THOMAS SCOTT

Date: August 20, 2026

To	To
Department of Corporate Services,	Listing Department
BSE Ltd.	The National Stock Exchange of India Ltd.
P.J. Towers, Dalal Street,	"Exchange Plaza", Bandra-Kurla Complex,
Fort, Mumbai- 400 001	Bandra (East), Mumbai- 400 051

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

Sub.: Transcript of Q1 & FY 2026-27 Earnings Conference Call

Dear Sir/Madam,

Pursuant to Regulation 30 & 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we attach herewith a copy of the transcript of Earnings Conference Call held on Monday, August 17, 2026.

The same is also available on the website of the Company at https://www.thomasscott.org/investor-relations.htm

This is for your information and record.

Thanking you,

Yours faithfully,
For Thomas Scott (India) Limited

BRIJGOPAL BALARAM BANG
Digitally signed by BRIJGOPAL BALARAM BANG
Date: 2026.08.20 19:10:41 +05'30'

Brijgopal Bang
Managing Director
DIN: 00112203

Thomas Scott (India) Limited
Q1 FY 2026-27 Earnings Conference Call
August 17, 2026

Moderator: Ladies and gentlemen, good day and welcome to Thomas Scott (India) Limited Q1 FY 2026-27 Earnings Conference Call hosted by Valorem Advisors.

As a reminder, all participant 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 Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, Ms. Jain.

Purvangi Jain: Thank you. Good afternoon, everyone, and a very warm welcome to you all. My name is Purvangi Jain 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 1st Quarter of the Financial Year 2027.

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

Some of the statements made in today's Earnings Conference Call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. These statements are based on management's belief as well as information presently available to the management. Audiences are cautioned not to place any undue reliance on these forward-looking statements while 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 performance during the period 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 their 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, Purvangi, and good afternoon to everyone. Very warm welcome to all of you who have joined our 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 to our operational and financial performance for the 1st Quarter of the Financial Year 2027.

Thomas Scott (India) Limited was incorporated in 2010 as a traditional apparel manufacturer and has progressively evolved into a technology-enabled, digital-first fashion retailer.

The company was formed through a demerger from Bang Overseas Limited with a clear vision of building a focused fashion and retail business. Our journey began with contract manufacturing from our Solapur facility for reputed domestic clients. This phase helped us build strong capabilities in product quality, manufacturing discipline, and most importantly, deepen our relationships across the apparel ecosystem.

Over time, we have identified a significant opportunity to move closer to the customer and build our own retail identity. Leveraging our manufacturing heritage, we have transformed Thomas Scott into a data-driven fashion platform that brings together technology, analytics, and manufacturing with agility to deliver trend-led products with great speed and precision.

A key differentiator of our model is our build-for-demand or test-and-scale approach. Through our technology and data ecosystem, we are able to forecast demand in real time, optimize inventory, and rapidly launch new products. This enables us to test consumer response, scale successful styles quickly, and at the same time manage inventory risk better.

Today, we operate a portfolio of 15-plus brands and 35,800-plus SKUs, including our own flagship brand, Thomas Scott, while also partnering with reputed global brands and exclusive partnerships with marketplaces. Our products reach consumers through leading platforms such as Myntra, Amazon, and others alongside our own website, thomasscott.in, and our own offline stores for Thomas Scott. Our manufacturing footprint across Sholapur, Bangalore, and Gurgaon, supported by fulfillment centers across India, gives us strong control over quality, efficiency, and speed of delivery.

We are positioned in the premium and mid-premium fashion segment, catering to aspirational and brand-conscious consumers who seek contemporary style and quality at accessible price points.

Technology continues to be at the core of our evolution. Our own proprietary platforms are being deployed internally for demand forecasting, planning, catalog management. These help us identify emerging trends, understand pricing dynamics, and pinpoint high-demand products, enabling faster decision-making and improved conversion. What gives us the greatest confidence is the architecture we have built, a strong data infrastructure, agile manufacturing capabilities, and a scalable multi-brand platform.

Today, we look at ourselves as a centralized back-end where brands can plug and play for retail sales in India and globally. Importantly, this architecture is still in the early stages of deployment. We still believe that we are in the early stages of our run, and we are yet to realize our full potential. We are therefore focused on accelerating this transformation and taking the platform to its full stride.

With that context, let me take you through our operational performance for the 1st Quarter of Financial Year 2027.

Starting with pricing and demand, we experienced subdued price elasticity to demand during the quarter, reflecting cautious consumer sentiment against the challenging global macroeconomic backdrop. To explain this a little better, as majorly an online retailer, we are able to adjust prices in real time. In fact, we are able to adjust prices multiple times in a single day or even an hour. Any price decreases that we do are essentially an ROI-driven decision. Where we do not see price elasticity due to demand, we maintain our prices and maintain our ROI so that any such adjustment is made in a thoughtful manner.

Our strategy, therefore, considering the current price elasticity that we observed and our models observed, remain focused on protecting our realizations rather than pursuing volume through aggressive discounting. We have maintained our price points at healthy levels by leveraging performance-led marketing to acquire new consumers and expand our consumer base without compromising pricing discipline.

It is worth noting that this quarter's headline growth reflects this deliberate trade-off. We chose to protect price realizations and margin quality. We view this as the right choice for long-term brand equity and profitability.

However, looking ahead, we will continue to assess the environment throughout the year and when we are able to find the right kind of ROI for price discounts, it may be something that we may invest in as soon as we identify favorable consumer sentiment.

Moving on to the other categories or newer categories that we have launched. Women's wear continued to be one of our marquee categories, newer categories, that continue to scale well during the current quarter. It has emerged as an important growth pillar for the business.

Within this category, we are focusing on a differentiated opportunity around timeless and enduring design aesthetics, essentially trends that can last longer cycles. Our objective is to build a portfolio that is less dependent on short-term trend or fad-based cycles and instead encourage repeat purchases and more sustainable consumer demand over the long term.

Finally, the third operational highlight is on the wholesale and B2B2C opportunity for our own brand, Thomas Scott. We are seeing increasing traction from seller aggregators operating within the marketplace ecosystem. These aggregators are placing bulk orders for our best-performing Thomas Scott styles. While these sales continue to be reported under marketplace channel and they are technically B2C, the transactions are recorded on wholesale prices rather than at the retail price.

Wholesale basis revenue now accounts for approximately 40% of the total revenue of Thomas Scott brands, highlighting the growing penetration of our best-selling styles across the aggregator-led route within the marketplaces.

Overall, these developments reflect our continued focus on protecting realizations, expanding our addressable consumer base and building a scalable channel for our strongest performing products.

Turning to our financial performance, revenue from operations for Q1 FY2026-27 stood at INR 66 crores, registering a strong growth of 22% year-on-year. EBITDA for the quarter stood at INR 9 crores, reflecting growth of 43% year-on-year, while EBITDA margins stood at 13.07%. Profit after tax for the quarter stood at approximately INR 5 crores, representing a growth of 54% year-on-year, while PAT margins stood at 8.21%.

Our key business verticals continue to deliver strong momentum during the quarter. Thomas Scott, our own brand, recorded a revenue of close to INR. 25 crores, up 34% Y-o-Y, driven by increasing brand acceptance and online-first approach, rapid product launches and data-led merchandising.

Licensed and other brands delivered INR 38 crores, up 14%, supported by a strong marketplace relationship and continued premiumization of our international brand portfolio. We expect our recently executed brand license agreements of Dockers to begin contributing meaningfully to this vertical in the coming quarters as operational rollout progresses.

Lastly, our contract manufacturing business grew 33% Y-o-Y to INR 4 crores, driven by improved capacity utilization and sustained relationships with our marquee customers.

Overall, the quarters provided strong validation of our operating model, data-driven merchandising, technology-led inventory and pricing model, and a scalable multi-brand platform. We believe that the platform is now gaining momentum and importantly, we are only getting started. We believe we have earned the right to be ambitious and we intend to remain so. Importantly, we believe that we are still only at the beginning of our journey with significant opportunities ahead.

With that, I would like to now open the floor to questions and answers. Thank you.

Moderator: Thank you. We will now begin the question-and-answer session. The first question comes from the line of Rehan Syed with Trinetra Asset Managers. Please go ahead.

Rehan Syed: So, I have a couple of questions. First, on the women's wear segment side. So, as we have highlighted that this is your important growth pillar and already contributes around 13% in Quarter 1 FY 2026-27.

So, could you please share how the unit economics and repeat purchase behavior in this women's wear are working compared to men's wear? And what level of category contribution management is targeting over the medium term? This is my first question.

Vedant Bang: So, essentially for us, women's wear was something that we just started piloting in the last two quarters. And the reason why we didn't do women's wear for a very long time was our fear of short-term trends because our models essentially look at high-demand trends and we start betting on designs based on that.

But we made a significant readjustment to our model for women's wear so that we are able to identify what will trend for a long-term period. And based on those insights, there is a set of product launches that was planned across a few of our brands where we have women's wear available.

The unit economics was largely neutral to favorable in comparison to men's wear. So, there is no trade-off in that manner. In fact, we have been able to control return costs.

Again, since we are focused on long-term trends and long-cycle products, these are generally core and timeless products. They do have strong repeat behavior, especially in categories such as bottom wear and basic shirts and basic top wear, where the consumer behavior is not very unlike that of men's, where these are mostly purchased, let's say, for an office day or for an outing with friends, like very core products.

So, considering these factors, we believe that we have a right to win in women's wear. There is a well-managed unit economics, a good model that identifies long-term trends that we can bet on. And thankfully, these trends are also those kind of trends where repeat purchases can occur almost at the same velocity as men's wear.

Rehan Syed: And my second question is around your quick commerce segment. So, you have clearly mentioned in the presentation that quick commerce was a preferred product range. So, could you elaborate on the current stage of this initiative, categories that are most suitable for quick commerce and where the economics of this channel can be comparable with existing marketplace business?

Vedant Bang: So, our biggest partner in quick commerce is essentially M-Now with Myntra. And there, the unit economics is neutral. We do not pay anything extra for that kind of a model with this. Obviously, they are our long-standing partners and at the frontier of fashion. So, we believe there is a good possibility of scaling with them in this particular segment.

Beyond that, we are yet to figure out a more long-term quick commerce strategy because a lot of our products are more fashion-led. So, they require a kind of purchasing behavior which is not common with quick commerce. But we are going to, over the next six to nine months, look at certain core categories where we can create scale in quick commerce as well. But currently, it remains in its nascent stages.

Rehan Syed: So, last question from my side and I want to understand regarding your offline stores that you are running in Bangalore. So, sir, how this store is performing right now? Is it EBITDA positive now? Like, what unit economics can you tell about that store, like footfall?

Vedant Bang: So, stores have been growing consistently and they are EBITDA positive. But generally, when we look at our return on capital employed, we find better opportunities in what we are doing within the scope of online at the moment. The opportunities in online also seem to be growing much faster and hence, more capital is being applied there at the moment.

As a part of our long-term strategy, we do see offline fitting in at a larger scale and these stores serve as the seeds that we have sown for that particular endeavor in the future. Maybe in the coming financial year, you may see a certain one step ahead in terms of offline. But at the moment, our capital continues to be deployed on ROCE accretive ventures, largely in the online space.

Rehan Syed: So, are you planning to open new stores around in Bangalore and any other cities?

Vedant Bang: So, we are constantly looking for good opportunities, but we are very strict in terms of a lot of the markers that we look at before opening the stores. So, it is not that we want to open many stores overnight.

We want to open select stores where we know that there is good chance of profitability very quickly. So, we are being selective in our approach in that matter. So, as and when the opportunities arise, we do consider them.

Rehan Syed: So, that's it from my side.

Moderator: Next question comes from the line of Manas Tripathi, an individual investor. Please go ahead.

Manas Tripathi: So, my question was about you told that in this quarter there was some subdued demand. So, how are you looking at this current Q2, this is going on, and the future, the festival season that is coming? Is the demand coming back? And the subdued demand that you told, is it only because of this global uncertainty or the macroeconomics or some other factor also?

Vedant Bang: So, I just want to be clear. The statement I made was that the price elasticity to demand was subdued. The demand itself I did not mean was subdued. All right. There does exist a demand. The only thing was, I will just explain it a little more clearly.

Typically, when we cut price, for example, let's say I cut Rs. 10 or 1%, let's talk in percentage terms, let's say I cut 1% on a price, I expect the revenue to go up by say 10%, thereby giving me a 10x ROI. And this happens in real time because we are largely pricing it online. So, it happens on an hourly basis, metro, non-metro basis, multiple ways in which our pricing strategies work.

When our models realize that the ROI is not optimal through or by way of cutting the price, we resolve these price movements. This typically happens when consumer sentiment has a little bit of guardedness. Largely, we believe that one of the factors that contributed to the guardedness was the global macroeconomic environment, which reflected itself in the form of an LPG crisis, LPG shortages that were largely observed.

Again, it is very difficult to pinpoint and say why the consumer sentiment was in that manner. The good part is that our models are able to recognize this very quickly. And therefore, instead of investing in price decreases, we start investing in marketing endeavors where the ROI may be better through performance marketing.

Having said that, it is possible and it is likely in Q2, Q3, or even Q4, likely Q3 and Q4, where there is more festive demand, where this ROI of, by way of price movement may be higher. And that is when we may look at utilizing pricing as a tool again.

But overall, it is largely a readjustment that we did in this particular quarter in Q1. If I am looking at Q2 generally, we are seeing positive consumer sentiment in August, and we hope that this will continue for the rest of the year.

Manas Tripathi: The reason I was asking is because some of the quick commerce or e-commerce-related companies have told that this kind of macro actually push online sales sometimes. So, there is more online sales compared to the offline, because people stay at home and search more.

Vedant Bang: Again, there could be multiple factors in terms of how consumer demand shapes up. We are explaining based on our understanding and our workings. Obviously, there could be alternate understandings as well.

Manas Tripathi: Yes. And if I can squeeze in one more question about the aggregator sales that you are doing, that you are saying you sell at lower than the MRP, where the volume growth is there, but maybe in the revenue it looks less.

So, can you differentiate that for this quarter, how much maybe in the revenue it is looking less because of the wholesale aggregator sales that you are doing? And is that more towards only Thomas Scott brand or it is in the B2C other brands also?

Vedant Bang: Yes. So the aggregator sales are largely for my own brand, Thomas Scott. In this particular case, I have stated that about 40% of Thomas Scott revenue came through this kind of B2B2C channels.

So about INR 10 crore in this quarter is what was booked on wholesale basis. This could potentially translate to anywhere between INR 15 crore on NSV for my partner, because we don't have that data very clearly. But essentially, there is a 30%-40% margin, obviously, that they also maintain on their side.

So, in terms of the overall headline sales, this could be a higher number. But for us, the reported sale is the B2B sale that we have done to the aggregators.

Manas Tripathi: And your EBITDA margins then would vary based on how much percentage is the aggregator sales, right? So, how should we look forward for your EBITDA margins in the future quarters or in this FY 2026-27?

Vedant Bang: So generally, the sales to the aggregators are margin neutral at an EBITDA level. The gross margins are lower because typically you bill it at consumer price and then you pay for the cost of doing the business. We don't do that now.

We just directly bill it to the aggregator, right, on a B2B price basis. But the margins largely at an EBITDA level kind of remain the same when compared to the NSV, or net sale value. So, we don't believe that this will adversely impact our EBITDA in any manner or even positively. It is a margin neutral strategy, essentially.

Manas Tripathi: And if you could give some, I would not say guidance, but some light on the FY 2026-27 sales growth and the margins.

Vedant Bang: So, as I stated, we protected a lot of our price investments. We have a good amount of data in terms of how price-based behavior works in major events such as Diwali, Dussehra, Ugadi, Gudi Padwa, Eid, for these major events.

So, we have better quality information now over the last two years. So, we believe that the price investments that we have not made in this quarter, should the consumer sentiment be good, we could potentially look at it in a future quarter and thereby give more aggressive growth. Our overall financial year basis target remains the same to continue the same pace of growth that we have demonstrated over the last two years.

Manas Tripathi: And similar margins also, right?

Vedant Bang: Yes, similar margins.

Manas Tripathi: That's all from my side.

Moderator: Next question comes to the line of Raju, an individual investor. Please go ahead.

Raju: So firstly, thank you so much for giving me this opportunity, sir. So, my question is, performance marketing was increased to acquire customers without compromising realization. So, how has CAC changed and what is the expected payback period for a newly acquired customer?

Vedant Bang: So, see, generally, how we view, how we operate is, there are two levers that we have to improve our sales. One is the price discount, where we cut the price and then we see how much percentage is the sale increasing by.

The other lever is purely performance marketing, where we say that if we spend Rs. X on marketing, how much is the multiple that we are able to generate in terms of revenue.

Essentially, our strategy shifts more towards marketing when the price-related ROIs are not as good. But this is generally a neutral decision. So, it is not very easy for me to say that just because I did performance marketing, that is why there is ABC set of consumers that got acquired.

Consumers are also getting acquired through price-based investment as and when it happens. So, it is largely at a brand level that we or at a company level that we acquire consumers. The mechanism through which we improve our sales differs from quarter-to-quarter depending upon where we are getting the best ROI.

Is it price decrease or is it increased investment in marketing? Both of these, in this particular quarter, what we found is increased investment in marketing gave us better ROI and that is why we could maintain pricing at a higher level, which has reflected in improved gross margins as well for us. This may again vary.

So, what I am trying to say is that measuring customer acquisition costs is a little challenging because we do acquire customers through price-based reductions as well. So yes, that is the thing. But generally on a per-order basis, again, it varies from brand to brand. So, I do not want to give a specific number.

But typically our customer acquisition costs are about 4% to 5%, sometimes 6% of the GMV basis and then the reductions are there. This quarter it would have been a little higher, much higher actually. But again, the price points were on the higher side as well.

Raju: So, another question is, as you can see that you have now around 35,800 plus SKUs. So, can we expect a similar growth in new SKUs or do you have a threshold or limit the number of SKUs?

Vedant Bang: No, there is no limit on the SKUs. It is essentially based on the opportunities that we identify that we keep launching. The only thing is that this number that we reported is a cumulative number of SKUs.

Many SKUs may have come and gone out of stock also. So maybe as a feedback or for a future presentation, we may look at only depicting what are the in-stock SKUs. So that gives a better idea on how things are moving.

But yes, this is a part of our business. It is basically in the flow of business that we keep launching SKUs to see how they are performing and then we scale up the SKUs that perform well.

Moderator: Next question comes from the line of Rohan Joshi, an individual investor. Please go ahead.

Rohan Joshi: Actually, sir, my question revolved around the women's wear segment that we are in. So, in this quarter, it saw a good amount of growth and it established itself as a growth pillar for us going forward. So, like, what is the growth trajectory that we can expect from that?

Vedant Bang: So, basically, particularly in the case of women's wear, we are looking at overall positive growth and the opportunity to test and scale. Largely, most of the revenue has come through the testing portion. We will just start scaling some of the styles now, some of the designs now that have done well.

We believe that in the future, women's wear could easily be at least 2x, if not 3x of our revenue in about a year's time, 3x of the current revenue in a year's time, considering the current pace. We are stepping into women's wear cautiously so that we apply our capital in the most efficient manner.

So, there will be a lot of trial testing that we will keep doing as we scale. So, I would say, there would be a consistent momentum of growth, but it will not be an overnight 10x, 20x kind of growth. As we keep testing and if we find better and better opportunities, we will scale it up.

Rohan Joshi: And till like approximately what year will it be established as a full-fledged segment for us? Just a ballpark idea.

Vedant Bang: No, for us it is already a full-fledged segment. We have a segregated merchandising team that looks at women's wear more specifically. So, we are very serious about it. The only thing is that it is a little difficult category in comparison to men's wear. So, we are being cautious in terms of the kind of design bets that we do.

As I said, our focus is on long-standing trends, trends that can outlast typical fads and we can make money on them for a longer period. That continues to remain our focus.

Rohan Joshi: And sir, my last question was on like what strategy do we have on our offline retail expansion, like retail store expansion?

Vedant Bang: For offline retail, we are currently, yes, so, as I said, and I answered it in a previous response, basically for us our stores continue to remain in pilot mode. While they are profitable, we still are yet to see a return on capital employed, which is better off than our current opportunity set largely online.

With the capital sources that we have available right now and to maintain profitability while scaling at the same time, we have decided to apply capital on the online sources of growth at the moment, which may involve growing our existing brands or adding new brands or taking few of our brands global.

Rohan Joshi: That's all from my side.

Moderator: Next question comes from the line of Rihit Dhawan, an individual investor. Please go ahead.

Rihit Dhawan: Hi, first of all, thank you for this opportunity. So, I just have a couple of questions. So the first is that, what are your key working capital requirements associated with the current growth strategy?

Vedant Bang: Sorry, I didn't fully understand your question. You are asking what is our working capital strategy?

Rihit Dhawan: So, my question was that what are the key working capital requirements that are associated with the current growth strategy that you have?

Vedant Bang: So, largely our working capital is invested in our inventory. This inventory realizes to us an ROCE. Every piece of stock that we invest in is essentially, it is our investment and that is how we see it.

So, we will continue to invest in stock. While investing in stock, there is a certain return on capital employed that we expect on the kind of inventory that we invest and we track that very closely. Based on that, we make future capital investment decisions in brands or articles or gender.

Rihit Dhawan: And my next question is, has the contribution of your company's own website increased despite the strong marketplace growth?

Vedant Bang: Yes, that is true. Our own website contribution has increased over the last few months, largely driven by certain technology-related uplifts that we have done on our own website and making it an AI oriented website where AI based search queries can also enter into our website. So, a few of these changes that we have done on our website have proven good results, and we think our own website can be a very good or major channel for us in the future.

Rihit Dhawan: That is great. So, yes, that's it from my side.

Moderator: Next question comes from the line of Jayanth, an individual investor. Please go ahead.

Jayanth: So, my question was regarding the finance cost. As we see, the finance cost has increased to about Rs. 1 crore and it is almost a 3x increase from the same quarter previous year. So, it is due to the increase in working capital. So, the debt is used to finance the working capital. So, what is the view on going forward on the debt front and the working capital?

Vedant Bang: Right. So, you may be aware that we had a fire incident last year where we had about Rs. 21 crore worth of stock covered by insurance fully. Against that, we had to take an elevated level of working capital loans to finance the inventory.

We believe that as soon as this claim amount is realized, which is currently under process from both sides, we believe that as soon as this is realized, the debt levels would become normal and in fact, then our interest cost would also come down significantly.

Jayanth: And anything on the other expense front, it has increased like materially faster than revenue?

Vedant Bang: So, as I said, if you look at the gross margins, they are also higher. So, the other expenses essentially is the marketing-related investments that we have done. It again ties back to my explanation on how the price elasticity was not good this quarter, based on which we saw better ROIs on marketing and that's when we reviewed our investments. It is a lever that we have pulled, essentially.

Moderator: Next question comes from the line of Ishant Modi with AMC Assets. Please go ahead.

Ishant Modi: So, my question is regarding the top line. Like this quarter, we have seen a very drastic drop in ROI growth in B2C licensed brand and our own brand. So, what is the reason for that? Are we facing any increased competition, or marketplace is not pushing our product well or how do you attribute this slowdown?

Vedant Bang: So, as I explained, typically the June quarter has the end of season sale. So, if you look at Q1, this is generally a margin-oppressed quarter where the end of season sale happens and people generally discount their products and sell. We had this option available to us, but we found that the ROI on such investments may not be good.

Just for better quarterly numbers, we cannot lose sight of the long-term strategy, which is where we decided to invest more on marketing rather than on price decreases. It is likely that any form of lower revenue in this particular quarter due to lower price decrease investments could be offset in future quarters where we will probably decrease price, where we will get very good ROI as well, typically during the festive period.

So, I think, rather than looking at this quarter more microscopically, we need to look at the bigger picture and how we are maintaining frugality in terms of where we decide to invest on price decreases or on marketing spends.

Both of these keep readjusting based on where we believe the profitability can be maintained. So, my view is that in the future quarter, we may find the right opportunity to offset or better the growth.

Ishant Modi: So, we are confident to maintain our previous revenue run rate in this particular year also, right?

Vedant Bang: Yes, our targets remain the same. As I explained, there is a thought-based process, data-driven process, testing-based process, a combination of these that determines how we scale. We would not like to blindly scale at the cost of margins.

It has to be sustainable growth and that is what we will kind of pursue. But we believe that our target remains the same and in future quarters, we will look at offsetting this. So, this needs to be looked at on a financial year basis.

Ishant Modi: So, basically from next quarter onwards, this should go up, right, if I am getting right?

Vedant Bang: So, H2 is the quarter where most of the sales really happen. The festive period falls there. There is some part of Q2 as well where the festive period is there. We believe that those are the portions where we will have a good opportunity to offset.

Ishant Modi: My second question is more about the long-term strategy of the company. So, what I believe right now is that we are doing B2B, B2C, both the things. And currently also we onboarded the Dockers brand, where also we are doing some portion of B2B for them.

So, what is missing for me is like the management is kind of missing a long-term vision for the company, like we are chasing the top line. But I don't know if we have any strategic reason like where we want to go after 3 to 5 years because even though we have stated multiple times that we do not want to scale the B2B, but still we are doing a B2B for the Dockers brand. So, where do we want to go after 3 to 5 years and what is the strategic growth plan you have? Can you throw some lights over there?

Vedant Bang: So, when I look at the very long-term, I will start with that. And by very long-term I mean very long-term, more than maybe 10 years from now. We want to be the number one multi-brand online retailer globally. That is very clear to us.

When you look at the Dockers' announcement slash agreement, what you will find is it is essentially a B2C agreement only. The B2B portion is also to facilitate global B2C sales. What we find ourselves as is an operator building a supply chain inside India for B2C sales in India and globally.

Now there are certain transactions that may revolve into B2B2C essentially selling to a local partner and then a forward sale and that is largely because of how global commerce is set up. But our focus remains B2C. Even currently, if you look at our revenue percentage, more than 94% is actually B2C.

The reason why we continue doing B2B business is it is an integral part of our sourcing strategy. B2B businesses offer us long-run orders, long-run production orders where the same style is being manufactured for longer periods.

This allows us to set the factories more optimally and set the factory assembly lines more optimally. Once they are set, then we can keep feeding B2C orders which are more short-run, high-width and low-depth, right? But before that, it is important that there are certain long-run orders, which is what the B2B business actually serves us.

Ishant Modi: All right, that makes sense. Also, regarding the EBITDA margin expansion this quarter, it was due to increased premiumization and are these EBITDA margins that we got in Q1 is like sustainable throughout the year or it is kind of, I can say, due to some favorable base of last year?

Vedant Bang: So, if you see there is a margin improvement at EBITDA level from in this year over last year. We would like to continue giving such margin improvements throughout the year. However, there is a top-line growth that we have seek to achieve. Should it be required, we may invest some of the margin in that growth.

But at this point of time, we believe that based on the current trajectory, we should be able to give consistent margin improvements. But again, as I said, this is just a quarter. In the entire year, if we do find the right opportunities to increase our top-line, we may invest.

Ishant Modi: And any formal guidance would you like to give? Not maybe numbers, but in a range or in a historic range, like where should we land? Like, it would be very helpful over the top-line as well as the EBITDA margin, any kind of numbers.

Vedant Bang: So, as I said, we are targeting the same growth rates that we have had for the last few years to continue on that path. Margin levels would also be healthy. But as I said, while we aim to give margin improvements this year and we have given in Q1, growth is a priority for us and should we want to invest further to grow, we may invest a little bit more, obviously while maintaining healthy margins.

Ishant Modi: And regarding this fire incident, like have we taken all the provisions or are we expected to take some going forward? And regarding the finance cost that had also increased due to this fire incident due to working capital requirements, so when can we expect that to get normalized? And regarding the claim amount also, like have we delivered the claim amount or is it still in progress?

Vedant Bang: So, there are certain processes to realizing this, which is currently underway. And we are hopeful to clear it out very soon.

Having said that, once this realization, we made necessary provisions, as in when the provisions are made, they are recorded in exception items. These provisions are largely made based on best information that we have as we go through the claim process. So far, we have made all the provisions that are to be made based on the best available information. We are hoping to wrap this up soon and that capital also becoming available to us in the near future.

Ishant Modi: And my last question is that how do you see this Dockers opportunity, how it can become in India and how do you see this product demand? That is the last question from my side.

Vedant Bang: So, Dockers is a major global brand. It is synonymous with good quality bottom wear. The good part about bottom wear as a category is that it has very high repeat purchases. We want to essentially be the number one bottom wear brand for men, women and kids in India while also building the Dockers' lifestyle.

So, you can think of this brand as a comparable to Levi's. It was a Levi's brand in the past and it has a similar kind of DNA as well. So, that is the kind of experience that we would like to give with the Dockers. I think the opportunity is big with this brand and we believe that it would be a good addition to our overall set up.

Ishant Modi: And it will also improve the premiumization, right? Or it will not?

Vedant Bang: Sorry, your voice was not clear.

Ishant Modi: So, this Dockers mix should improve the premiumization mix. That is what my understanding is, right?

Vedant Bang: Absolutely. Absolutely. So, Dockers is in line with our overall bet on premiumization.

Moderator: Next question comes from the line of Manas Tripathi, an individual investor. Please go ahead.

Manas Tripathi: So, as you said that the price elasticity, you explained this quarter was not good. What do you mean by that? If you would have given more discounts, your revenue would have grown more, but maybe your margins would have grown down, right?

And you have some model which adjusts these discounts according to giving some discount, how is the customer ordering online. Based on that, your model decides that we should give more discount or not and giving more discounts, how would the margins be and some kind of model you have which looks at both revenue and margins and decide how much discount should be given. Is that the whole understanding that you are saying?

Vedant Bang: So, I will go through this once. Because some part of what you said is correct, but some part is not. So, I just want to make sure that I give the right understanding fully.

Essentially, we look at price and marketing as two channels of investment to get additional revenue, right? Say a 1% decrease in price gets me 10% more revenue as an example, right? Or a 1% investment in marketing gives me 10% more revenue.

Our model essentially tracks which one is the better investment to do. Should we invest in price or should we invest in marketing? Generally, if we cut price and the demand does not increase fast enough, for example, instead of it increasing at an expected rate of 10% for every 1% that we cut price, it increases only 5%.

It means that the price elasticity of demand is not there, right? Which means further investment in decreasing price is counterintuitive and would result in lower margins, all right. In which case, we do not then decrease the prices. Instead, we increase the number of people who view our products by way of increasing spends on performance marketing should we be getting better ROIs out there.

So, this is balanced by the way our pricing and marketing models work. It is a balancing act essentially that we do. And this happens in real time. The systems that we have developed only decide where what is to be balanced.

Manas Tripathi: And is this part of your AI model, that your proprietary AI model that is there, is this part of that only or is this a separate thing?

Vedant Bang: I wouldn't call it an AI model strictly. We have integrated it with Claude and then that is where the AI part really comes into this model. But it is a long-standing model that we have been using for a few years now with enhancements and optimizations that keep happening.

Manas Tripathi: That was all from my side.

Moderator: Next question comes from the line of Anil Kukreja, an individual investor. Please go ahead.

Anil Kukreja: First of all, congratulations on the great set of numbers. So, my question is basically related to the last question regarding your model basically, the Thread AI and Catalog AI, right?

So, basically, I wanted to know that you were just saying, you mentioned in your speech that you are just getting started and there is still more improvements to realize. So, how long do you see it will take to realize all the improvements and basically what else added feature basically you will get in this AI? I mean, how will it help further for your overall operations, even forecasting or your inventory terms or whatever?

Vedant Bang: So, we have been developing this over a period of time, our own in-house team. Now, we have merged everything into a single TSIL tech platform. This is further going to translate into some form of connector with traditionally better AI models like, for example, where a lot more innovation is happening on the AI side.

So, we are creating a mechanism through which we can leverage evolving AI landscape, plug it into certain context and data that we have and then enable rapid model optimization and improvement. So, that is something that we are working on, and I think that could create the next phase of efficiency and growth.

Having said that, these are essentially tools that allow us to optimize or manage risk of our business. These are tools that allow us to identify demand and make smarter decisions in terms of what kind of designs that we invest in.

At the end of the day, the business still requires, involves investment in inventory and that inventory is selling over a period of time, realizing the return on capital employed. So, those parts of the business continue to remain the same.

We believe that our demand far outpaces our capability to supply. So, we work on two parts. One is improving our supply and second is improving our efficiency. Our tools come in handy in terms of improving our efficiency. Our supply teams work hard to improve our supply and that translates into overall top-line growth. Demand, again, as I said, is far ahead of our current capability.

Both of these hand-in-hand and improvements on both of these results in better overall revenue numbers while maintaining profitability. In this particular quarter, our pricing models understood that it is better to hold off prices and that is what we have done. We are led by data. We are led by macro understanding of consumer behavior, and we will continue to do so.

Anil Kukreja: So, just a follow-up on that. So, basically, you said efficiency, right? So, for efficiency, do you think, like, let's say, 3 to 5 years down the line, do you see any EBITDA margin improvement, like, let's say, 2%, 3%, any specific number that you have in mind that you will achieve? Or is it just going to be just maintaining the current guidance of, like, about 12% to 15% is the current guidance, right?

Vedant Bang: No, it is very much possible as we feel our overall margin should improve largely because of economies of scale and sector efficiency. Having said that, there are certain growth targets that we have in mind which are aggressive.

We sometimes do offset improved margins in interest of growth. This is essentially a decision that we make based on what kind of ROI are we getting on those investments of margin decreases.

So, it is a balancing act. We believe that the demand is very large. There is great room for growth. It is just a matter of us getting there.

Anil Kukreja: And I think one last question, basically, on your current capacity utilization of your manufacturing facilities.

Vedant Bang: So, currently, and this has been the case for the last few quarters as well, our manufacturing capacities are fully occupied. So, we largely have to produce in capital capacities, rent out or pay job work and kind of utilize other capacities of other factories.

We are consistently adding more capacities. There is certain information that may come on those lines as well in the future. And that is a part of our supply improvements that I spoke about.

Anil Kukreja: So, basically, you work with your in-house manufacturing and outsource, right? So, how do you see this evolving going forward, maybe two to three years from now, 2030? Like, how much would you be manufacturing in-house versus how much you would be outsourcing?

Vedant Bang: So, when you say outsource, I will just clarify it is not strictly outsourcing. The manufacturing is still being done by our production and quality teams. We do just pay the per piece labor charges to contractors and to the providers of the facilities. It is still us only who is maintaining the quality standards and the production efficiency. There is a very small portion that we truly outsource, which is we purchase or trade on, which is not much.

All in all, we believe that the current ratios would be maintained. We are looking at about 50% in-house, 40%, 35% odd outsource and 5% outright where we just buy out the goods and trade on it. So, that would largely be consistent. We will add relevant capacities that are required.

One of the key differentiators or key ways in which we stand out is our ability to go from mind to market very fast in 15 to 45 days and manufacture in small lots to test and then ship, which is only possible if we manufacture ourselves. So, that would continue to be required. And it is a core part of our business model.

Anil Kukreja: So, that is like sufficient currently with your operations, right? So, anything you are planning this year or maybe next year, any specific timeline you have? CapEx number is okay, but timeline for the CapEx, next CapEx?

Vedant Bang: No. So, there is consistent CapEx every quarter that we do. So, there is enough space in some of our factories to keep-- We do that. The CapEx is not so high. It is largely an operational need to get the right kind of workers, install them, train them and ensure that the lines are running efficiently. That is where the real effort goes in. The capital expenses are not that high in our model.

Anil Kukreja: I think that would be all from my side.

Moderator: Thank you. Next question comes from the line of Siddharth, an individual investor. Please go ahead.

Siddharth: I joined the call a little late. I don't know whether this was answered or not. How are we standing on sales receivables and the increase we have seen in other asset items in last quarter? And what about the insurance claim amount that was supposed to come?

Vedant Bang: So, our trade receivables have decreased this quarter. We have not disclosed it as it is not required as a part of a Q1 disclosure, but it has gone down with higher revenue level over last year.

At the same time, our other current asset for insurance receivables still stands where it is. There is a small exception item close to INR 3 lakhs to INR 4 lakhs that we have recorded based on best available information at the moment. I think we are in the final stages of the claim processing and hopefully it should be settled soon.

Now, there is an operational process that we have to do and we are underway of that process and we hope that it will get settled soon. Again, it is subject to the insurance process. I can't comment on it too much, but we are working on it and hopefully it will be cleared out very soon.

Siddharth: That's it from my side.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of question-and-answer session. I now hand the conference over to the management for closing comments. Management, please go ahead.

Vedant Bang: Thank you all for participating in this earnings conference call. If you have any further questions or would like to know more about the company, please feel free to reach out to our Investor Relations Manager at Valorem Advisors. Thank you, everyone.

Moderator: Thank you. On behalf of Thomas Scott (India) Limited, that concludes this conference. Thank you for joining us. You may now disconnect your line.