnow. We have also done a pilot with Big Basket, where some of the results are promising. The thing with quick commerce is that there is a certain amount of overall investment that is required, not only in terms of inventory, but also in terms of other expenses, such as marketing, which may not yield it to be profitable from day one. Our focus right now is to have very healthy growth along with profitability. So, in that case, even within quick commerce, we are choosing to work with those partners that we believe we can see profitability sooner or are profitable from day one. So, that has been our focus. So, yes, quick commerce is important. However, for fashion, we are working with relevant partners who are better associated with fashion at the moment. And generally, even from e-commerce, our warehouses do offer same-day delivery within metro cities. And they also offer next-day delivery to metro cities and select tier 2 cities. So, in that case, our speed is generally quite fast for a fashion product, because generally, the percentage is very small of a customer who requires a very fashionable product at a very quick timeline. So, we believe that same-day delivery and next-day delivery by itself is very good to kind of achieve the customer's expectations on speed. And having said that, yes, as a part of our quick commerce bid, we have partnered, as I told you, with Myntra on Mnow and with Big Basket.

Ankur Gulati: And on the handbag side, you have your own brands or you are also licensed with one of these bigger brands?

Vedant Bang: No, presently in the case of handbags, we are working in a licensed model only. We have not launched our own brand as of now in terms of handbags. And within this financial year, we do not expect to create our own brand in the case of handbags. But however, I just want to mention that in the case of men's accessories, we do make laptop bags, we do make duffel bags, we do make backpacks and other men's accessories for Thomas Scott brand, which is our own brand.

Ankur Gulati: So, which brand have you licensed for women's handbags?

Vedant Bang: So, for women's handbags, we are working with Myntra for three of their brands, Anouk, Mast and Harbour and Dressberry.

Ankur Gulati: Last thing, if you can help us more unit economics is the right way to look at business and number of units sold and contribution per unit or not really?

Vedant Bang: I beg your pardon, I am sorry. I did not understand your question.

Ankur Gulati: So, if we can look at more revenue per unit sold and then contribution per unit sold, if you can give us the number of units sold this quarter, at least we can work out that.

Vedant Bang: Sure. So, as a part of our coming release, we will consider it internally as to how to present these numbers because it is important to understand that because we work with so many brands. Generally, one unit sold of brand A is not equal to one unit sold of brand B. So, giving you a headline unit sold may not fully justify your ability to understand and give you the right level of transparency. So, we have to think through the manner in which this is disclosed. So, we will consider that as a part of our next presentation because there could be certain brands that selling one unit could be as good as selling two or three units in another brand, just to give you an example, because we are in a multi-brand format. So, you have to temper and think through what is the best form of disclosure of this as a part of the presentation and then make it available to investors. But your point is well taken and that is something that we will consider in any upcoming release that we do.

Ankur Gulati: Okay, thanks.

Moderator: Thank you. Our next question comes from the line of Meet Mehta, an individual investor. Please go ahead with your question. Mr. Mehta, you may proceed with your question. As there are no response from Mr. Mehta, we will go with a different participant. Our next question comes from the line of Mangesh Kutte, an individual investor. Please go ahead.

Mangesh Kutte: Am I audible?

Vedant Bang: Yes, I am able to hear you.

Mangesh Kutte: Good afternoon and congratulations for this great set of numbers. My question is mainly related to this use of artificial intelligence. So, if possible, can you quantify the investment required for the use of AI in the next two years and what will be its overall impact on our top line, bottom line, visibility, market reach etc-etcetera? Thank you.

Vedant Bang: Thank you. So, it is not very straightforward to quantify the improvements. We have a specific case in Kids wear where we saw improved conversion overall. In the case of Kids wear, when we used AI-based catalog shoots and compared it to our previous catalog shoots, that is a model shoot. So, we saw it move from, say, a 1.1% or 1.2% to close to 1.9% or about 2%. So,

that was a very well-tested pilot and we were able to really look at those numbers as a part of that. Generally, our investment in AI is investment in our overall technology team or tech partners who support us in creating these applications. This is not a very sizable investment. Again, it is a 5% or 6% team that does the development. While I am saying that, I want to be clear that a lot of the things that we do even today internally may not have a full-fledged user experience, but we are using not specifically AI, but more cutting-edge methods such as machine learning to make decisions in a more data-driven approach in terms of making business decisions within the scope of e-commerce. While we do not expect this team to expand very rapidly, we expect that the applications that the team creates to be used by our organization in improving overall conversion, overall time to move and enable us to more quickly identify the trends. There are certain other applications also which the team is working on which would result in quicker decision-making in terms of what to restock, when to restock, where to restock, restocking questions. It will allow us to make pricing decisions very quickly, be a more formalized manner in which we do pricing decisions, and also enable business planning in a more efficient manner. All of these things are being worked on internally. It is not very straightforward to quantify this, but as you see improvements in the overall numbers, be it in terms of top line or in terms of margins, you could say that some of the efficiencies and improvements in numbers are being contributed through our investments in technology. That is to answer your question. Thank you.

Mangesh Kutte: Thank you for this detailed response. May I continue?

Vedant Bang: Yes, sure. Please go on.

Mangesh Kutte: Nowadays, the use of AI is almost present everywhere. Every company is trying to do it. Do you see that our competitors will also try to use such technologies?

Vedant Bang: Generally, the information is available. Some of the information is available. Some of the information is very explicitly available. Some of the information is something that we derive through our methods. Again, just gathering information is not enough. It is also important to back test that information based on actual sales, actual revenue, actual product based decision making. Since we are sellers directly on most marketplaces, we are able to very quickly back test a lot of the decisions that we make using this. We are also able to make these models learn from our past experience, which is solely available to us. Those things differentiate us. Other than that, it is very important for something like, for example, trend identification. There are multiple companies and agencies. You will find a lot of startups as well that are able to do trend spotting or trend identification, each one having its own claims. But the real use is in the ability to not only identify the trend but also execute on it very efficiently. Our manufacturing legacy allows us to work on these identified trends and launch into these identified trends quite efficiently. So, yes, it does help us. The manufacturing piece also helps us and plays along with our superior insights. So, there are certain peculiarities in terms of how our company is, and

that allows us to make sure that we are able to make a full use of whatever tools and technologies that we need.

Mangesh Kutte: Yes. Thank you and best of luck. I hope that this practice of conducting conference call will be continued. Thank you.

Vedant Bang: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to the time constraint, that was the last question for today. I would like to hand the conference over to the management for the closing comment. Thank you and over to you, sir.

Vedant Bang: Sure. I would like to thank all investors and other participants who have joined our first ever earnings conference call. While we have endeavored to provide as much information as possible that you have asked us, we are very glad to have had you on this call and hopefully enjoy similar or even better participation in future calls. So, thank you very much to everyone for joining this call today.

Moderator: Thank you so much, sir. On behalf of Thomas Scott India Limited that concludes this conference, thank you for joining us and you may now disconnect your lines.