Company Name: Thomas Scott (India) Ltd.

Management Participants :

Mr. Vedant Bang – Managing Director (E-commerce)

11th Annual Valorem Conference Highlights :

- Thomas Scott India Ltd., incorporated in 2010, has evolved from a traditional apparel manufacturer into a vertically integrated, technology-enabled fashion retailer.
- Operating in the mid-premium apparel segment, targeting aspirational, brand-conscious consumers with quality products at accessible prices.
- Multi-business model comprising own brand (B2C), licensed brands (B2C), and contract manufacturing (B2B).
- The licensed brands segment is the largest contributor, accounting for 56–60% of revenue, with partnerships for brands like Nautica, Aeropostale, and FCUK.
- The Thomas Scott own brand contributes 35–38% of revenue and focuses on smart-casual menswear with an online-first strategy.
- Diversified portfolio of 12+ brands and over 22,000 SKUs, ensuring wide product variety.
- Strong omnichannel presence, selling through major platforms like Myntra, Ajio, Amazon, Flipkart, Tata Cliq, and its own website, along with offline stores.
- Supported by a centralized, data-driven backend, enabling faster decision-making across design, merchandising, and pricing.
- Leveraging proprietary tech platforms like thread.ai and catalog.ai for trend forecasting, catalog creation, and inventory optimization.
- 4 manufacturing plants and a capacity of 140,000 units per month, supported by multiple fulfilment centers.
- Fast-fashion execution model, launching products within 15–45 days with low initial inventory and demand-based restocking.
- Growth strategy includes expanding licensed brands, scaling its own brand, entering new categories, and growing international presence especially GCC markets.

Key Questions & Answers discussed during the Conference:

- **What is the company's current ARR, and what growth is being targeted for the coming financial year?** We are currently operating at an ARR of approximately 250 crore. While we cannot provide formal forward-looking guidance, we are internally targeting an ARR in the range of 350–450 crore going forward. This growth is expected to be driven by supply chain improvements and operational efficiencies, with an overall growth ambition of around 30–40%.

- **How many manufacturing facilities does the company have, and what is the current utilization mix?** We operate a total of four manufacturing facilities, with two located in Bengaluru, one in Solapur, and one in Gurugram. Approximately 70% of production is carried out in-house, while the remaining 30% is outsourced. Although the facilities are on lease, we maintain full control over operations by deploying its own production and design teams, ensuring consistency in quality and efficiency across manufacturing.

- **Receivables appear high for a largely D2C business. Can you explain the elevated receivable days?** Receivables are elevated due to a mix of factors: certain marketplace models operate on B2B2C structures with defined credit periods; a large portion of sales is concentrated in the final month of each quarter, inflating period-end balances; and customer returns are recorded as receivables until inventory is received back. Additionally, related-party routing is being phased out, with contracts moving directly to the company, which should improve efficiency over time.

- **What are your expectations for revenue growth and margins next year?** We expect to continue on our current growth trajectory. The targeted EBITDA margin range remains 12–15%, with potential for improvement as scale increases.

- **Other expenses have increased significantly during the quarter. Is there anything specific to read into this?** The increase in other expenses is primarily due to higher marketing spends during the festive period Diwali and Dussehra. Competitive intensity rises during this time, requiring greater brand visibility to maintain market presence. These spends are ROI-driven and part of the normal course of business, aimed at strengthening brand positioning without compromising return metrics.

- **What is the contribution of the export business to total revenue, and which brands are sold through this channel?** The export business currently contributes approximately 3% to the company's total revenue. We have a presence in Gulf countries through the Indian arm of Namshi, a leading e-commerce platform in the UAE and GCC region. Through this channel, we sell brands such as Robert Wood and Seventy Five, along with our own brand, Thomas Scott, by licensing it to regional partners.

- **Which key markets and geographies are driving the company's growth?** We follow an online-first strategy with a pan-India presence. We are witnessing particularly strong growth in Tier-2 and Tier-3 cities, where consumers have rising purchasing power but limited access to premium apparel through offline channels. In such markets, including cities like Latur, we have seen robust demand for our premium licensed brands through online platforms, driven by better product availability and increasing digital adoption.

- **What is the contribution of offline stores to overall revenue, and are these stores operated under COCO or FOCO model?** The offline channel currently contributes around 5% of total revenue. We operate six stores in Bengaluru, which are in the pilot phase and primarily focused on building an omnichannel presence. All stores are operated under the COCO model.

- **What are your return rates compared to industry benchmarks?** Customer return rates are approximately 20%, lower than the industry average of 28–30%. Return-to-origin (RTO) rates for COD orders are around 6–9%, significantly below the typical 10–20% range. Lower return rates are attributed to superior product quality, strong value perception, efficient inventory localization, and faster delivery timelines.
- **Are there any discussions underway to onboard new brands or enter new brand partnerships?** While there may be initiatives in the pipeline, we cannot comment on specific brand additions at this stage due to competitive sensitivity. The current focus remains on going deeper with existing brands and leveraging e-commerce expertise to expand demand. Any new partnerships or launches will be communicated once finalized.
- **How is the company managing and improving its working capital cycle, particularly inventory days?** As a retail-cum-manufacturing player, we operate with an inventory cycle of around 130–150 days. This includes 30–50 days of work-in-progress inventory and 100–120 days of finished goods. These levels are in line with industry norms, where retail typically operates at 100 days and manufacturing adds another 20–30 days, reflecting the integrated nature of our operations.
- **What is the expected timeline for receiving the insurance claim related to the fire incident?** The claim is currently under insurance survey, and while an exact timeline cannot be specified, such claims typically take around six months for settlement. We had approximately INR 22 crore worth of inventory damaged, which is fully insured, with only about INR 30 lakh uninsured. The process is largely documentation-driven, and we are actively working to expedite submissions for timely settlement.