TIMEXGROUP

Timex Group India Limited
Unit No 303, 3rd Floor, Tower B,
World Trade Tower (WTT),
C-1, Sector-16, Noida - 201301,
Uttar Pradesh, INDIA
CIN : L33301DL1988PLC033434
Tel. : +91 120 474 1300
Fax : +91 120 474 1440
Website : www.timexindia.com
E-mail : feedback@timexindia.com

November 5, 2026

BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street,
Mumbai – 400001

Security Code No.: 500414

Sub: Transcript of the Earnings Call held on November 4, 2026, to discuss the Unaudited Financial Results of the Company for the Quarter and half year ended September 30, 2026

Dear Sir,

In continuation to our letters dated October 27, 2026 and November 4, 2026, and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the transcript of the Earnings Call with Investors/Analysts held on November 4, 2026, to discuss the Un-audited Financial Results of the Company for the quarter and half year ended September 30, 2026.

You are requested to kindly take the aforesaid on record.

Thanking you,
For Timex Group India Limited

DHIRAJ KUMAR MAGGO

Digitally signed by DHIRAJ KUMAR MAGGO
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Date: 2026.11.05 16:40:17 +05'30'

Dhiraj Kumar Maggo
Vice President – Legal, HR and Company Secretary
ICSI Membership No. F7609

TIMEX

“Timex Group India Limited
Q2 Earnings Conference Call”
November 04, 2026

TIMEX



MANAGEMENT: MR. DEEPAK CHHABRA – MANAGING DIRECTOR – TIMEX GROUP INDIA LIMITED
MR. AMIT JAIN – CHIEF FINANCIAL OFFICER – TIMEX GROUP INDIA LIMITED
MR. DHIRAJ KUMAR MAGGO – COMPANY SECRETARY – TIMEX GROUP INDIA LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 Earnings Call hosted by Timex Group India Limited. 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.

From the company, we have Mr. Deepak Chhabra, Managing Director; Mr. Amit Jain, CFO; and Mr. Dhiraj Kumar Maggo, Company Secretary. I now hand the conference over to Mr. Deepak Chhabra, Managing Director of Timex Group India Limited. Thank you, and over to you, sir.

Deepak Chhabra: Good evening everyone for joining us today for investor call regarding quarter 2 results which we announced yesterday. I will take this opportunity to share with you the key highlights and of course, post that, we will open it up for question and answers and I will be happy to take any and all questions you may have basis our announcement yesterday for H1 results as well as quarter 2 results.

So this quarter, which is Q2, has been the biggest quarter for the company in the history of 35 years, 36 years, wherein we did about INR359 crores of revenue, which is about 47% growth over last year, same quarter. This also is a record quarter for our EBITDA, which stood at about INR66 crores and it is 54% increase over last year, same quarter.

And the same thing flew to PBT, which grew at 57% and in value terms INR64 crores. On the channel side, if I have to speak, e-commerce continues its fantastic growth and it grew at 75% for the quarter. While as I mentioned, we grew at 47, so e-commerce is a positive outlier, especially keeping in mind the e-commerce generally operates ahead of the festive season with their events.

And this generally is the case in quarter 2 and the same thing happened this year, but we did way better than last couple of years and grew at 75%. Also to share with you all, e-commerce is like four sub-channels we have. We do have 1P, which is buy-and-sell model, which happens to be the biggest channel in e-commerce, which essentially happens with the three portals, led by Flipkart followed by Myntra and Amazon.

And then we are also growing our 3P channel, which is marketplaces and the latest entrant, I would not say latest, it is there for about 1.5 years, is quick commerce. Quick commerce, all these three portals have their quick commerce, plus there is Blinkit, Swiggy Instamart as well as Zepto; we are live in all six of them.

And the fourth sub-channel is our dot-coms, which essentially operate two of them, rather I should say three of them: we have timex.com, we have helix.com, and we have justwatches.com. That is about e-commerce. While our trade channel, which is our legacy channel, which we serve through distributors as well as direct dealers.

The large-chain stores are served directly by our teams commercially, wherein distributors serve the smaller retailers, that also grew at 34% and on a pretty old channel, that is a real good growth. And as I mentioned, e-commerce operates a bit ahead in the season and offline operates a bit later, so that impact should also be considered in quarter 2, which largely means quarter three generally is heavy on offline versus quarter 2.

Our exclusive retail channel, although it is a bit small one, but it is a strategic channel for us, has shown a very strong growth of 48%. We actually added about four stores in this quarter and this addition is the highest in the last few quarters. We were stabilizing our channel, but now we have started expanding, as I mentioned in my earlier discussions that we have intentions to open 200, 200-plus stores over the next 3 years across two formats, which is Just Watches as well as Timex World.

All other channels, which are smaller in nature, have also grown at high double-digit. Talking about the brand performance, of course, we largely take three brands which are strategic for us and has the maximum growth potential, which is Timex, GUESS and Versace. All of them have done amazingly good.

While the company grew at 47%, Timex actually has grown at 67% and GUESS has grown at 57%. So both these brands, which are number one and number two brand in our portfolio, have grown higher than the company's growth, which largely talks about that we are building where we really want to build business rather than non-strategic brands.

Aston Martin, which we launched last year in November, we are expanding it very, very fast. This quarter saw addition of about 14 new doors, taking the total point of sale for Aston Martin to 100 doors. And then this also saw a lot of new products introduction during the quarter across all our franchise, global as well as India franchise.

Franchise largely I mean collections. We have three global franchise, which is Waterbury and Marlin and we have three local franchise, which is Fria, Signio, and Vector. So there were new launches across all the six segments. In GUESS, of course, we brought a lot of newness and in GeeCee we also launched-- GeeCee is actually a brand from the GUESS portfolio, which is called GUESS Collection.

We also launched Swiss watches for the first time. On the marketing front, a lot has happened. In fact, this quarter we announced two celebrity endorsements and launched them during this quarter: Tamannaah Bhatia for GUESS and Malaika Arora for Versace. Celebrity endorsement for Timex is taking some time, but we do have plans to launch a celebrity endorsement for Timex also and that is going to be a big one.

In addition, we also participated in a lot of fashion events and sporting events during this quarter. We participated in Times of India Delhi Times Fashion Week. We also sponsored the IPL-equivalent in table tennis called APL, which also happened during the same period. We were also awarded a lot of awards during this quarter.

One of the big ones was we were awarded as Watch Brand of the Year by Myntra during their Tech Threads. We were also awarded Best Fashion Brand by Economic Times and the Best Brand in Risk Management by CNBC-TV18. So that is briefly about how the quarter was and I will be happy to take any questions which you may have.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Tushar Khurana from Peace Wealth. Please go ahead.

Tushar Khurana: Yes, hi. Am I audible?

Deepak Chhabra: Yes, Tushar, we can hear you.

Tushar Khurana: Yes. Thank you for the opportunity and firstly, congratulations to the entire team of Timex for such great results. Sir, I will ask all my questions in one go. So how should we look at this inventory of INR368 crores? Should we be excited about it given that we have a delayed festive season by 1 month?

And that is why we have been deliberating having this kind of inventory and in order to achieve that, did we also operate in double shift in many of last 3 months, if you can comment on that? And then my other question is, sir, I just want to know the last 12 months sales for Timex and GUESS brand?

If I were to ask you, what is the third brand that we would want to focus on where we could also scale it up to as big as Timex or GUESS in the medium to longer term, catering to masses, especially not on the premium side? And lastly, sir, on the retail expansion, you are saying you have a target of having some 200 stores in next 2 to 3 years. If I were to ask you, since we are going to start this next year, I understand, so how many stores are we planning to open in year 2027? That is all from my side, sir?

Deepak Chhabra: Thank you, Tushar. I will start with your inventory question. As I have mentioned in my previous calls also, if you see higher inventory, be ready for a good quarter. We largely are investing our free cash on inventory to ensure we do not lose any opportunity for sales. That has been the trend for the last 2 years, 2.5 years.

We are cautiously courageous there. We ensure that what we build is our core style, so in case the sales momentum does not come to our expectation, we are not stuck with the inventory; it may last a bit longer rather than leading obsolescence. So all inventory investments are largely done on our top sellers.

And to ensure that we give the best opportunity to our sales team to over deliver the numbers. And this inventory what you see is in line with our strategy of being cautiously courageous. Having said that, we do taper down our inventory at the calendar year-end because of largely the phasing of business by quarters and then we ramp it up again around February.

This also will be the case for this year as well. So this happens to be, if you see our data for the last 3, 4 years, you will always find the quarter 2 inventory at the highest level, and that is the same case this year and nothing to be really overly worried about.

On the Baddi production, although we have enhanced our production capacity there to six million in single shift, but our requirement in this quarter was higher than 500,000, which in single shift we can make. We indeed ran the factory for a couple of months on double shift. But we have also finalized our plans to construct another equivalent large building as we have currently at Baddi by probably by May next year, that will take our capacity to 12 million in single shift.

That is largely on the production side. Regarding your question of last 12 months sales of Timex and Guess, roughly it would be about, Timex would be about say INR450 crores, and Guess will be about roughly about INR175 crores. Those are the numbers for the last 12 months on these two brands, and these numbers of course are company-realized numbers.

If you want to arrive at the sales value, we can multiply it by two and a half times. Our realization generally is about 40%, 41%, so retail values would be like two and a half times of these numbers, which largely means on market share, Timex would be about INR1,200 crores roughly, and Guess would be about INR500 crores.

Guess, with the numbers which we have delivered, has become number two fashion brand in the country. That is on our numbers on Timex, Guess. Our future bet of course is on TMX. TMX is our entry price point sub-brand of Timex, which we have been operating for about seven years now. Larger focus till now has been on Timex because we understand that a sub-brand will be as strong as the parent brand, and we wanted to invest more on the parent brand so that sub-brand will be more effective.

Starting 2027 and largely in 2028, 2029, there will be a lot of focus on TMX, and we intend to grow TMX by multiplier of two, three rather than in percentage terms. That will be a future growth driver for us, while Timex, Guess, and Versace continue their strong performance. On retail expansion, we do intend to open about 40 stores next year across the two formats.

Between 2027, 2029, which is three years, 2028 should see the maximum expansion, which would be double of 2027, which will be about 80 stores to 100 stores, and then follow it up by another 70, 80 stores in 2029. Between the two formats, we believe we have the best chance in Just Watches because through Just Watches we offer consumer all our portfolio brands, wherein Timex World is largely Timex and lower-price fashion brands. I hope I have answered your question, but I will be happy to take any follow-up questions you may have.

Tushar Khurana: Yes, sir. Thank you so much. These are all my questions. Thank you, and all the very best, and happy Diwali to the entire team of Timex. Thank you.

Deepak Chhabra: Thank you, Tushar. Happy Diwali to you, too.

Moderator: Thank you very much. The next question is from the line of Aastha Jain from Pkeday Advisors. Please go ahead.

Aastha Jain: Hello. Thank you for the opportunity, sir. Sir, I wanted to ask you that our gross profit margins have declined this quarter on Y-o-Y basis and on Q-o-Q basis. Can we get clarity on that, what was the reason behind this?

Deepak Chhabra: Thank you, Aastha. I think that is a very, very relevant question, and I will be happy to answer. Our gross product margin, I am believing you are talking about the gross product margin only, so our product margin has actually dropped by about 1.1% versus the same quarter last year. This largely on account of inflationary pressure on raw material, largely on say movements, which happens to be about 30% cost in a watch, plus pressure on foreign exchange because all the movements still come from Japan, plus we also do import a lot of raw material from China.

Foreign exchange has, especially the dollar has moved to about INR97 peak, and then pricing of copper, gold, and silver, these are three big ingredients in our watch, they had gone up. What we did was from April onwards, we had taken a price increase to counter these, but of course we have to be competitive as well, and a larger pressure is on foreign exchange and which has impacted our gross product margin.

Aastha Jain: Got it. Sir, related to you said that channel growth has been approximately 75% in e-commerce and all, and even trade channel has grown really well, so can we get the revenue breakup like from MBO stores, from e-commerce, and from Just Watches and EBO stores? I wanted a breakup of the channel absolute number terms.

Deepak Chhabra: You mean exact numbers which we have done for the quarter by channel?

Aastha Jain: Yes.

Deepak Chhabra: Sure. e-commerce did about INR190 crores for the quarter. Trade did about INR85 crores. The rest all came from other channels and OEM business.

Aastha Jain: The same numbers for Q2 FY25 as well, sorry, 2026 as well, is it possible to share that?

Deepak Chhabra: You mean Financia Year 26?

Aastha Jain: Yes, I want to compare it Y-o-Y basis and Q-o-Q basis.

Deepak Chhabra: Sure. Last year it was INR108 crores for e-commerce and INR64 crores for trade. That is where it gives you 75% growth on e-commerce and 34% growth on trade there.

Aastha Jain: Okay. Sir, just last question, that I need the same breakup for our own brand, licensed portfolios, and OEM.

Deepak Chhabra: Sure. We do about 60% from our own brand, which is Timex, Helix, TMX, and spare business and technology business. OEM does about 15%, and 35% come from the licensed portfolio.

Aastha Jain: This was same in Q2 FY26 and last quarter also, more or less?

Deepak Chhabra: 25%, sorry, Aastha. As I said, 60% from our own brands, about 15% comes from OEM, and 25% comes from the licensed portfolio. Just correcting myself, it is not 35%; 25% from licensed portfolio. Please go ahead. Your next question was?

Aastha Jain: I was just asking in continuation with this question, that was it similar, was it in the similar range for last quarter and for last year, like Y-o-Y basis and Q-o-Q basis?

Deepak Chhabra: Sure. Actually, we are gaining higher share in our own brands. Historically, say not historically, I would say a year back, the Timex business unit, as we call, used to be about 55%, which has gone up as a salience. All businesses have grown, but Timex business has grown faster, so from 55 it has moved to about 60%, and OEM has gone down by two, 3%, and down in the sense as a salience only, not growth; of course all the businesses are growing. OEM 2%, 3% has moved to Timex, and 2% has come from the licensed portfolio as a salience, and Timex business unit has grown faster.

Aastha Jain: Got it. That is all from my end. Thank you so much for your time.

Deepak Chhabra: Thank you.

Moderator: Thank you very much. The next question is from the line of CA Garvit Goyal from Serene Alpha. Please go ahead.

Garvit Goyal: Hi. Am I audible?

Deepak Chhabra: Yes, we can hear you.

Garvit Goyal: Good evening, and congrats for a good set of numbers. Just one question. I wanted to understand on the growth trajectory from here, basically 2028 onwards. We are having good inventories in hand, and as you mentioned, it is a good indication for the upcoming quarter. Looking at the earlier number which you have guided for, I think 30% CAGR, are you going to revise it upwards for this year? What should be the trajectory for the next year onwards? How the environment is looking like to you?

Deepak Chhabra: Sure, Garvit. Unfortunately, we do not give any broader guidance on our revenue, so I will not be able to really tell you what percentage growth we are targeting. But I can give you the larger scenario of the industry and where we play and what chances we have. One is the industry is growing faster than ever.

Especially the analog, smartwatches came down and now they have stabilized and probably growing in very low single-digit. Your analog industry historically has been growing at high single-digit, eight, 9%; now it is growing at about 14%, 15%. That certainly is helping everyone, so it is helping us as well.

The larger growth is still coming in the price point which is say INR2,000 to INR10,000 because of the demographic and the discretionary spend Indians are doing. The biggest market still lies between 2,000 and 10,000, and there are only two players, which is the market leader and us. Our share in that addressable market is still small, way smaller than the market leader, so there is a huge opportunity to take the market share, which we have been doing for the last say 10, 12 quarters.

Each and every quarter we have been taking market share. Third is we are working tirelessly on demand creation. There is a lot of push on marketing side, and we are seeing aspirational value of Timex going through the roof, and our ASPs are going higher. Keeping all these three things in mind, we believe what we have been doing in the past couple of years should be doable in the future couple of years.

Garvit Goyal: Understood. That is really helpful, sir. Thank you very much, and all the best for the future.

Deepak Chhabra: Thank you, Garvit.

Moderator: Thank you very much. The next question is from the line of Diya Kejriwal from Niveshaay. please go ahead.

Diya Kejriwal: Hi. Am I audible?

Deepak Chhabra: Yes, Diya, we can hear you.

Diya Kejriwal: Thank you for giving me this opportunity. I have two, three questions. Firstly, with revenue growing 47% this quarter, could you give us the breakup of how much growth came from volume and how much from pricing and product mix?

Deepak Chhabra: Okay. You have more questions? If you can let us know, we can answer them together.

Diya Kejriwal: Yes. The second one was, moving to margins, the H1 EBITDA margin stand at 17.5% compared to 14.5% for FY'26. What EBITDA margin can we expect for FY'27 considering quarter three seasonality and the year-end royalty adjustment? The third question was, e-commerce now contributes around 44% of sales, so could you share how much of this comes from Amazon and Flipkart combined?

Deepak Chhabra: Okay, Diya. Your three questions, I will answer all of them. Broadly, since our business is multi-channel, multi-brand, I will not be able to exactly give by brand and by channel the volume, value growth but as a company, our growth for this quarter and as a matter of fact for H1 also, is like 50-50.

If we are growing at 47% for the quarter and 40%, 41% for H1, half of it is coming from volume and half of it is coming from value. Value is higher ASPs; it is driven by both our key brands, which is we are selling a lot more because the growth in Guess is higher, which comes at a higher

average selling price, plus our Timex mix is also changing; we are selling a lot of higher price points. It is broadly like 50-50: 50% from value, 50% from volume.

On the EBITDA margin expectation, as I mentioned in the past, we want to grow our revenue way faster than probably what we have done in the past also, so we want to be competitive enough. The whole push of the company is to ensure that we take a higher market share rather than work on higher percentage EBITDA. We are certainly concerned about EBITDA, but we are more concerned about rupee EBITDA rather than percentage EBITDA.

I see that we can reach about 20%, and that is what I feel is doable and is right for our business. Beyond this would mean compromising on our top-line growth. The third one was your portal-wise. Flipkart happens to be our bigger partner out of the three, followed by Myntra, and then followed by Amazon. I hope I could answer all your questions.

Diya Kejriwal: Got it. Actually, I have one more question about the inventory. Inventory has increased from INR100 crores to around INR147 crores, so could you be able to share the September 2026 inventory position and the split between imported licensed products and Timex products manufactured at Baddi plant?

Deepak Chhabra: Our gross inventory is actually INR358 crores, which includes our inventory of finished goods plus inventory of WIP in our factory plus components and we also have small sale-or-return business.

Total inventory is about 358, out of which about INR100 crores comes from WIP in the factory plus our component inventory, and about INR40 crores, INR45 crores, these are rough numbers, Diya. So INR40 crores, INR45 crores comes from our inventory from our consignment accounts, and the balance is all our finished goods. That is what it is at this point in time, which is 30th of September.

Diya Kejriwal: Got it. Those were all my questions. Thank you so much for your time.

Deepak Chhabra: Thank you, Diya.

Moderator: Thank you very much. The next question is from the line of Saransh Bagdi, an individual investor. Please go ahead.

Saransh Bagdi: Hello. Good evening, sir. I have a couple of questions. One is regarding the trade receivables. Our trade receivables has actually doubled from INR58 crores to INR120 crores, so is it because we are keeping the inventory at a brick store because of this festive season?

My second question would be, I could see Tamannaah's photo in our presentation wearing one of the jewelry, so how is the prospect in jewelry business, if you can run us through what we are doing in this business?

Deepak Chhabra: Sure, Saransh. On trade receivable, I think we are at the best health possible. Since it was a large quarter for us, INR380 crores business, of course trade receivable would go higher, but our DSO is the lowest ever. Our DSO currently is 19 days, although our agreed credit terms vary between 30 to 90 days basis by brand, by customer.

I believe there is no worry on the trade receivable at all; value has gone higher largely because of higher business, and those collections would have happened in October itself or will happen this month. No worries at all because DSO is 19, which is best ever we have ever reported.

On the jewelry business, we do sell Guess jewelry in India as a distributor rather than as a license, but jewelry market, especially for costume jewelry which is priced at say 5,000-plus, is still pretty small and there is no channels who can actually sell it. The biggest player in costume jewelry which is 5,000-plus is Swarovski, and they sell 90% from their own stores, and we do not have very large number of our own stores.

So jewelry is a very small business for us, insignificant at this point in time. But keeping in mind the Indian consumption which is changing and the demographic which favors costume jewelry rather than fine jewelry which we all are obsessed with, I think there is a good future for this and we are investing, but at this point in time it is very insignificant business for us.

Saransh Bagdi: Okay. Thank you, sir. That is all from my end.

Deepak Chhabra: Thank you, Saransh.

Moderator: Thank you very much. The next question is from the line of Praveen Kumar from Fortune Towers. Please go ahead.

Praveen Kumar: Hello, Deepak sir. Congratulations, good set of numbers. Sir, before I jump into my questions, my request to you is, please have these conference calls every quarter, so it really helps to track your business for people like us retail investors. With that said, my first question, sir: In this watch business, there are so many participants, and what do you think is our right to win in this space? That is my first question.

My second question is, do you see any seasonality in our business? If yes, can you break up how does your Q1, Q2, Q3, Q4 usually looks like? My third question is, what is the capacity utilization in your Baddi plant now? Do you see an immediate need to expand your capacity? These are my three questions. Thank you, sir.

Deepak Chhabra: Sure, Praveen. Just to share with you, for the last I think one year, we have been conducting investors meeting on quarterly basis within a couple of days from our board meeting and we will continue that. On your first question, which is on right to win in watches, there are many of them in fact, but I will just list the bigger ones.

As I said, Indian demographic and a large middle class clearly shows that the biggest price segment where the consumption happens and will happen in the future is between INR2,000 to

INR10,000 followed by the people who will be buying their first watch. In India, watch ownership still is 15%, 16%, so there will be a lot more people getting added who will be buying their first watch, which largely means INR2,000 or less.

When we talk about these segments, INR2,000 to INR10,000, there are only two players as I mentioned, which is the market leader Titan and ourself. Market leader is still about 4x of our business in the core brand, which is Timex and we believe there is a huge scope to take way higher market share. And then entry price point, as I also covered, that TMX is the brand which covers the first-time watch purchaser and we are going to really accelerate the growth in that. That is one part on what is right to win.

Just to share with you that watches are seen as a technical product, so disruption in watches segment is very, very difficult. For example, no new brand in this price segment, of course global brands have come, but they largely address INR10,000 plus price segments but for price segment less than INR10,000, the last brand which came into India was Titan only, and that was 35 years. Disruption chances are less, it is a duopoly between Titan and Timex, and we feel we can take higher share than what we have today. That is one larger lever.

The second lever is, we as a company are a portfolio of brands, house of brands and we cover the entire consumption from a watch which is as low as INR700 in TMX to a watch which is as high as INR5 lakh in Versace. Nobody else, no other group in India has that kind of brand portfolio, which gives us an added advantage of catering to a large set of consumers in various different consumption buckets. There are many more, but I will say these are the two big ones.

The third one, if I have to pick up, of course we are ramping up our retail, which can give us humongous upsides because our retail contribution to our business, exclusive retail contribution to our business is pretty small, wherein the competition has about 40%, 45% business coming from their exclusive retail.

Coming to your capacity utilization, Baddi has been utilized at 100% almost, and about six, seven months back we expanded the capacity to six million and we will be producing six million this year. We are actually utilizing it at 100%, and we are expanding it further by May next year for our future ambitions and we are doubling capacity from 6 million to 12 million annually in single shift.

The last question you had was on seasonality. Yes, of course, the watches also follow a seasonality like any other consumer goods. The larger season for us are two: one is Diwali and the festive, which is immediately after Diwali, which is wedding season, which is urban wedding. Diwali and urban wedding, which is generally in quarter three, is one of the biggest season which we have.

But since we are more into business-to-business rather than direct-to-consumer, because we sell through partners, so for our business actually moves a bit more in quarter two because quarter

three is when the consumption happened and we sell to our partners largely in quarter two and also in quarter two quite a lot.

The second biggest season is Valentine plus lagan, as we call, lagan is your rural wedding, which generally happens in February, March, April. These two seasons are the big ones, but as I mentioned, our quarter are not impacted exactly by that season because we supply to our partners who in turn supply to retailer who in turn supplies to consumer, so probably our business is front-loaded by about 45 days.

Praveen Kumar: Thank you, sir. That was very helpful. Thank you so much.

Deepak Chhabra: Thank you, Praveen.

Moderator: Thank you very much. The next question is from the line of Bhavya Sonawala from Samasa Capital. Please go ahead.

Bhavya Sonawala: Hi, am I audible?

Moderator: Yes, sir.

Bhavya Sonawala: Thank you for the opportunity, and congratulations on a great set of numbers, not only this quarter, but last few quarters have been absolutely fantastic. Just two questions. One, in terms of, we have seen quite decent growth in Timex in the past few quarters. How do we look at marketing spend for Timex? Do we double down on it as the brand grows?

My second question is just to understand from you, once we do have significant offline stores, retail stores, how does that contribute to our overall business in terms of just a view on the industry? How does that actually pan out for a brand like ours? Thank you.

Deepak Chhabra: Sure, Bhavya. As a company, we spend about 8%, 8.5% on overall marketing for the whole business but we spend way higher for our own brands because licensed brands, our investment is less because licenses are taken because of their strength itself, brand strength itself.

On Timex, we generally spend about anywhere between 10% and 11% of our revenue, so that is the marketing investment we do. We are actually investing the similar percentages, although amount keeps on increasing because we are growing pretty fast, but as a percentage we remain between 10% and 11% for Timex, and I think that will be the case in the future also.

On ecosystem on how the distribution in watches happen, retail becomes pretty significant because we do not have many large key accounts in India for watches. If you have to really count, there are only three or four of them, and they are also regionally distributed; they are not national players, although one of the bigger one which is Just in Time is progressing all over the country now.

Rest all of them are mom-and-pop stores, which are single store, owner-driven. There is a huge opportunity to structure the market and retail becomes pretty significant and that is why we

intend to open a lot of stores and at a fast pace. Just to give you, perspective, the market leader, about 40% business come from their exclusive retail through three formats, and they have about 1,350 stores versus 42 stores which we have, 44 now, which we have. Structuring it as a exclusive brand stores has a huge potential, and that is why that is one of our key growth pillar which we have set for ourselves for the next couple of years.

Bhavya Sonawala: Just a clarification, so we can assume that this 10%, 11% of the Timex revenue towards marketing will continue for at least a few next few years? Is that a right understanding?

Deepak Chhabra: Yes, absolutely. 10%, 11% of our revenue will keep on investing on Timex. As a company, we invest about 8%, 8.5%, but on Timex we spend higher.

Bhavya Sonawala: Sure. Thank you so much, sir, and a happy Diwali to the whole Timex team. Thank you.

Deepak Chhabra: Thank you, Bhavya.

Moderator: Thank you very much. The next question is from the line of Priyam Shah from Trinetra Asset Managers. Please go ahead. Priyam, please go ahead.

Priyam Shah: Hello. Yes, hi. Thank you for the opportunity. Just following up with what you recently mentioned, so the store layout, the offline store layout, this would be in a franchisee-owned, franchisee-operated model or would the company be investing in it, too, because I just wanted to understand if there is any capex outlay from our side, too, at some point in the next few years?

Deepak Chhabra: Priyam, all our 44 stores which we currently have are all franchise-owned and franchise-operated, and the model will be the same for our expansion.

Priyam Shah: It will be the same. Okay. Right. My second question is that while I think we have been on a solid path to growth the last few years and this is likely to continue, just wanted to understand your view on anything that has changed on ground. I mean, sure, the analog industry is doing very well, I think the fact that the industry is doing well, our channel mix has been more focused on the online, e-com and q-com side, that has been doing well for us.

But do you see any underlying sort of one or two risks that you can sort of put out that could maybe not hamper our growth, but slow down or anything, anything that you can elaborate more on the risk side of things?

Deepak Chhabra: See, on the top line or consumption, I genuinely, if you ask me, I do not see a risk. There are only opportunities, and all global brands are looking at India, all of them. All brands in watch category, all of them are either in India or are setting shops in India or they are expanding further, so genuinely I do not see any risk on the consumption and widening of the industry.

On four, five things, I will not go into detail, but one is our penetration of watches as a country is very low versus other markets where the penetration is as high as 70%, 80%; India is only

15%, 16%, and not because people do not want to buy a watch, but because they cannot afford, because discretionary spend lower down the order is less.

That is changing with the kind of growth we are seeing as a country; that is changing. Plus, watches have actually become fashion, and when they become fashion, people want multiple of them, and that is being seen through our survey also. People do not need one; they need multiple.

Women segment is seeing a huge growth in consumption of watches. There are few more things, but I will not go into them, but it looks like there is no real risk on the category growing. The risk actually lies on material and foreign exchange being a bit volatile. That has been the case for last one, one and a half years: gold has grown by 100%, silver went up by 2.5x, copper went up by 3x, US dollar went from INR85 to INR97, and same thing happened in Swiss franc.

Those risks are real, which generally can impact your profitability, but we do have levers of price increases which we exercise this year also in April; that is where we could actually deliver similar product margins. On consumption, I do not see any risk if you really like it.

Priyam Shah: Right. And we do not have any channel risks, too, right? I think in our 3P model, it is not that within q-com or e-com, we are not dependent on a single channel.

Deepak Chhabra: Yes. That is real good question. The bigger challenge could be regulatory things from the government because all three of them are FDI companies: Flipkart, Amazon, and Myntra. Multi-brand retail, direct-to-consumer is not allowed, so any changes coming there could be a risk. But we have already diversified our business, as I mentioned: our marketplaces is huge, growing at about 300%, and that does not have any regulatory issues.

We are diversifying from only 1P model to 3P, quick commerce, as well as dot-coms. But if there is any larger government intervention on implementation of multi-brand retail restriction can impact 1P, but we are widely covered by other sub-channels in e-com.

Priyam Shah: Sure. Thank you.

Moderator: Thank you very much. The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.

Ankush Agrawal: Yes, hi Deepak. Thanks for taking my question. Before again going back on the inventory part, and going back to the comment that you made in Q4 that if we have like very high inventory, be ready for explosive growth, and that linking that with the fact that Q3 is generally a very low quarter for us. Are we expecting like a very big and not seasonally low Q3 this time, or your the inventory also consists of revenue expected in Q4?

Deepak Chhabra: Yes. So, Ankush, of course, quarter three is not as big as quarter two ever, and that will be the case this year also. But of course, we are prepared for a bigger quarter three versus say last few years, so inventory is for that. Plus, as I mentioned, our inventory, if you see the mix, it is largely

the core articles. Then generally what happens is, there is disruption in manufacturing and overall operations year-end and start of the year.

Generally, we faced that challenge last two years, wherein we lost opportunity for Valentine. For Valentine, largely the sell-in happens in the first 15 days of Jan, so keeping that in mind, we have gone a bit aggressive on our inventory not only for quarter three, but also to ensure that your Valentine is taken care of, which largely happens in end of December sell-in or first half of January.

The last thing is, this time when we see the lagan, those what you call dates when people are getting married, which is rural wedding, which is a big part of our business, is also front-loaded this time. Generally, it starts in end of March and goes up to May; this time the lagan is happening from February onwards. It is more of preparation to encash all these events.

Ankush Agrawal: Okay, got it. Secondly, just a clarification. Did you state to an earlier participant on your comment on margins that you are looking at 20% EBITDA? I am not sure whether I heard that right?

Deepak Chhabra: Yes. You heard it right, Ankush. The question was what, where can we reach on EBITDA. My answer was potentially we can reach about 20%. Say for the full H1, we are at about 17.5%; potentially in the future, we can actually reach till about 20%.

Ankush Agrawal: The reason I was clarifying this was because I think the earlier commentary was always been about 15%, 16% EBITDA; beyond that you wanted to invest for growth.

Deepak Chhabra: No, I think, Ankush, you are very right. We still continue believing that the top-line growth is number one priority rather than percentage EBITDA. We want to have more money in EBITDA rather than higher percentage, but I believe we can actually reach to till about 20%. That is what I would say.

Ankush Agrawal: And just the last clarification, when you say 20%, you are looking at this as quarterly margin or a full-year margin, because obviously quarterly we have certain variations because Q3 is typically low? This 20% is like essentially a margin that you are looking at in some point in Q2 or like full year?

Deepak Chhabra: No, I think this was not meant for this year; this was for the full year I am talking about. Of course, margins do vary by quarters. For example, the last financial year we reported 14.5%, but I believe this can expand in a year or so to close to about 20%.

Ankush Agrawal: Okay, got it. That was fine.

Deepak Chhabra: Thank you, Ankush.

Moderator: Thank you very much. The next question is from the line of Ishan Modi, an Individual Investor. Please go ahead.

Ishan Modi: Am I audible?

Deepak Chhabra: Yes.

Ishan Modi: Yes, so first of all, congratulations for the greater set of numbers. My question is more about the increasing competition within the premiumization portfolio of ours. There are multiple foreign brands also coming with the price point 20,000-plus where we are also. How we are dealing with the…

Deepak Chhabra: Sorry, Ishan, you are cracking. We are not able to clearly hear you.

Management: Please speak slightly slower.

Ishan Modi: Yes. Am I audible now properly? Hello?

Management: It's better.

Ishan Modi: Yes. So my question was more about the premiumization portfolio. So, what I'm saying that multiple foreign brands also coming with the price point 20,000-plus where we are also. So, how we are dealing with the competition in that premium portfolio, and do we foresee like increased competition can slow down our growth over there?

Deepak Chhabra: Okay. Ishan, so, in fact majority of the larger brands have already been operating in India for at least 3, 4 years, if not beyond, all of them. So now the ones which are coming in India are reasonably smaller global brands, not very large. So, we already say when you cross say INR15,000 and go up to INR25,000, INR30,000, we already have about 25 brands which are big ones, globally which are big ones.

But the brands which we have in our portfolio, especially Guess, has a huge legacy in India market. We have been operating in India for about 20 years in Guess as a brand, previously through a distribution partner and then we took it over ourselves. So, Guess has its own strength and very high relevance and recall value. So, we don't see any dent on Guess, and that is also have been shown with our growth. In last 4 years, we have grown business from about INR25 crores to close to about INR200 crores now. So, we do not see any risk there.

Plus, Timex also, with the global franchise, is playing in those price point where we are seeing huge growth. So, both these brands, Timex Global as we call them, those three global franchise where the price point is about INR15,000 and Guess, we don't see any risk; rather we are gaining higher market share, while all other brands are already in the market.

And then the addition of Aston Martin is really helping us. Aston Martin is a very unique brand in motorsports, and we are really seeing a huge traction on that, and that may become pretty sizable brand for us in the next year and a year ahead.

Ishan Modi: Yes. Very clear. And my next question is like I'm very new to this company, so can you help me explain like within our last few quarters, five to six, our growth has been picked up really good,

but before that growth was not really good. So, what's something we have started doing differently here?

Deepak Chhabra: Okay. So actually, we have tripled our business in last 4 years. We did INR265 crores, and then last year, full year we did about INR800 crores. So, we have been consistent, but of course last year was a landmark year where we grew on a yearly basis at about 48%.

So, there are three, four things. One is the market itself is growing faster. Secondly, we are in Timex and Guess, both these brands, we have made gains in product, aspirational value, and the demand as well as the channel. We are undoubtedly the company which has made higher share in online space, including quick commerce. So, it is a combination of offering culturally relevant brands at the right price and selling through channels where the competition was slow.

Yes. E-commerce generally for our industry contribute to about 18%, 19% of the business for majority of brands, and we actually are hitting about 40%, 42%. So, the channel strategy plus Timex being more aspirational than ever before and Guess taking space in a high-fashion brand has helped us really see the growth.

Ishan Modi: Yes. Very clear. And just one more request, sir: So, can you please keep doing the con call like this, because it is not possible for every investor to come in a in-person, right? So that's only one request, and all the very best for the future quarters. Thank you very much.

Deepak Chhabra: Thank you, Ishan.

Moderator: Thank you very much. The next question is from the line of Abhi Jain from AJ Capital. Please go ahead.

Abhi Jain: Good evening. Hope I'm audible.

Moderator: Yes, you are audible now.

Abhi Jain: First of all, congratulations, sir, on a great set of numbers. You are a market veteran, so you have seen the retail market upfront and up close. My question is more on the long-term vision and strategy. In India, it's a very peculiar market, right? It's quite price-sensitive, A, and B, it still is a market which gives you a lot of options and optionality for growth for a long runway.

So, I really liked your vision when you said that we probably would stop at an EBITDA margin of 20% and focus on increasing our market share and increasing sales, and we may not do it while increasing our margins and profitability. I understand that. Investing the money back in A&P spends and distribution, that really helps because India is a very price-sensitive market.

So, I just want to understand from you, sir, given your experience in the retail industry, how do you see a mid to long-term growth from here on for Timex? A, obviously it's still a very underpenetrated industry, the analog watch segment, that is why apart from Titan, there aren't many brands and growth levers are there.

But B, again, as you grow, as many other brands grow in many other sectors we have seen, as they start doing, as they start creating market share, gaining market share, the pricing power comes into place and that is where they start plateauing and stagnating. So, can you just help us understand your own vision, because I think that will help investors understand the long runway for Timex as you see it from your lens?

Deepak Chhabra: Sure, Abhi. So, I'm understanding it is for the brand Timex, not as a company Timex, right?

Abhi Jain: As a company, sir, as a company per se.

Deepak Chhabra: Okay.

Abhi Jain: Because Yes, it's a double-edged sword. One, you get the volumes in India, but again it's price-sensitive, so you have to be very dynamic around it. So, I loved your commentary saying that I would like to restrict my EBITDA margins at 20% and not grow it further, because I've seen many brands when they start growing their EBITDA margins upwards of 20%, their volumes start getting impacted, and that is where they lose the plot for a few years. So Yes.

Deepak Chhabra: Sure, Abhi. I will cover Timex as a brand first because that is the biggest lever we have.

Abhi Jain: Sure.

Deepak Chhabra: So, I'll repeat what I mentioned in case you missed it. One is of course there are, keeping in mind the Indian demographic and the pocket size and the biggest middle class, INR2,000 to INR10,000 watch is the most relevant for our market, was most relevant in the past, and will remain most relevant even after 20 years. Because while you and me will make more money and go up, but there will be a larger chunk of people who will come from poverty line to lower class and then middle class, so this segment is the biggest.

And this segment has duopoly, Titan, Timex. There is nobody else. And 35 years, this market has been big. Titan has been doing huge numbers, while we were still a small player. Many tried, but it's seen like a trust kind of brand; it's seen more technical, just like a mobile phone, so disruption chances are very less. A lot of micro-brands have come in the past; today there is a flooding of lot of micro-brands, but none of them has reached even INR50 crores.

So, the chances of disruption are least possible, and wherein the market is becoming big. For example, in the last 4 years, India has added about 43 million to middle class, Yes, and all of them at one point in time probably will consider buying a watch. So, even out of 43 million, half of them buy their first watch, that's a huge addition to the consumption. So, that's one part.

Now, the disruption can actually happen from the global brands. But the problem with global brands is they do not have supply chains in India as we have and as Titan has. We are the only two companies who actually have supply chain in India. Keeping in mind the duties and the entry barriers into market, plus other factors and the higher labor costs elsewhere, they will never be able to give price points which are key for the market.

And that's where we also -- I mentioned in my previous calls, all our global products also we are making in India now. Even Guess, we are trying to make in India, and we get a benefit of about 12%, 13%. So that restricts the global brands to enter the price segment which Timex and Titan covers today.

And the third is women segment is growing very, very fast. The ownership in women segment is increasing, and we have a very strong business by a franchise called Fria. So, I believe we have way higher -- and we are small -- Yes, sorry, I forgot to mention, we are small. Small in the sense the market leader is still, 5 years back they were 10 times of us; today also they are about four times of us in the same brand, I am saying Titan, Timex.

So, I don't have to expand the category, I don't have to really make people wear watches. I need to take market share from them. So, at least for the next 5, 6 years, I think it seems to me that there won't be any challenge, and we can continue the growth we are seeing without doing anything crazy. So that's what my take.

And the last thing, if I have to add, is what we are missing today is our own retail, which the competition has a very strong one. And that is what we are building over the next couple of years. And once you have your own retail, your dependency on third party becomes a bit less and your risk reduces, and that's the only risk I always see and that will get covered there. So that's what my take is, Abhi, on this, and I believe we can actually grow way faster than the market growth.

Abhi Jain: Right, sir. Can I comment one thing before -- I'm running out of time. I'm pretty sure that there are others in queue. I just want to comment that it's absolutely fabulous what you have laid out. It's a textbook strategy that you are playing.

The only thing is that I think based on Titan experience, what they have done is that they have consistently kept the gross margins at the similar levels, not really gone for that pricing power, and invested all the excess cash back into A&P, back into distribution. So, I think even Timex is on that path, and I hope this price consciousness that you have, that defines Indian market, that stays there and you just can keep growing. So, all the best, and Yes, looking forward to your journey for the next 5 to 7 years. Thank you.

Deepak Chhabra: Thank you, Abhi.

Moderator: Thank you very much. The next question is from the line of Rochwin Correia from KRIIS PMS. Please go ahead.

Rochwin Correia: Am I audible?

Moderator: Yes, sir.

Rochwin Correia: Sir, congratulation on the highest quarter. My first question was, due to increase in raw material cost, have you taken price hike across portfolio, like if you could give me the split between price

hike taken in Timex and price hike taken in licensed brands? My second question was regarding, now that domestic demand for movement has increased, so is company facing any shortages, and what are the measures taken by company for the same?

My third question is, if you could give me the split between Timex margins and international brand margins? Now Timex has started assembling Marlin and Timex Q in Baddi facilities. So what improvement in margins do you see from that? My last question is regarding Guess: By what time do you plan on in-house assembling of Guess, and what is the improvement in margins do you see from that? That is it, sir.

Deepak Chhabra: Thank you for the question, so I will quickly answer all of them. Price increases we took across all the brands effective from April this year, though our method was a bit different. We didn't go for price increase for all our SKUs; we went with selective ones where it matters, so that operation challenges are less.

There was a detailed study on our pricing versus the competition where we have more opportunity to take higher price, so it was very scientifically done and not done for all SKUs, but it was done for all the brands, but selective SKUs. Percentage terms, we increased between 5% to 15%; average increase was about eight, eight and a half percent, and this was similar for all our brands. Taking your question on movement, absolutely.

The world is seeing shortage of movement because movements largely are made in Japan by three large companies, and they have refused to increase their capacity, while the demand has increased after a decade. Globally, the industry was degrowing by 3%, 4%; now globally it is growing by three, 4%, but India is seeing a huge growth, so there is a movement crisis without any doubt.

One, of course, we have a larger muscle because of our global nature. It is not only India; we sell in 100 countries and we have higher negotiation power with them because we buy for the whole world. That is helping us secure our supplies, but prices of course have gone higher. In addition, just to ensure because we have very strong growth plans for India, and India grows more on units rather than on value still. So we are also considering a partnership with a new company who is into movement and building movements together.

This is at an initial stage, so I will not be able to comment more, but for the future we are trying to have Timex movement in partnership with a movement manufacturer. That will also help us tide over any challenges if we have further on the supplies of movement.

Your third question was how is the EBITDA margin on Timex versus licensed portfolio. Our product gross margins are very different, but our EBITDA margins are almost similar for all our brands, whether it has in-house brand or the licensed brand, largely because our A&P investments is higher on Timex and our own brand versus licensed portfolio, and the pricing licensed portfolio helps us give flow to EBITDA similar.

I think if we leave aside say one, one and a half percent difference, all our brands and all our businesses, all our channels, including OEM, delivers similar EBITDA. That is the beauty which we could create over last three, four years by working on value chain. So that any channel, any brand delivers the similar EBITDA, and then we focus on selling anything and everything rather than managing which one to sell more and which channel to push. That is on that.

Baddi versus imports, of course there is benefit: duties are about 22% if you import, and when you make in India, of course you save about 10%, 12% of material cost, not the margins as such, because you still have to import few components, but it gives you effectively 10%, 12% benefit, although duty benefits are 22%.

The last one is Guess assembly. Yes, we do have plans to assemble the top sellers in Guess in India, which has a sizable volume, and that plan is for quarter one of next year in fact, quarter of April.

Rochwin Correia: And one extra question: regarding any plans on adding additional Swiss brand for your licensed portfolio?

Deepak Chhabra: I do not know how did you get to know, but yes, we do have a plan to add an entry-level Swiss brand because that is where the gap is. In Swiss brand, there are a lot of brands in India which are at higher price point, but there is a gap of entry price point Swiss brand. We are actually working on it and should be able to share more details probably in three, four months.

Rochwin Correia: Okay, sir. Thank you.

Moderator: Thank you very much. The next question is from the line of Vivek Gautam from GS Investments. Please go ahead.

Vivek Gautam: Congratulations, sir, on good numbers and turnaround under your leadership in Timex. Sir, just wanted to know about the differentiators for our company, and the opportunity size for our company, and expected growth rate in time to come, sir?

Deepak Chhabra: Thank you, Vivek. We do not give any guidance, so as I mentioned, I will not be able to talk about our expected growth targets. But I can confidently mention that what we have done in the past is doable in the future, and there is a huge scope to still take more market share while the market itself is growing. That is what I can share with you on our future.

What is the differentiator? Of course, there are many of them. Briefly, if I have to talk about, Timex is a global brand and we have been there for about 172 years. We know watches like nobody else. We have sold more watches in our lifetime than all other brands put together in number of units. We have sold about three billion watches.

We know watches, the brand is very popular, awareness is very high, aspirational value we are amongst especially the younger consumer we are building through a lot of collaborations which we are doing plus celebrity endorsements which we are doing, which is not the case with our

competition. Then we have, we are a house of brands, so as a platform we have about 14 brands, so we do cater to all consumers across various consumption buckets.

We have the widest distribution network. We sell through about 6,000 point of sale, online, offline put together. Last but not the least, we have a in-house design studio and product development and our manufacturing facilities in the country. It is like integrated organization, unlike most of the global companies. These are our differentiators, and all of them are really helping us grow faster.

Vivek Gautam: And sir, how is our old rival part of performing which we used to partner with them once and how is their reaction to once being the once-sleepy competition is now wrecking up, and what are the steps they are taking? Any plans of going to the jewellery sector, sir?

Deepak Chhabra: Sorry, Vivek, I could not get you the first part.

Vivek Gautam: Yes, the competition with Titan, I was asking about Titan actually.

Deepak Chhabra: Sure. Jewellery, Vivek, as I mentioned, we always want to be get the first-mover advantage. Today jewellery, costume jewellery which is priced more than INR5,000, the market is pretty small, the channels are not available. India largely consumes either the fine jewellery, gold, silver, and other fine jewellery, or they consume very low-priced Chinese jewellery.

The market is, market in a sense channel is not available, but we have started selling Guess jewellery and we do have plans to start Timex jewellery also, but it is like for the future, not very near, foreseeable future. Jewellery is not a major part of our next two, three years strategy, but we will continue pushing it. It will remain insignificant to our overall business.

The other question was how the competition is reacting. Of course, we were probably at a stage four, five years back when we were not even considered in their strategies; today they follow us, they do lot of reactive steps to counter the strong competition which we are giving them, especially in the online space because online we have really got a model which is working without a conflict with the offline core business.

Vivek Gautam: Okay, sir. Thank you.

Deepak Chhabra: Thank you, Vivek.

Moderator: Thank you very much. The next question is from the line of Omkar from Shree Investment. Please go ahead, sir.

Omkar: Thanks for the opportunity. Most of the questions have been answered. I just wanted to ask one question: There is a limit to which ASPs can be increased, and I guess you mentioned 50% is volume growth and 50% is value growth, so till what level this growth can sustain in terms of value, like increasing ASPs?

Deepak Chhabra: Sure, Omkar. When I say price increases and ASP increase are two different things in my mind. Price increases are for the same products because of inflationary pressures which all other competition is also facing. But when I say ASP increase is not from the existing products. We are elevating our product offering through much value-added products, and that is where we have seen a huge growth.

For example, what we sell across the world, we never used to sell in India because the price point was higher, which is Q, Marlin, Waterbury, these are big franchise or Ironman, or say Weekender; a lot of those are there. Now we started selling those, which have about three times average selling price of Timex.

They are like upward of INR14,000, INR15,000, and our 14% business, 14% businesses actually coming from those franchise which we never sold in the country. Our ASP increase is largely happening from elevated products and much value-added products. So we are catering to a different consumer with those offering, while our core consumer still remains we still serve through what we design and develop in the country.

That is what I would answer your question It is not about price increases, it is about having elevated products to take your ASP higher. That does not have a limit, very frankly, because India is also seeing premiumization, upper-middle class is investing a lot of money in watches which are beyond INR10,000 and above.

Omkar: The example which you gave me is like for a particular section, right? But for the company as a whole, if you look at, can you just guide me what is the current average selling price at a company level, consolidated basis, and how much is the scope for this to go up?

Deepak Chhabra: Sure, Omkar. Consolidated will actually not make sense because Versace sells at INR5 lakh, Timex sells even at INR2,000. But I can answer that what we are doing in Timex, we are doing in all other brands. For example, in Guess, we launched automatics, which are at INR30,000 versus say INR15,000, INR16,000 average selling price, and that is a separate segment which is being covered.

Similarly, in Gc, we launched Swiss-made. We are doing different intervention to give elevated products in all our brands, so I do not see a challenge in continuing riding on premiumization by offering differentiated products across our brand portfolio. Consolidated ASP for the company, I will have to come back because the volume of higher price point is always less and lower price point is very high, so unfortunately I will not be able to answer that question now.

Omkar: Okay. Basically what you are saying is in every price point, you are going up on the ASP, right?

Deepak Chhabra: We are elevating our all our brands, while we are not vacating our existing portfolio. That's the beauty. Many of the brands, they leave the lower price point, go up, and that is where the challenge comes. What we are doing is we are stretching the brand. We are not vacating our core price point, while we are still covering the higher price point through franchise strategy, so that people understand that Waterbury they are buying, it is Timex, but it is elevated one, or Q they

are buying, it is Timex, but elevated one. So we are trying to do that a bit more strategically rather than vacating which is our core and trying to run after something which may not coming our hand.

Omkar: One more thing is that, you said, you won't be giving or you haven't given or won't be giving in the future as well the guidance, but what I heard is that the recent growth which you have done is replicable in the future as well. That is what you said. I heard that correctly?

Deepak Chhabra: Yes, Omkar, you heard that correctly, of course subject to a lot of things. But keeping in mind the industry, how it is growing, and our size being still small, and what we have done with our brands and the channel and everything, I think it is absolutely doable what we have done in the last 5 years.

Omkar: So, in view of that, in a couple of years, you would be needing any capital for this or this will be through the internal approvals, everythings?

Deepak Chhabra: Our business model is very asset-light. We do not do a large business on consignment, so there is no capital required there. All our stores are on franchisee model, so we do not invest. Our factory is fully depreciated, and we are making some good money now, so I do not think we would need any borrowing in any near foreseeable future.

Omkar: Okay. Thanks. Just a small clarification: The promoter selling which was done a few quarters back, are they done with it right now or anything is still left? Directionally, I am asking.

Deepak Chhabra: I actually do not represent them, but I can logically share with you that the promoter is at 51%, and this company is the second-largest market and the fastest-growing market, so logically it does not make sense for them to do anything more. That is what I feel.

Omkar: All right. Thanks a lot, sir.

Deepak Chhabra: Okay.

Moderator: Thank you very much. The next question is from the line of Vipul Kumar Shah from Sumangal Investments. Please go ahead.

Vipul Kumar Shah: Hi, sir. Thanks for the opportunity. So what is the capex for increasing this capacity from 6 million to 12 million?

Deepak Chhabra: We will be investing about USD1.2 million.

Vipul Kumar Shah: USD1.2 million, that is not a very big sum, right. Sir, can you share the number of watches sold in this quarter by brand? Is it possible?

Deepak Chhabra: Vipul, I do not have it ready, but I can share with you as a company how much we would have sold this quarter. It is about 2.5 million watches, about 24, 25 lakh.

Vipul Kumar Shah: Out of that, Timex should be?

Deepak Chhabra: Timex would be more than half.

Vipul Kumar Shah: More than, Okay. And sir, in view of…

Deepak Chhabra: About 60% of our business, and average selling price as compared to licensed portfolio is lower, so it would be essentially about 64%, 65% by volume.

Moderator: The line for the participant is disconnected. We'll move to the next question. The next question is from the line of Sayan Saha from Investment Insights. Please go ahead.

Sayan Saha: Hello. Can you hear me?

Deepak Chhabra: Yes, we can hear you.

Sayan Saha: First of all, congratulation on delivering strong financial performance this quarter. My question is simple, regarding your market share growth strategy, given that the Indian watch industry is highly mature, competitive, what specific strategies you will deploy to capture additional market share, drive the sustained growth over the next 3 to 5 years?

Deepak Chhabra: Sayan, thank you for your question. In fact, I have answered this to one of the other participant, but largely we are talking about building on our brands, which are largely the Timex and Guess, leveraging our distribution strength and our supply chain, which is our local supply chains, our manufacturing at Baddi, plus creating way higher aspirational value by investment in marketing, which we have been doing for a lot of quarters now. And then of course market is growing pretty fast, and we are poised as a major player to gain market share.

Sayan Saha: Thank you, sir. Thank you.

Moderator: Thank you very much. The next question is from the line of Deepak from Cubera Asset Advisors. Please go ahead.

Deepak: Yes, hi. Congrats for the great show, Deepak. One question. You talked about seasonality, you answer to that question. Q3 tends to be seasonally weak, it happened in FY26, FY25, so because of the postponement of the festive season, do you see it getting offset?

Deepak Chhabra: Deepak, very good question, but the postponement also was not very significant. Diwali was postponed by about two weeks. As I mentioned, we are largely into partner-based business rather than direct-to-consumer; for us, sell-in happens on an average 30 to 45 days before the event. But certainly there will be some benefits which will happen in this quarter, which is Quarter 3 versus last year.

Deepak: Yes, thank you, Deepak.

Moderator: Thank you very much. The next question is from the line of Mohit Chugh from Shubh Labh Research. Please go ahead.

Prateek Giri: Hi, Mr. Chhabra. Greetings. This is Prateek Giri from Shubh Labh Research. A very detailed call. Mr. Chhabra, just one question, most of them are answered now. So volume gain in lower price brackets is probably one of the key pillar of your strategy, and hearing the market leader, we are getting to understand that the market leader is vacating that market also, so probably some tailwind for us to play out there.

Now experientially, if you can tell us that how much of this vacating and getting this market by us has played out or probably for how long it can still play for us, experientially if you can share with us?

Deepak Chhabra: Sure, Mohit ji. I think what you are saying is right. The competition, precisely they have not vacated, they are trying to cover it by their other brands. But we see opportunity and which we partially have encashed also. What we have decided to do is we want to stretch the brand rather than play in a particular price point only, which sometimes is difficult, but we are doing it by virtue of having franchises.

When you say Timex Waterbury, it is of course a bit premium and Timex Fria which is again premium. So we see lot of gains in distributor led business, which plays between the price point of 2,000 to 6,000. So you are right, there is benefit which we realized and we encashed it, but that's not the only reason of our growth. That's one of the reason.

But the major reason is also on, say, playing in a segment where Timex never used to play. We never had a product which was more than INR7,000. Now we sell products as high as INR30,000 in Timex, and products which are more than INR10,000 contribute to 14% of our business. So we are also catered to a segment where our business was zero, and we do about 14% there.

So we are stretching the brand without vacating any price segment, and that has been one of the key success factor for us. Generally, it becomes difficult for brands to play in such a wide price bracket. We are able to do it by a franchise strategy, I won't say sub-brand, but it's like sort of sub-brand. So there is a differentiation between a premium Timex by franchise versus a lower price.

Prateek Giri: Got it. So, our volume growth in this probably INR2,000, INR5,000, INR7,000 price bracket will keep occurring for us, will keep happening for us?

Deepak Chhabra: You're right, Mohit, here, because that segment is also growing faster than, say, 5 to 10. When you cut between 2 to 10, 2 to 5 is actually growing a bit faster. So we see this benefit continues and continue for a pretty long time. Because watches, what happens, I don't know if I'm answering more than what you have asked.

Mohit, watches, what happens is nobody wants to buy the same kind of or same price point watch for their next watch. Everybody wants to elevate to the a bit more premium. So that really

helps Timex, because if they believe it's a good brand and they move the ladder, and that's really helping us sell both the lower price point for entry price point as well as higher price point for the same consumer.

Prateek Giri: Very clear, Mr. Chhabra. Thanks a lot. This was Prateek, by the way. Thank you.

Deepak Chhabra: Thank you, Prateek.

Moderator: Thank you very much. The next question is from the line of Astha Jain from Peakay Advisors. Please go ahead.

Astha Jain: Sir, thank you for the opportunity again. Just a quick follow-up on the margins. You said that we faced influence of commodity due to which our margins were down. So I just wanted to understand, are we seeing the same thing in Q3, or is it resolved?

Deepak Chhabra: So after the pressure -- Yes, pressure on commodity pricing is releasing it a bit. The gold prices have come down. Silver prices have come down. Copper prices have come down. Forex still remains a trouble because dollar still is about 95-96. But what I believe is this quarter should be better. Should be better. The negative impact, as we call PPV, will be a bit lesser than what we have seen in Q2.

Aastha Jain: Okay. And so just a second thing. Our revenue from own brands has increased. The revenue contribution from our own brands has increased from 55% to 60%, right? So this -- do we have better margins in our own brands? Will it contribute to 20% margins when our margins improve?

Deepak Chhabra: So Aastha, as I mentioned, our EBITDA margins are similar for all our brands. All the product margins are better in Timex. But then we invest on marketing higher in Timex. So higher share of Timex in our portfolio is strategically good for us because rest all brands are licensed and they're not our own brands.

So strategically, it makes more sense, but it doesn't have any larger impact on our EBITDA percentage, except that if we make more in our plant, we get higher absorption. So which is the only benefit you get for Timex? Because almost all Timex we make in India and we make in our own factory.

Aastha Jain: Okay. That's all from me. Thank you.

Deepak Chhabra: Thank you.

Moderator: Thank you. The next question comes from the line of Manoj Shah from Lax Government Investments. Please go ahead.

Manoj Shah: Thank you for the opportunity. Looking at the cash flow statement, we can see an increase in the receivables of around INR62 crores. So can you please comment on this large increase in receivables?

Deepak Chhabra: This is seasonal. So this is coming from the business which we have done this quarter. And this will get released in the next quarter. So we look at the receivable in terms of DSOs and we continue to track average DSOs with 12 months rolling at 19 days, which is the lowest ever. So this is coming from the quarter business, which will get realized in the next quarter.

Manoj Shah: And how you are positioning the company over the next 3 years to 5 years? You want to move towards premiumization or what's the strategy for the next 3 years to 5 years for the company? Because you have done so well over the last several quarters. So what's the plan for the next 3 years to 5 years?

Deepak Chhabra: So Manoj, as I mentioned to some other participants, we want to cater to a larger set of consumers rather than get carried away by premiumization. There are many, many brands are struggling now because the second you move higher through the pyramid, the number of consumers reduces drastically.

So we want to cater to the whole consumption pyramid through different brands of ours. So TMX for entry price point less than 2,000, Timex essentially between 2,000 and 10,000, and then fashion segment, which is 10,000 to 25,000 through Guess, Nautica, Benetton, and a few more brands which we have in our portfolio, and luxury through Versace and Ferragamo.

So we are not focusing only and only on any one segment, although a larger emphasis remain on Timex, which is between 2,000 and 10,000 because that happens to be a consistent largest segment for India market, keeping in mind the demographic and large middle class population which we have here.

Manoj Shah: Any plans to move into adjacent product categories like accessories and so on, maybe to start with through an e-commerce channel or a digital channel?

Deepak Chhabra: No, absolutely. I think that's a good question. We do have plans to get into more adjacent categories, but not immediately. I think over a period of 1.5 year, 2 years, we will start launching other categories. It is linked largely, Manoj, to our expansion of our exclusive retail.

Once you have, say, 100-plus stores out of 200, 250 which we plan to open, if you have more categories, it helps break even faster and higher revenue from your stores, and you get those stores on the platter as compared to finding a new distribution network for different categories because watch stores do not sell anything else. They only sell watches.

Now, if you make perfumes, you will have to have a different distribution. So we do have plans, but at this point in time, we are very focused on watches because we still see there is a huge headroom to grow, and we still have a smaller share as compared to the competition. So for the next 2 years, 3 years, I think larger focus will remain on watches and gaining our rightful share.

Manoj Shah: And what kind of top-line growth are you looking for next year, FY28 or ’29 kind of financial year?

Deepak Chhabra: See, Manoj, we as a company do not give any guidance, so I will not be able to answer. But as I mentioned, there are a lot more opportunities, and I do not see any reason why the growth which we have seen cannot continue in the next 3 years to 5 years.

Manoj Shah: So you can continue the growth that is currently going on?

Deepak Chhabra: Yes, that is what I assume. I think the market is growing. We have a smaller share. I think it is absolutely doable. Yes.

Manoj Shah: Thank you. Thank you very much.

Deepak Chhabra: Thank you.

Moderator: Thank you. The next question comes from the line of Mehul Panjwani from 40 cents. Please go ahead.

Mehul Panjwani: Hello, sir. Thank you so much for the opportunity. This has been a very good one-hour discussion for me because I am new to the company. I have only one question that Timex Group has started in India since 1988. I mean, this is what I could get from the internet. And you have been talking about that it is a duopoly between Titan and Timex.

But what is -- if you can just describe, because I believe that you have been holding the reins of the company only over the last few years. So what was the -- if you can just elaborate on what went wrong so many years after they came to India and now what has changed? And still there is a wide gap between Titan and Timex. So if you can elaborate on what went wrong earlier and what are we doing now that we are trying to catch up with Titan? Yes.

Deepak Chhabra: Okay. So, Yes, Mehul, I will rather concentrate on what we have done rather than probably what we did not do in the past. Yes. So we actually, business is very simple. Business is about brand, product and distribution. I think we worked on all three of them at the same time and across all our brands.

So it is largely like all channels, all brands started firing together and then we ensured that we build, aspirational value and demand for all our brands, especially Timex. And then, of course, all others. And then we worked on distribution. Generally, when you become big in online, your offline business takes a hit because there comes a channel conflict.

We could actually sort our products between online and offline. So while online became humongous, our offline also kept on growing at 30%-35%. So -- and then, of course, we increased our point of sale where we feel our brands can sell. We invested on people for training and visual merchandising so that our representation is right.

We also got into product development, which we never offered in the past, which were more elevated at higher price points. So it's a combination of things. But all related to building our brands further, making them more relevant and aspirational, offering products which are

differentiated and innovative at the price, which is, say, 20% cheaper than the nearest large competition, and then distributing them across where the consumer lies.

And on top of that, we worked on our supply chain and value chain to ensure our profitability and business is sustainable. And that's what you see while our top line is growing very aggressively, our bottom line is growing faster than that. Very briefly, I can share this. But if I tell you, I may take a couple of hours to share detailed things, but Yes, largely we worked on very basics of our business.

And then we also, the last thing would be if you talk about [Devoreal 100:12], I think we became courageous on our inventory carrying, on our distribution strengths, on taking risks on newer products. And that really worked in our favor.

Mehul Panjwani: Sir, one follow up. Sir, what is…

Moderator: I'm sorry to interrupt you, sir. We may request that you return to question queue for follow up questions. The next question comes from the line of Siddharth Mathew, an Individual Investor. Please go ahead.

Siddharth Mathew: Hi, good evening. Am I audible?

Moderator: Yes, sir.

Siddharth Mathew: Thank you for taking my question. I have, I'm asking regarding the capacity that's doubling by May. How long will it take for it to be fully ramped up in terms of utilization?

Deepak Chhabra: Yes, Siddhartha, currently our capacity in single shift is 6 million. What we are doing is we are creating infrastructure, physical infrastructure to take it to 12 million. But that doesn't mean that we'll be putting the assembly lines for 12 million.

So we will keep on adding assembly lines basis the requirement because physical infrastructure takes about 6 months, making the building and other associated civil work, but putting a line just takes 45 days.

So our plan for next year is to take 6 million to 8 million, and then basis the requirement, increase it to 12 million, probably, in the next 2, 3 years. So that's what the plan is, which largely means our utilization will be, almost 90% plus, because we don't want to put 12 million next year itself when we do not need 12 million to be produced.

Siddharth Mathew: Right, right. That makes sense. Thank you for the clarification. And just one more question. Can I squeeze in?

Management: Yes, please go ahead.

Siddharth Mathew: So you mentioned concentrating on the 2 to 10k range for your product, but I'm assuming the margins would be slightly lower than your premium segments. So what exactly gives us the confidence that we'll get to the 20% EBITDA margin range?

Deepak Chhabra: Yes, so actually, of course, you are right, when you have premium products, you get a bit more margin. But the products which are, say, 2,000 to 5,000 are not so elevated, they'll be in, say, plain three hands or day date. Our margins generally are similar, if you ask me -- or, say, it could be a difference of we do 43 in one and 45 in other.

So it won't be very different, but the game lies in volume. So when you say 2 to 5, the volume is humongous. And that is why I said, we are not targeting going beyond 20, we are targeting making a lot of money, rather than being happy in the lower top line and 25% of EBITDA, that doesn't make sense to us. So a larger impetus here is to sell more and gain higher market share and gain more EBITDA margins.

Siddharth Mathew: Okay, that makes sense. Thank you for the clarification.

Moderator: Thank you. The next question comes from the line of Aarsh Desai from Averra Asset Managers. Please go ahead.

Aarsh Desai: Hi Deepak, thank you for taking my question. I actually had a question on your vision to get to 20% EBITDA margin next year. I think what you said is that your product level margins are similar because you spend more on time, ads and advertisements, etc.

And I think you said you are at 100% capacity utilization. So with 100% capacity utilization, product margins being similar, what are the levers to go from 16% to 20% EBITDA margin, assuming you finish this year at 16%-16.5% EBITDA margin?

Deepak Chhabra: Yes, it's a leverage of my fixed cost. If you see my fixed cost hasn't gone much higher. It has only gone up by, whatever inflationary pressures are there. We're not adding a lot of people or infrastructure. Plus, when I produce more, Yes, certainly, we do run double shift currently when we need more than 500,000 units to be produced. And certainly, we do get overhead absorption. But larger is leveraging our fixed cost when we do higher business. And that is what has been expanding our EBITDA.

Aarsh Desai: But Deepak, at 100% utilization, those fixed costs are already spread over the maximum amount of units that you can produce, right? So I mean, more, if you want to produce more than the highest number of units that you're currently producing that, I mean, that essentially means you'll have to add more costs, right?

Deepak Chhabra: Yes, no, it's more on the, as I said, other fixed costs, people cost is always the big one. We haven't added a lot of people we don't need. In fact, I'm not a Baddi, but I'm talking about our corporate offices and regional offices and people serving our customer and other departments, or our office facilities and all. So that cost is only going up by 6%, 7%, 8% year-on-year while our business is growing at about 35%. And that leverage is flowing to the bottom.

Aarsh Desai: Okay, can I ask one more question, if you don't mind?

Deepak Chhabra: Yes, sure.

Aarsh Desai: Deepak, and my second question was a little broader. I mean, I know you've said that you don't see any risk to demand and consumption for watches. But you can kind of also alluded to the sort of demand that the world is seeing for watches has come back after a decade, which is why, movements aren't available globally, which would make me believe that watches also has like a trend factor, right?

Like what sneakers had, there's a trough and there's a peak sort of a situation. So where do you think we are in that cycle for watches? Because I mean, that -- for all consumer products, there is that some bit of cyclicality, which plays out?

Deepak Chhabra: So, I think you have a very valid question. But what I believe is India is -- currently consume only about 15%-16% people consume watches. Yes, so trend, or change in trends work in markets where the penetration is very, very high.

Yes, which is about 80%, 90% people are, consuming those products. In India, it's a larger consumption will come from first time purchase. And then of course, they will move the ladder and go to -- go the path of premization.

So I think the risk for a country like India is very less. If you say a country which is far way developed and consumption of watches or penetration of watches is high. Yes, so that remains in those markets.

In India, I think that we have multiple levers, even if one odd lever doesn't go in our favor, the industry will still continue growing. So that's what our take is. So for example, I'll give you a classical example of smartwatches. Yes, 2019, zero sold. 2023, 40 million sold.

Coming to 2026, that 40 million has dropped to 20 million. Yes, so that was the biggest disruption analogue could have. But even during that time, analogue was growing. So India is a pretty wide, large market, and can absorb these kind of, disruption because the levers are multiple. So that's what I feel about it.

Moderator: Thank you. Ladies and gentlemen, we will take this as the last question for today. I now hand over to Mr. Deepak Chhabra for closing comments. Over to you, sir.

Deepak Chhabra: Okay, thank you. Thank you, everyone for joining us today. And it was very productive, as I always say, these meetings are a learning ground for me, I get to know the perspective from a different lens altogether. So thank you for your time. And I look forward to another good quarter and seeing you soon. Thank you.

Moderator: Thank you. On behalf of Timex Group India that concludes this conference. Thank you for joining us, and you may now disconnect the line.