Date: November 16, 2026

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

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

Sub.: Transcript of Q2 & 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 Friday, November 13, 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: 2026.11.16 17:40:40 +05'30'

Brijgopal Bang
Managing Director
DIN: 00112203

Thomas Scott India Limited

Q2 FY26-27 Earnings Conference Call

November 13, 2026

MANAGEMENT: **MR. VEDANT BANG – MANAGING DIRECTOR – ECOMMERCE – THOMAS SCOTT (INDIA) LIMITED**

MODERATOR: **MS. KUNJAL – ARIHANT CAPITAL MARKETS**

Moderator: Ladies and gentlemen, good day and welcome to Thomas Scott India Limited Q2 FY'27 Earnings Conference Call hosted by Arihant Capital Markets. 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Kunjal from Arihant Capital Markets. Thank you, and over to you, Ms. Kunjal.

Kunjal: Thank you so much. Hello and good evening to everyone. On behalf of Arihant Capital Markets Limited, I thank you all for joining the Q2 FY27 Earnings Conference call of Thomas Scott India Limited. Today from the management, we have with us Mr. Vedant Bang, the Managing Director, e-commerce of our company. So, without any further delay, I hand over the call to the management for their opening remarks. Thank you and over to you, sir.

Vedant Bang: Thank you and good evening to everyone and a very warm welcome to all of you for joining 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 on to our operational and financial performance for the second quarter and first half of the financial year 2027.

Thomas Scott India Limited was incorporated in 2010 as a traditional apparel manufacturer and we have 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 has helped us build strong capabilities in product quality, manufacturing discipline and importantly deep relationships across the apparel ecosystem. Over time, we have identified a significant opportunity to move closer to the consumer 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 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 significantly reduce and manage inventory risk. Today, we operate a portfolio of 15-plus brands and 15,000-plus SKUs, including our flagship brand, Thomas Scott while also partnering with reputed global brands through exclusive marketplace relationships.

Our products reach consumers through leading platforms such as Myntra, Amazon and others, alongside our own offline stores for Thomas Scott. Our manufacturing footprint across Solapur, Bangalore and Gurgaon supported by fulfilment centres across India, gives us strong control over quality, efficiency and speed of delivery.

We are positioned in the mid-premium fashion segment catering to aspirational and brand-conscious consumers who seek contemporary style and quality at accessible prices. Technology continues to be at the core of our evolution. Our proprietary platforms, thread,ai and catalog,ai, are increasingly being deployed across demand forecasting, planning and catalogue management.

These platforms help us identify emerging trends, understand price dynamics and pinpoint high-demand products, enabling faster decision conversion. What gives us great confidence is the architecture we have built along with strong data infrastructure, agile manufacturing capabilities and scalable multi-brand platform.

Importantly, it is important to understand that we believe that this architecture is still in its early stages of deployment and we believe we are yet to realize its full potential. We are therefore focused on accelerating this transformation and taking up the platform that we have built to a full stride.

With that context, let me now take you through the performance for the period under review. During the quarter, the company strengthened its international brand portfolio by entering into licensing and global designated supplier agreements with Forever 21, IPCO LLC, a subsidiary of Authentic Brands Group for Forever 21 for India, Nepal and Bangladesh.

We also signed for brand Dockers in India with ABG Dockers LLC similarly. Under these contracts, the company has secured exclusive licensing rights for both brands in the territory being South Asia and responsibility for product design, development, manufacturing, distribution, retail and e-commerce operations.

Additionally, since we are appointed as a global designated supplier, we have the ability to manufacture and supply products on just-in-time basis to international partners of these brands opening up opportunities for us to participate in the global e-commerce supply chain buildup. This along with a significant development and relates to the global buildup has been our entry into the international markets through export of certain of our international brand portfolio brands.

We have initiated this process and we're working towards securing our securing and realizing better export turnover in the coming quarters. The platform for which was set up during this quarter. We believe that this provides an opportunity to extend our existing brand relationships beyond the existing domestic markets and create additional avenues for growth.

During this quarter, we witnessed an improvement in demand trends and entered the festive season with a well-planned inventory position. Post this in the more recent quarter, the responses

to our Dussehra and Diwali sales have been very encouraging, providing a positive start of the festive period and supporting our expectations of seasonal demand growth.

Within our product portfolio, men's apparel contributed 76% of the H1 FY27 revenue while women's accounted for 17% and women's accessories contributed about 5%. The women's wear segment continues to witness strong growth extending its contribution to the overall portfolio and supporting greater category diversification for us.

Let me now brief you on the financial performance for the period under review. For the second quarter of the financial year 2027 revenue from operations grew 39% year-on-year to INR79 crores. EBITDA stood at around INR11 crores, registering a year-on-year growth of 24% with EBITDA margin of 13.31%.

Profit after tax stood at approximately INR6 crores, growing 34% year-on-year while PAT margin came in at 7.98%. Our key business verticals continue to deliver strong momentum during the quarter. Thomas Scott, our own brand recorded revenue of INR28 crores, up 28% Y-o-Y driven by increasing brand acceptance, an online first approach, rapid product launches.

And also, an increase in the amount of inventory that we push to distribution models especially to online distributors and aggregators. Licensed and other brands delivered INR49 crores, up about 52% Y-o-Y, supported by strong marketplace relationships and continued premiumization of our international brand portfolio.

Lastly, our contract manufacturing business degrew by 29% Y-o-Y to about INR2 crores. Moving to our performance for the first half of financial year 2027, revenue from operations grew 31% year-on-year to INR145 crores, EBITDA increased 31% year-on-year to INR19 crores with EBITDA margin at 13.13%.

Profit after tax stood at about INR12 crores, registering a significant year-on-year growth of 43% when PAT margin came in at 8.09%. On the segmental front, during the period, revenue from own brands grew 31% year-on-year to INR52 crores while licensed brands registered a 33% growth to INR87 crores.

B2B revenue remained stable at INR6 crores. Further operational efficiency has continued to improve with our fulfilment cost per unit decline declining from INR24 per unit in FY24 to INR18 per unit in H1 FY27, representing a reduction of about 25%. This improvement represents better cost management and operational efficiencies.

Lower fulfilment costs help us reduces cost of servicing each order, support margin improvement and enable us to scale the business more efficiently as volumes grow. Overall, we remain focused on building a stronger and more diversified fashion business by scaling our own brands, expanding our international brand portfolio, entering new markets and continuously improving operational efficiencies. With these initiatives, we are positioned -- we are positioning the company for sustainable growth, stronger profitability and long-term value creation. With that, I would now like to open the floor for question and answer session. Thank you.

Moderator: Thank you. We will now begin the question and answer session. The first question comes from the line of Ankush Agrawal from Surge Capital. Please go ahead.

Ankush Agrawal: Yeah, hi Vedant. Thank you for taking my question. Vedant, firstly, on this new export businesses and licenses that we have signed up. So, would it be fair to assume that this revenue will be captured on both the contract manufacturing part, which would be the export that we would do? And let me know whatever you sell on the India that would be captured under the license segment?

Vedant Bang: Thank you, Ankush, for that question. So far, we are yet to realize revenue in these particular segments, but we will be having separate segment reporting for this particular portion of it. So, there will be a separate report in terms of our export revenue that we will report to you in coming quarter onwards and we will have a separate segment report for the own brands or our direct licence brands.

So, we are planned to release a new way of representing, which is more aligned with how the company is positioning itself in the coming quarters. So, you will see that kind of representation going forward. So far, the revenue as I said is yet to build in, so right now we are looking at like for like business which is why we did not change the format of presentation so that investors are able to look at things on a more comparative basis. However, as I said as these built businesses build out, the format in which you will receive representations going quarter onwards would change and these numbers will be well known to you as a part of those representations.

Ankush Agrawal: Right. And in terms of profitability in these businesses, would it be like materially different? Because, I'm assuming that export part would be mostly like B2B manufacturing. So, would that be a lower margin business for us or is it something different?

Vedant Bang: No. So, how we are looking at this is let's say we have a particular brand that you know we manage in India for territory being India. We invest in inventory for territory India. That same inventory is exposed to global partners, who are then able to place purchase orders to us to purchase that inventory.

The good part for our global partner is that they don't need to have a minimum order quantity, right? Typically, if you go to a manufacturer, there is a minimum order quantity of say you know 500 units, 1,000 units, sometimes even 2,000, 3,000 units per design, right? In our case, they can start with as low as 20, 30 units if they would like to in a particular design.

Obviously, there should be a minimum overall order value, but at the design level, we are able to manage the inventory risk for our partners very well. So, because the nature of supplies just in time and from ready inventory that we are holding, the margin profile is higher than what it would be in a typical pure-play export business.

In fact, the manner in which we are pricing things, we believe that we will mix at par or better margins more likely in this particular business. Because there isn’t the additional cost of doing

the business. For example, any sale in India is supported by bunch of variable costs semi-variable costs, marketing costs. Those costs are largely absorbed by the global partner in this case.

Ankush Agrawal: Got it. Secondly, Vedant, we have seen some reduction in EBITDA margin during the quarter especially our other expenses have grown quite sharply. So, is there anything to read over here or is it mostly like normal course of business?

Vedant Bang: So largely if you see last -- if you're looking at it year-on-year, what you will find is last time the Dussehra sale was going on in Q2 moving into Q -- early Q3. So, I think Dussehra was on 3rd October last year. This year most of the Dussehra sale, which is one of our bigger sales, was in almost entirely in October. So, there is some seasonal variation and this is essentially one -- and we were sitting on inventory for Dussehra at the end of this period, right?

So, since the cut off is 30th September, there was not any Dussehra sale this quarter -- this year in that -- in this particular quarter, whereas last year had that additional sale built into it. Hence, the margin profile is not comparable. So, you have to look at it with the seasonal adjustment and then understand that some of this margin may have shifted into quarter three where the Dussehra sale was actually there.

Ankush Agrawal: Got it. Lastly, Vedant, if I look at our annual report, so our related-party purchase which is Bang Overseas, this year has been FY26 has been about INR116 crores which is almost like 90% of our last year's COGS. So just wanted to know your thoughts on it because earlier assumption was that this related-party for a purchase will over time reduce. But it has increased materially in FY26.

Vedant Bang: So, I don't I am not sure if the quarterly -- if the semi-annual disclosure is out for…

Ankush Agrawal: No, I'm talking about FY26.

Vedant Bang: Yeah. So, what I'm trying to get at is as we are scaling essentially what we are finding is Bang Overseas is one of our vendor partners on the purchase side. And as we are scaling essentially that percentage contribution of the overall purchases is coming down, especially this particular year. So, I think when you look at the 6-month contribution, you will find a significant reduction in the overall percentages.

To be very honest, it is largely that the fabric raw material that is sourced by us for the longest had been some single, or majorly one supplied partner, over a period of time, as we are scaling, we are finding that there are multiple other supply partners also to work with because overall the transactions are happening at arm's length prices. So, this is happening very naturally.

No- not something that we are forcing on it, or managing it otherwise. Over a period of time, what you will find is that the percentage of overall purchases, starting this year, will keep coming down significantly as we are scaling up.

Ankush Agrawal: Okay. Yeah. That was actually the trend that's been staying after last many years. We've just seen that by 2016; we've seen that spike towards trying to get the sense of it. Okay. Then, that

was by the way saying that from this year on, we will reduce, so no worries. Okay. That was all from my side.

Vedant Bang: I think the 6 monthly disclosure will make it clear. There must be a regulatory date by which we upload it, so I'm sure you can see it then.

Ankush Agrawal: Okay. Got it. Thank you.

Moderator: Thank you. The next question comes from the line of Raj Gupta, who is an individual investor. Please go ahead.

Raj Gupta: Hello. Am I audible?

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

Raj Gupta: Yeah. So, I have some few questions related to your capital expenditure. Firstly, how is the capex being allocated across capacity expansion, automation, and working capital needs? That's what I wanted to know.

Vedant Bang: Okay. So, capital expenditure has no bearing on working capital needs. Those are funded by way of our general working capital, through stocks, trade receivables, etcetera. We have invested over the last 6 months in two warehouses, one in Bhiwandi and one in Gurgaon. So, we're opening, and we have actually opened, a quite large warehouse in Gurgaon. It is yet to be fully operational.

It is partially operational right now, but this is our largest warehouse, till date that we -- that would that it would be once fully operational. Majority of the expenses are allocated towards it. At the same time, we've had natural extension and improvement in the overall manufacturing capacities at Solapur. That explains the balance improvement in the capital expenditure.

So, net-net I think we've spent close to about INR6.4 crores in the last quarter net, on a net basis on capital expenditure in the last half year, out of which, as I said, majority of it has gone into our warehousing facility and natural extensions to the Solapur facility. There is little to no capital expenditure that we have booked towards our technology. It's very minimal. Those have been expensed out in the normal course of business.

Raj Gupta: All right. Thank you so much for that. Also, I had another question. So, given the expansion plans, how -- planned to come up with the sources of funding for that? Is it going to be internal accruals, debt, or equity?

Vedant Bang: No. So, at the moment, we are sufficiently funded with our current sources. We are looking at certain working capital improvements over a period of time, and debt as and when required from a working capital standpoint only. Some of our future infrastructure requirements would be met through say term loans, which match the gestation period of those expansion plans. This is how we are looking at it at the moment.

Obviously if the right opportunity arises, we will definitely consider the finance sources that may be required. But at the moment, if you look at the -- as of 30th September as it -- how it's stood, it was largely working capital improvement on the collection side given in to inventory that we have built for the festive season.

Raj Gupta: Okay. I understand. And also, this is going to be like my last question. So, what is your current like annual marketing spend as a percentage of revenue? And how's it being allocated across channels?

Vedant Bang: So, our marketing -- see, our marketing spends are variable brand-wise. So, to give an overall percentage figure is a little difficult, and there are certain rebates and incentives also that we provide, which are in the nature of marketing. So, it's not fair for me to give a broad percentage in that manner, on this. Generally, from brand to brand, it differs.

For more premium brands, there is a higher allocation towards marketing, say, performance marketing, and towards more value brands, etcetera. It is more price-based investments. These also vary from quarter-to-quarter depending upon the nature of demand in that quarter.

Raj Gupta: All right. Thank you so much for answering my questions. Thank you.

Vedant Bang: Thank you.

Moderator: Thank you. The next question comes from the line of Anil Joshi, who is an Individual Investor. Please go ahead.

Anil Joshi: Good evening, sir. So, my question is, who are the main competitors and where does the Thomas Scott win on price, design, and distribution, can you explain it, sir?

Vedant Bang: Sorry. You weren't very audible. So, I got the first part of your question as to who are our main competitors. I'll answer that first, and then you can ask the second question right after. So essentially different brands of ours compete with different components of the market. We have certain brands that compete with the likes of the likes of Snitch, the likes of The Souled Store, the likes of Bewakoof, the likes of Campus Sutra.

These are largely online first brands that a part of our portfolio competes with. The other part of our portfolio which includes international brands largely competes with other international or premium brands. Some of these brands could be the likes of Rare Rabbit or there could be the likes of U.S. Polo Assn. that some of our other brands compete with. So, it really differs from brand to brand whom we compete with.

Anil Joshi: Okay, sir. So, my question was, where does the Thomas Scott wins on prices, designs, or distributions, can you explain that?

Vedant Bang: Sure. So, Thomas Scott was always built as a brand on providing the customer what they demand and are not able to get. For example, for the longest time and even today, we identify where are the gaps on marketplaces in terms of what people are searching for and are not able to -- and

searching in high volume, but are not getting any supplies on and then we build for that demand. So, we are trend-led and data-led in terms of what the consumer wants.

And all our launches are in those fashion and we win on those designs only. For example, for this winter season, we've had a very great success in certain cable-knit polo sweaters and sweatshirts that we have launched. This has been largely based on search volume results that we saw on this particular trend. And today, Thomas Scott is one of the highest selling brands in this particular segment where it did not exist 2 years back.

Anil Joshi: Okay, sir. Got it. My follow-on question is what are the pricing and promotion plans in festive period and what was the ROI threshold guide for these decisions, can you explain?

Vedant Bang: Sure. So largely during this period, during the same period, we have focused on performance marketing which is largely -- and brand awareness campaigns on online segment because most of our customers are there. So we've tried to occupy as much screen space or search tiles or browsing tiles as possible across marketplaces.

This has -- this is nothing new. This has been our consistent strategy over the years and we continue to invest in that kind of marketing even in this quarter.

Anil Joshi: Okay, sir. So, another question, one last question is, does the management have a different strategy for growth of Thomas Scott versus the licensed brand?

Vedant Bang: Sorry?

Anil Joshi: Does the management have the different strategies for growth of Thomas Scott versus the licensed brand? Yeah.

Vedant Bang: So, each brand has its own strategy in terms of how we manage the brand. With our own brand we have a very deep online focused strategy from a multi-channel point of view where we try to nurture our accounts across Amazon, Myntra, and AJIO and other marketplaces in different ways by working with the category teams of each of these marketplaces.

With our licensed brand, so far, our strategy has been to go deeper on single marketplaces with better commercial terms and work with the nuances of those marketplaces. So, it really differs from brand to brand, our approach. Our priority and our focus are has always on growing Thomas Scott brand in the right manner and nurturing our own brand.

Anil Joshi: Okay, sir. Thank you. I got it. Thank you, sir. Very well, sir.

Moderator: Thank you. The next question comes from the line of Yash Shah, who is an individual investor. Please go ahead. Mr. Shah, please go ahead. Mr. Shah, please unmute yourself and go ahead.

Yash Shah: Hello?

Vedant Bang: Hello. Yes.

Yash Shah: Yes. Hi, sir. Thank you for this opportunity. I just wanted to ask what's your channel split across Myntra, Amazon and your website and how it has changed over the past years -- past 1 year and just wanted to understand which channel gives you the highest margin in terms of revenue and say -- and also margin, EBITDA margin.

Vedant Bang: Sure. So unfortunately, I'm not able to give out splits from a margin point of view with our channel partners because that's competitive information and confidential as well. But what I can tell you is that largely our percent for our -- so the mix really matters for our own brand. In our current licensed brand portfolio, it is largely focused on the Myntra, Flipkart universe. So, any, so whatever revenue you allocate to licensed brand largely comes from there.

In terms of own brand portfolio, which is our own brand Thomas Scott, we are seeing a higher percentage shift towards channels like Amazon and AJIO. While Myntra has retained its pole position, the other two are also very close, so it is almost a four-way split in terms of overall revenue between our sales on AJIO, Amazon, Myntra, and our own website.

Obviously, there is a certain some minor variation where Myntra is a little bit on the higher side, website is on the lower side or number four, but largely, these percentages are very close to each other. So, our overall sales from Thomas Scott brand are this year quite diversified.

Yash Shah: Okay, sir. Thank you. That was helpful. And another question was of -- me was on unit economics and how this different between your Forever 21 regional brand licensing and also the global designated supplier model in terms of the revenue margins and capital intensity, and mainly the working capital. So, just wanted to understand this?

Vedant Bang: Sure, sure. So, see the India retail business is very comparable to our current margin levels that we have or our revenue levels that we have for our licensed brand portfolio, right? So, generally, the intensity of working capital is also very similar in that sense. What we find in terms of the global supply chain, there we are supplying on just-in-time basis from the same stock that was meant for retail in India.

So, there we expect no incremental working capital investment, while realizing better margins and better capital utilization. So, that's the difference between both of these sources of demand for the same brand. One is the retail domestic India demand, and the other is the global designated supplier demand.

Yash Shah: And, sir, last question was on this export front. So, I see that the export has increased quite a bit from 2%, 3% to 10%. So, what is the strategy for growth in this export going forward? Can you just shed me the light on this?

Vedant Bang: So, as I said, again, I'm not able to verify these percentages, but as I said, we are looking at a common pool of inventory for a particular brand and that being exposed globally, and revenue coming in in that manner without any incremental investment in inventory. So, our target right now is to set up the operational modus operandi largely for running this business.

We have made good quantities of export sale in this particular Q3 quarter, which is not yet reported. So along with that, there are also learnings in terms of how to work out this business. So, as they settle in, essentially, we'll figure out what is the right path to scaling it. Definitely so far, our margin profile has been better than the India business and we are hoping we can find the right kind of operating model to ensure we're able to scale this.

Yash Shah: Okay. Thank you so much, sir. That was helpful and all the best for your future endeavours.

Vedant Bang: Thank you.

Moderator: Thank you. The next question comes from the line of Khushi Solanki from SMIL Securities. Please go ahead.

Khushi Solanki: Thank you so much for the opportunity. Sir, I wanted to ask, for Quarter 2 FY26 was hit by about a month of weak sales around the GST rate change. How much of the Quarter 2 FY27 growth is base effect, and what is the underlying like-for like growth?

Vedant Bang: Sorry. You'll have to just repeat your question. There was some clarity issue on the line. If you can just ask your question, or if you can ask first question first and then we can take it one by one.

Khushi Solanki: So, the question was how much of the Quarter 2 FY27 growth is base effect and what is the underlying like-for-like growth?

Vedant Bang: Okay, got it. So, that's a very good question. The thing is, it is very difficult to break it down because we have been in consistent growth mode, right? So, the question you're asking is how much of the growth came because of say GST changes or Dussehra last year versus how much of the growth has come because of pure play baseline change improvement.

That's a little difficult to gauge from a quarterly lens or even a half-yearly lens at this point. I think through the years we'll get a better understanding of what these changes mean. Largely, our growth targets remain unchanged. We want to grow at high or at a similar rate at which we have grown over the last few years. So, those targets remain unchanged. But having said that, it's little difficult to do this attribution.

Khushi Solanki: Sir, you said FY27 growth would match the last 2 years. After H1 is that still the target, and what revenue are you aiming for in FY27 and FY28?

Vedant Bang: All right. So, unfortunately, I am not giving you specific guidance on this matter. Generally speaking, we are targeting a very similar growth rate that we have exhibited over the last few years, which is high double-digit growth rates, and we want to continue on this path.

Khushi Solanki: Okay, sir. Another question. Will the new premium brands change the average selling price and gross margin of the licensed portfolio?

Vedant Bang: Yes, it is likely that a brand like Dockers would improve the overall margin profile. In the case of Forever 21, the margin profile is largely like-for-like, but we are expecting a higher sell-through rate in terms of the inventory investments that we make. Largely both brands are expected to make a similar or better return on capital employed than our current investments in inventory.

Khushi Solanki: Okay. Sir, what is the H1 FY27 debt, inventory days, receivable days, and payable days and how do they compare with H1 FY26?

Vedant Bang: Yeah. So, holistically, if you look at it, overall, we've had an improvement and I would look at this more from a trailing point of view. Overall, our receivables, again, based on a pure trailing point of view, has improved considerably. We were at about 124 days in March, and it's gone down to about 94 days in September. Our inventory days have increased, but this is largely because of an increase in the overall finished goods and trade goods.

So, we've had an additional INR20 crores to INR30 crores of finished goods plus trade goods made during this particular half-year period largely to support the sale in H2 for Dussehra and Diwali. This also includes some winter wear or more AW, autumn-winter specific goods, which is meant to sell in the colder season. So, this inventory largely, as we sell through, and as we collect the margins on these, there would be further improvement in the inventory cycle also. Payables have largely been stable at about 60 days.

Khushi Solanki: Also are there any capex plan for FY27 and FY28, like, how are you going to fund MFPS then? Internal accrual, debt or equity?

Vedant Bang: So, our business, fortunately, is not very capex-savvy. The capital expenditures that we incur you know are largely to improve capacity or to improve our warehousing infrastructure, but again these are very easily backed by say term loans because they are real assets at the end of the day.

So, we don't believe that we need to worry about the infrastructure or capital expenditures side of things as much in terms of fund sources. It is largely working capital and its improvements that will drive future growth. Including certain portfolio redistribution into better margin or higher return on capital employed brands.

Khushi Solanki: Okay, sir. That's it from my side. Thank you.

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

Moderator: Thank you. The next question comes from the line of Yash Patel from Somani Capital. Please go ahead.

Yash Patel: Hello. Am I audible, sir?

Vedant Bang: Yes, you are. Yes.

Yash Patel: Thank you for the opportunity. So, my question is on the exports and manufacturing side. So, what is the contract manufacturing order book currently and current capacity utilization? And is there a room to add export capacity as you go for global brand rollouts?

Vedant Bang: So, if you've been tracking the company over the last few years, you would know that we are increasingly focused as a majorly B2C player. That focus is there even today for us. Our contract manufacturing domestic business has largely been stable or plateaued over the last 2-3 years. We've not scaled it up very significantly.

We are majorly focused on growing our B2C India retail business. The export business also that we are looking at is essentially a global mirror of what we are doing in India where inventory investments that we make for certain brands for India are available for global partners to purchase from at margin levels that are at par or better than our India margins.

Yash Patel: Okay, that helps. That's it from my side. Thank you.

Moderator: Thank you. The next question comes from the line of Kamal Jeswani from YouFirst Capital. Please go ahead.

Kamal Jeswani: Hi. Thank you for taking my question. This is related to the related-party transactions with Bang Overseas and also with Vedanta Creations. So, I just wanted to know the nature of transactions we have? Because I see there's purchase and sales both happening with Bang Overseas. And what exactly are we purchasing from, buying or selling to Vedanta Creations and a little bit colour on that as I am new to tracking the company?

Vedant Bang: Sure. So, Vedanta Creations and Bang Overseas are essentially the same company. Vedanta Creations is a wholly owned subsidiary of Bang Overseas and both of them qualify as related parties. We purchase fabric and at times we utilize their garment manufacturing setup and purchase garments from them.

These purchases of both raw materials and garments happen at arm's length prices, and they are one of the vendors amongst others from whom we do the purchases, right? This is largely the relationship that we have as we are scaling and as our requirement for raw materials is increasing or requirement for garments is increasing, our portfolio is automatically diversifying in terms of those whom we purchase from.

In terms of the sell side, that is reducing over a period of time, and we believe that from FY28 there would be no sale happening to Bang Overseas or Vedanta. There were initial sales either in terms of our capacity utilization by these companies or in terms of certain contract transfers that were pending from Bang Overseas to us.

But since we've become an alpha supplier ourselves on marketplaces, since then, we have transitioned most of our agreements into Thomas Scott, and now there will be only one-sided transactions in terms of related party, which would be the purchase, which also as I said, as we scale up the contribution of percentage over a period of time should come down.

Kamal Jeswani: Okay. So currently how much of the purchase is coming from Bang Overseas and what going forward, how much we want to reduce it to?

Vedant Bang: Right. So currently about on a real-time basis, it's closer to about 70% that we are purchasing. This percentage has been going down over the period of time. We believe a year out, this will be as low as 30% to 40% on the purchase side and same would be absolutely zero.

Kamal Jeswani: Okay. Got it. And also, just last question on this that there is an approval of INR100 crores approval taken from Vedanta Creation I think for the related party transactions and there I think the total turnover of the company is INR8.5 crores, if I'm not wrong. So, such a huge approval taken, do we have its future plans to take further material from them or what's the plan there?

Vedant Bang: No. So, this was largely for the company's secretary to clear compliance requirements in one go from a medium-term perspective, so that there does not need to be any approvals required to be taken again and again from the members. But largely speaking, I don't think that level of utilization is possible. We will largely be only reducing this and maybe in future approvals, we will rationalize these numbers so that they reflect real business numbers rather than blanket approvals.

Kamal Jeswani: All right. Okay. Thank you so much. That will be useful. Thank you.

Moderator: Thank you. The next question comes from the line of Ankur Gulati from Genuity Capitals. Please go ahead.

Ankur Gulati: How much of rollover from second quarter because of festival days?

Vedant Bang: Sorry Ankur, your voice was not very clear. Can you repeat that?

Ankur Gulati: Is it possible to quantify that how much revenues got pushed out because of shift in festival days this quarter, this year?

Vedant Bang: The thing is if I quantify it, unfortunately if I quantify it, it gives you a little more forward-looking view. But generally, I would say that Dussehra and Diwali is the main season for sales for us. So Q2 numbers reflect essentially no holiday season or festive season sales in the current year.

Whereas last year you could look at close to 60%, 55% of the festive season sale actually coming in that quarter, so which may have moved out. So that variation will come in when we report the Q3 revenue.

Ankur Gulati: Okay, got it. Thanks.

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 Mr. Vedant Bang from Thomas Scott India Limited for closing comments. Thank you and over to you, Mr. Bang.

Vedant Bang: Thank you all for participating in this earnings conference call, and thank you, Arihant Capital, for hosting it. If you have any further questions or would like to know more about the company, please free to reach out to our Investor Relations Managers. Thank you.

Moderator: Thank you. On behalf of Arihant Capital Markets, that concludes this conference. Thank you for joining us and you may now disconnect your lines.