



“Siyaram Silk Mills Limited  
Q2 FY '25 Earnings Conference Call”

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**MODERATOR: MS. MAMTA NEHRA – ORIENT CAPITAL**

**Moderator:** Ladies and gentlemen, good day and welcome to Q2 FY25 Earnings Conference Call of Siyaram Silk Mills 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.

I now hand the conference over to Ms. Mamta Nehra from Orient Capital. Thank you and over to you ma'am.

**Mamta Nehra:** Thank you, Shlok. Good afternoon, ladies and gentlemen. I welcome you all to the earnings conference call of Siyaram Silk Mills Limited to discuss the Q2 FY25 business performance. To discuss this quarter's performance, we have from the management Mr. Gaurav Poddar, President and Executive Director, Mr. Ashok Jalan, Senior President and Director, and Mr. Surendra Shetty, Chief Financial Officer. Before we proceed with this call, I would like to mention that some of the statements made in today's call may be forward-looking in nature and may involve risks and uncertainties. For more details, kindly refer to the investor presentation and other filings that can be found on the company's website.

Without further ado, I would like to hand over the call to the management for the opening comments and then we will open the floor for question and answer. Thank you and over to you, Gaurav Sir.

**Gaurav Poddar:** Thank you and good afternoon and thank you all for joining us for the earnings conference call of Siyaram Silk Mills Limited to discuss Q2 and H1 FY25 results. I hope you all have had the opportunity to review our financial results and investor presentation which have been uploaded to both the stock exchange and our company website. I would like to begin by wishing you all a very happy Diwali.

At Siyaram Silk Mills Limited, we take immense pride in being a company that weaves together tradition and innovation, catering to the aspirations of the modern consumer. For over four decades, Siyaram has been synonymous with excellence in the textile industry, and we remain steadfast in our commitment to delivering the highest quality in every fabric we create. We are constantly pushing the boundaries to expand our reach and presence in the domestic market.

Our robust network of distributors, multi-brand outlets, online marketplaces, exclusive stores and institutional partnerships allows us to serve multiple end markets, ensuring that Siyaram remains accessible to a wide and diverse consumer base. Reflecting on the first half of 2025, we experienced a sluggish consumer demand in the textile and apparel industry owing to reduced consumer discretionary spending, a longer heat wave and fewer wedding days. During this period, we organized many conferences where we interacted with our dealers which had a positive impact on the primary sales while the secondary sales remained under pressure.

But with the onset of the festive season, we are witnessing some green shoots in consumer demand and are confident that this momentum will drive better results in the second half of the year. To capitalize on emerging opportunities and the significant growth seen in both the fast fashion and ethnic wear industries driven by evolving consumer preferences, we have decided to launch new retail brands. This is an exciting milestone for us in building stronger direct connections with our customers.

Before embarking on this expansion, we conducted an in-depth market analysis to understand the dynamics and opportunities within the apparel sector. We allocated the necessary resources to ensure the successful launch of each store and are confident that this expansion will help us to enter and establish a strong presence in key markets. In line with our announcements in the last quarter, let me introduce you to the brands behind this expansion.

Our Fast Fashion brand ZECODE will target Gen Z shoppers with the latest collections of stylish and affordable apparel. On the other hand, our ethnic clothing outlets will showcase a wide range of clothing under the brand DEVO, catering to countries' rich cultural heritage and style preferences. These brands allow us to tap into two key segments, trendy urban fashion and the timeless appeal of ethnic wear.

The journey has already begun with the recent opening of three ZECODE stores and one DEVO store, marking the initial steps in our expansion. By December 2024, we plan to have 12 stores up and running, with a total of 30 stores to be opened by March 25 in Tier I and II cities. This expansion is backed by an investment of approximately INR50 crores, with each store carefully designed to cater to the unique tastes and preferences of our consumers.

The stores will operate under a company-owned, company-operated model, allowing us to maintain direct control over the consumer experience, ensuring that we consistently deliver quality and a memorable shopping journey. As part of our dedication to rewarding our shareholders, I am pleased to announce that the Board has declared its first interim dividend of INR4 per equity share on the INR2 paid-up shares for this financial year. This decision reflects our gratitude towards our shareholders.

Furthermore, as we embark on the pathway of our 50th anniversary, we will be issuing cumulative, non-convertible redeemable preference shares by way of special bonus to all shareholders through a scheme of arrangement. As part of the scheme, the company will issue and allot 9% cumulative, non-convertible redeemable preference shares in two series with a total issue size of INR318 crores. Series I of these includes these bonus preference shares of 4 of these bonus preference shares of INR10 each for one equity share redeemable on or before the third year of issue.

Series II includes 3 bonus preference shares of INR10 each for every one equity share, redeemable on or before the fifth year of issue. In closing, we remain optimistic about the upcoming quarters with the festive season poised to boost consumer spending. Furthermore, the apparel market in India is expected to continue growing, fuelled by rising incomes and increased demand for affordable fashion. Looking ahead, we aim to maximise our market presence and deliver an elevated shopping experience for our consumers. We are confident

that these strategies will position us well to capture the potential in the market and drive long-term success.

I would now like to request our CFO Mr. Surendra Shetty to share highlights of financial performance. Thank you.

**Surendra S. Shetty:** Thank you, Gaurav ji. Good afternoon everyone. Our total income for the quarter 2 financial year 25 is INR629 crores as compared to INR597 crores in the second quarter of financial year 24. Fabric constituted 80%, garment 15% and yarn and other 5% of the second quarter of the financial year 25 revenues. EBITDA for the quarter is INR110 crores as compared to quarter2 financial year 2024 INR100 crores and EBITDA margin for the quarter stood at 17.5%. PAT for the quarter stood at INR68 crores with a year-on-year increase of 11%. And PAT margin for the quarter is 11%.

In the first half of financial year 2025, our total income is INR960 crores as compared to INR959 crores in the first half of the financial year 2024. EBITDA for the first half of financial year 2025 is INR145 crores and EBITDA margin stood at 15.1%. PAT for the first half of the financial year 2025 stood at INR80 crores and PAT margin is 8.4%. Our net debt-to-equity stood at 0.1 times, 0.10 times. Thank you for all from my side. Wish you happy Diwali to all and we can now open the floor for question and answer.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Madhur Rathi from Counter Cyclical Investments. Please go ahead.

**Madhur Rathi:** Thank you for the opportunity. Sir I wanted to understand how is the H2 shaping up and can we expect to grow our overall revenue by 10%? Can we cover that up in the H2 segment on that part?

**Gaurav Poddar:** I couldn't hear clearly. I think you are talking about covering the revenue growth of 10% in the second half of the year.

**Madhur Rathi:** Yes sir.

**Gaurav Poddar:** So, when we started the year, we had given an indication and a guidance of approximately a growth of 10% on the top line. The first half of the year, unfortunately, did not pan out as per our expectations and we saw muted consumer demand. However, we are very hopeful that the second half of the year because of the weddings and other festivities we will produce better results. So, we are not changing this guideline and expectation. So, we continue to believe that and try getting as close to that number as possible.

**Madhur Rathi:** Okay and sir on the margin front, can we expect margins to improve versus the previous year or can we expect at least it to be in the 14%, 15% range for the 4 years?

**Gaurav Poddar:** We have always given an EBITDA guidance of approximately 14% plus or minus and we had already indicated in the beginning of the year that we will increase our ad spend which will largely reflect in this quarter. So, that is something that is going to affect the bottom line, but we broadly will try to achieve an EBITDA of about 14% plus or minus.

- Madhur Rathi:** Sir this will be including our new bunch of the DEVO and ZECODE?
- Gaurav Poddar:** So, the DEVO and ZECODE projects are very new. We opened our first few stores only last week and those estimations are not considered in all of these numbers because that is something that will gradually affect the numbers of the companies.
- Madhur Rathi:** So, what kind of marketing and ad spends are we planning on these two segments for at least this year and the next year?
- Gaurav Poddar:** So, the company is a branded company, and we believe that brand spends are an investment to create the value for the brand in the market. So, traditional spends that we have indicated as a company will be between 4 to 5% of the turnover and whereas DEVO and ZECODE are concerned these are very new brands and in very focused and unique segments. We are opening retail outlets in focused cluster areas. The consumer awareness will largely be through the digital channel as well as through the local markets whether it is hoardings, newspapers, cinemas, whatever it is, will be very localized to attract footfalls.
- Madhur Rathi:** Sir just the final question on the government subsidy part. Sir, in a cashflow statement it is like around INR23.4 crores have come in each one of this year. So, what is the whole year estimate for the government income for this year as well as the next year?
- Surendra Shetty:** Yes this is the policy of the company to recognize the government subsidies when there is an assurance from the government bodies that they have sanctioned our subsidy. So, accordingly now only INR 6-7 crores is pending to come.
- Madhur Rathi:** In this year – you expect in this year to come in or can it flow through to the next year?
- Surendra Shetty:** We have to be same because when we get the assurance from the government that this grant is already sanctioned then only we will have to take into account.
- Madhur Rathi:** Okay sir. Thank you so much and all the best.
- Moderator:** Thank you. The next question comes from the line of Rajesh Sharma from SV Investments. Please go ahead. Mr. Rajesh, you may proceed with your question.
- Rajesh Sharma:** Hello sir and thank you for the opportunity. Just wanted to understand like what key metrics or performance indicators are being used to kind of evaluate the success of initial digital and local marketing efforts of the new expansion?
- Gaurav Poddar:** I think all efforts of marketing are generated towards driving more footfall to the stores because these are very new brands and it's only been a few days. So, we have to create a lot of awareness in the market that we are opening these stores and create local awareness for generating footfall. So, all of these trends are generated towards driving footfall. So, that is the number one key metric.
- Rajesh Sharma:** Okay. And like could you provide some insights into the revenue targets both on a per store basis and in a total like all stores are fully operational?

**Gaurav Poddar:** So, we are still in the mode of opening. We have opened about three in ZECODE and one in DEVO in the last week. That's four in total. We hope to open about 12 in total by December and 30 by March. So, this is a very new and they are all in very nascent stage. We are very -- in this financial year, we hope to maybe do about INR10 crores or INR10 crores to INR12 crores of revenue from these stores.

But these are still very early numbers because we cannot estimate exactly by when these stores will open. For the next year, we hope that we can do about maybe INR80 crores to INR100 crores of revenue from these stores. But still, these are all very early numbers, and we would like to evaluate these stores more and correct these numbers as we go along.

**Rajesh Sharma:** Okay. And like a last question that I had is like you had mentioned that industry is unregulated. So, could you elaborate on how the company intends to capitalize on this to gain a kind of a competitive advantage for fabric business?

**Gaurav Poddar:** I'm sorry, can you repeat that question?

**Rajesh Sharma:** So, like since you have said that the industry is unregulated, so could you please elaborate on how the company intends to capitalize on this to gain a competitive advantage?

**Gaurav Poddar:** I'm sorry, I didn't understand what you mean by industry is unregulated.

**Rajesh Sharma:** You had mentioned that industry is unregulated. So, I just wanted to understand how are we planning or what are the steps that we are taking to gain a competitive edge when it comes to capturing the market share?

**Gaurav Poddar:** No, no, I think you meant unorganized instead of unregulated.

**Rajesh Sharma:** Yeah, yeah, unorganized.

**Gaurav Poddar:** So, see the textile industry as a whole is a very fragmented industry and fabric and our business is largely selling fabric as a brand through the distribution channel. Our number one USP is that we are a branded fabric player and that gives us an edge over the unbranded fabric players. As we see going ahead, unbranded fabric is being converted to branded fabric and there are very few players in the market. So, all branded fabric players stand to gain from this.

**Rajesh Sharma:** Got it, got it, sir. Thank you. That was all from my side. All the very best.

**Rajesh Sharma:** Thank you very much.

**Moderator:** Thank you. The next question is from the line of Vishal Darji from Robo Capital. Please go ahead.

**Vishal Darji:** Hello, sir. Sir, I just had one question. Can you share the EBITDA margins segment-wise like in the fabric and the ready-made garment?

**Gaurav Poddar:** So, we do not differentiate and give numbers for each division, but overall they are very similar in nature.

- Vishal Darji:** Okay, okay. Thank you.
- Gaurav Poddar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Raj from Arjav Partners. Please go ahead.
- Raj:** Sir, how much time will it take for a store to break-even?
- Gaurav Poddar:** So, these are very relatively newer stores now and we have our internal targets in place. It is too early to talk about it, but we generally would expect between 15 to 18 months for a store-level break-even to happen. But again, these are very estimated numbers, and we would really like more time to assess these numbers.
- Raj:** All right. So, all in all, it takes around 15 to 18 months out of your experience you are saying. It might take more or less also, right?
- Gaurav Poddar:** Yes, based on actually what happens at the ground and how fast we are able to correct and understand consumer tastes and preferences. So, we are working towards it. In our experience, we think it would take this much time and hopefully we can do it sooner than that.
- Raj:** And how much inventory would you have to carry per store?
- Gaurav Poddar:** So, both these models are very different models. In the fast fashion business, an ideal inventory would be about six weeks or so of sales. And in the ethnic wear business, it would be a little bit more than that because of the nature of the business and the value of the apparel that is present in the store.
- And these all will vary according to seasons because it's a very seasonal business. So it's very difficult to give you an answer right now. I think you would want the business to stabilize first and then be able to answer these questions.
- Raj:** All right. And sir, in the ethnic wear, what will be our pricing point?
- Gaurav Poddar:** So, the ethnic wear brand Devo is positioned as a menswear brand from mid to premium wear where we are trying to celebrate every occasion for a man. And as we see in a man's wardrobe, ethnic wear is taking up more and more space. Ethnic wear as a category has been adopted very aggressively by the Indians for all kinds of occasions. So, it's a mid to premium wear segment and we will be catering to the complete wardrobe with apparel as well as accessories.
- Raj:** So, when you say mid to premium, so at what range are you referring to?
- Gaurav Poddar:** So, I can give you an example of say one of the categories. For example, a kurta-pyjama set, which is just a kurta and pyjama, for example, would start at approximately just under INR2,000 and MRP and go all the way up to maybe INR10,000-INR11,000 MRP. But all these are subject to change based on consumer taste. So, it's a mid to premium category where this kind of brand will be participating in.

- Raj:** Understood. And sir, for FY25, we are planning to grow at around 10% sales and 14% EBITDA, right?
- Gaurav Poddar:** That's right.
- Raj:** And would you like to give any commentary on FY26?
- Gaurav Poddar:** At the moment, we have not yet given any guidance on that, and I think we would wait for a couple of more quarters before we give guidance on that.
- Raj:** Okay. And sir, you are also planning to raise INR318 crores via preference issue?
- Gaurav Poddar:** We are not raising it. This is a reward to the shareholders where we are going to issue these redeemable preference shares as bonus shares. Redeemable preference bonus shares. So, we are giving this reward to our shareholders in two series that I mentioned earlier.
- Raj:** So, INR318 crores is the bonus shares you are giving to the shareholders as a reward. Alright.
- Gaurav Poddar:** Yes.
- Raj:** Thank you.
- Gaurav Poddar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sakshi Trivedi from Vijay Associates.
- Sakshi Trivedi:** A very happy Diwali to all of you in advance. I have a couple of questions. The first set would be, what are the additional products are we planning to introduce within the brand and how do these align with our current offerings?
- Gaurav Poddar:** So, these two brands, DEVO and ZECODE are completely new brands in new segments that we were not participating in earlier. ZECODE is a fast fashion brand and through this brand, we are opening retail outlets. This is in the value segment where we are introducing men's, women's and kids' wear apparel and accessories.
- Whereas Devo is an ethnic wear brand where again we are introducing men's apparel and accessories in the ethnic segment. So, both these products are relatively new for us, and we are very confident that as these two segments are growing rapidly, we can participate in these segments which we were not participating in before.
- Sakshi Trivedi:** Okay. The next question would be, could you explain how the distribution of our legacy business compares to our new venture and is there any expectation that the new venture will eventually contribute more to the overall revenue?
- Gaurav Poddar:** So, the first part of the question talks about distribution. So, our existing fabric and apparel business is all done through distribution channel where either we sell to a distributor who goes forward and sells to a multi-brand retailer. Or in some cases we have several brands that

directly go to the multi-brand retailer and there is an agent in the middle. So, it's a channel phase.

Whereas these two new businesses are direct to retail where companies are opening stores by itself and running these stores. So, we have direct visibility and companies selling directly to the end consumer. So, there is a large difference between the two businesses and the second part of your question whether it will be more in contribution, I think we are very early in our stage.

We want to first; it's just opened last week. We are very excited about both these brands, and we would like to first correct and identify the correct model, understand consumer taste, understand the pricing, correct all of this. So, it's still very early stage to comment on this.

**Sakshi Trivedi:** Right. Okay. Thank you so much.

**Moderator:** Thank you. The next question comes from the line of Aniket Nikam from AFL Capital. Please go ahead. Mr. Aniket you may proceed with your question.

**Aniket Nikam:** Yes. Hi, sir. Thanks for the opportunity. I just had one question. If you can help us understand a little bit better about the bonus preference share issues. So, is it fair to think about it like a sort of INR70 dividend that is being paid maybe INR40 after three years and INR30 after five years along with some interest?

Is that the way you would think about it or is there something different? It's a little bit unique in this company. So, it'll be helpful to understand.

**Gaurav Poddar:** Sure. Thank you for the question. I'll briefly take you through the modality of this transaction. So, basically, the company is issuing these shares, subject to regulatory approvals, which we estimate would take about 9 to 12 months. After all approvals are in place, a record date will be set, and these shares will be issued to all the shareholders in two series.

Series I will be a four is to one ratio where every equity share will get four of these redeemable preference shares. and series which will be redeemable on or before three years of issue. And the second series will be in the ratio of 3:1, three redeemable preference shares for every one equity share, which will be redeemed on or before five years of issue. These shares will carry a coupon of 9%. And as and when the date comes, the company will redeem these shares. I hope that answers your question.

**Aniket Nikam:** Will these shares be traded? I mean, will they trade on the exchange? And what is the record date for this?

**Gaurav Poddar:** Yes, we plan to list them on the exchanges once they are issued. And the record date cannot be ascertained at the moment because we need to await regulatory approvals before we can set that, which as I said, will take 9 to 12 months.

**Moderator:** Thank you. The next question comes from the line of Sanjeev Goswami from Fractal Capital Investment Limited...Liability

**Sanjeev Goswami:** Thanks for the opportunity. Sir, I understand that ZECODE is a bit early in terms of giving any financials feedback. But just in the business model, if you could just elaborate slightly two, three points. One, the targeted geography seems to be South India, while for ethnic trade in North India. So, any specific reason why we chose South India for starting a retail format which is direct to consumer, different from where we're doing ethnic trade, one.

Second, the merchandise mix in terms of apparel and accessories, what kind of mix it is going to be between apparel and accessories, and also within apparel, what is targeted at women's wear, men's wear and children's wear. And the last is, are we going to have public-private labels, or will we also have public labels?

**Gaurav Poddar:** So I'll start with the last question first. So these both brands, ZECODE and Devo, will have merchandise in their own labels. So, ZECODE will have all the merchandise under the ZECODE label, and DEVO will have all the merchandise in the Devo label. So, there are no other brands, and these are completely retail-first and branded business of the same retail brand.

So, it's a retail-cum-product brand. With ZECODE, as you mentioned, we are opening in South India first, whereas Devo is focused on North India. More specifically, the first cluster that we have identified in ZECODE is in the Karnataka sector, where we opened our first store within Bangalore, and we continue to focus on that cluster. In Devo, we have opened our first store in Delhi, and we continue to focus in Delhi and UP as a market.

The reason why we chose Karnataka as a state for ZECODE was because we felt that this model of ZECODE is in the fast fashion, GenZ kind of a consumer is the target consumer, and we found that market as a right fit to open the store and get the model right. Whereas with Devo, we identified Delhi as a key market, because we found that as a correct market for us to expand into the festive.

And occasion wear category, where we felt North India and Delhi in particular, is one of the drivers of consumption in this category.

**Sanjeev Goswami:** Other part was in the merchandise mix, and what is the kind of gross margins you'll be expecting from your pricing right now?

**Gaurav Poddar:** So, merchandise mix, again, is going to be apparel led, obviously, both of them ZECODE and Devo. Accessories is only going to be an add-on and something that you can complement an apparel to increase the ticket size. Within ZECODE, we have men's, women's and kids. So, it is too early to say, but I think, obviously, men's and women's contribute to a much larger percentage than kids.

But it is very early to give you an estimate of percentages, and we want to wait for consumer response, and grow it accordingly. Gross margins also, it is very early to mention, and ZECODE is under the value segment, where all products are priced under INR1,000 category to attract the value segment, and Devo is a completely different business model, where it is mid to premium.

- Sanjeev Goswami:** And the investment of store that you mentioned, does it include the lease deposit as well as the Inventory investments?
- Gaurav Poddar:** No, the capex only includes the cost to furnish the store.
- Sanjeev Goswami:** So, the lease deposit and the inventory will be on top of this INR1 crores to INR1.5 crores that you mentioned for ZECODE.
- Gaurav Poddar:** Right.
- Sanjeev Goswami:** Broadly, what this number will be?
- Gaurav Poddar:** So, they are industry standards, I think. There is nothing, lease deposits are very standard as per industry and how they negotiate.
- Sanjeev Goswami:** More on the inventory side, sir.
- Gaurav Poddar:** Inventory side, as I gave an indication, that in the fast fashion business, there is an ideal inventory of around 6 weeks plus or minus of inventory, and then in the ethnic wear category, the number changes. It's slightly higher because of the higher value merchandise. And also, these numbers are very subject to seasonality because the occasion wear is very seasonality driven, and so the numbers keep fluctuating.
- Sanjeev Goswami:** Okay, thank you very much, sir.
- Gaurav Poddar:** Thank you.
- Moderator:** Thank you. The next question is from the line of Amansingh Sahajsinghani from ProfitGate Capital. Please go ahead.
- Amansingh S.:** Hi, Sir. Thank you for the opportunity. Taking the question of the previous participant, understanding the strategy on ZECODE, I also wanted to understand a few things. So, most of the past fashion brands, their competitors are importing most of the articles, and so what is our strategy on sourcing of the clothing? Will it be domestically manufactured? Will it be imported from a country like Bangladesh, or how is it? This is the first question.
- And the second thing would be, as you said, the first store you have opened in Bangalore, and you will try to target that cluster. So, I wanted to understand the expansion of stores, particularly in ZECODE would be cluster-based. Or you will open Bangalore and nearby tier 2 cities, or you will try to capture the metro cities first to build the brand because the fast fashion is more consumed there. So, I wanted to understand these two things.
- Gaurav Poddar:** Sure. So, our stores, we have just opened three stores now, and we are very early in our days. So, sourcing is largely focused on India, and India is a large sourcing hub, is a large manufacturing hub, and we continue to believe that India is a very good sourcing hub for our brands. Bangladesh and all these other routes are more possible when you have larger volumes and larger number of stores. So, as and when our stores grow, we can evaluate that opportunity.

But India itself presents large opportunities for sourcing and getting us good quality garments at very attractive prices. In terms of the cluster expansion, yes, we will continue to focus on Karnataka as a cluster in the early days. This is because consumption is also being driven by tier 1, tier 2, all kinds of cities in India. And we believe that a cluster-based approach will help us promoting the in a more efficient manner.

We can target the consumer by creating a large store base around him, which we believe will help us create the brand faster. And then as we mature in this cluster, we can move to other clusters.

**Amansingh S.:** Right. So, a follow-up on that. So, we'll see the opening of stores more broadly in Karnataka, and followed by some South Indian states before we expand into other tiers, before we expand into metro geographies across India. Right?

**Gaurav Poddar:** Identify Karnataka as the first cluster. And until March, we want to open stores within this cluster. Based on how we open and how fast we are able to complete this cluster, then we will take a call on the next one.

**Amansingh S.:** Right. Also, the follow-up on first question on sourcing. So, we are manufacturing the thing ourselves, or we are taking it from the third parties, and we are just putting our label and then selling it, or how is it? So, we have some capex on manufacturing it, or how is it?

**Gaurav Poddar:** So, this is an asset-like model where we'll be taking these stores on lease. That is the capex that is involved. But whereas sourcing is concerned, we will be outsourcing these products. We believe that we have a strong advantage. Since we are a fabric company, traditionally, we have a strong advantage in understanding fabric. We buy a lot of yarn, so we understand right from the yarn level, manufacturing capabilities and technical and design capabilities that we have. So, while we outsource, the design and the technicalities will be decided by us, and together with our partners, we can produce a better apparel at an attractive price.

**Amansingh S.:** Right Okay. Got it. So, moving to Devo. So, this is not a fast fashion brand. This is a traditional wear brand which will be focused on the north geography. So, are we also planning maybe in the next 6 to 12 months to take this brand online, or it will be a retail-first approach?

**Gaurav Poddar:** So, the ZECODE brand and Devo brand, both are retail-first approach. Online is a channel that in ZECODE, particularly the Gen Z consumer, we identify as a consumer that is agnostic of each channel, and we will look at the online business as and when we stabilize these offline businesses a little bit more. So, online is always an opportunity. We want to be a consumer-first brand. So, that is the approach we are going with.

**Amansingh S.:** All right. So, last question. I'd like you to speak something about the competition. So, on ZECODE, a lot of brands are now getting into fast fashion as the category is emerging. So, can you speak about how we are planning to tackle competition in this segment?

**Gaurav Poddar:** So, of course, fast fashion, there are many players in the industry who are participating in this segment, and they're all doing very well in their own respective fields. We also believe that as this industry is growing, this GenZ consumer is becoming more and more of a relevant

consumer base in India as a country. The future decade or so in India is going to be led by GenZ consumption.

And we believe that fast fashion and value retail is a great opportunity to participate in this segment. We, as ZECODE, hope to use our expertise in our fabrics as fabric strength and design capabilities to produce a product that is very relevant for the GenZ market, and we can do that at affordable prices. It's something that we target and make a space for us in this huge industry.

**Amansingh S.:** Right. So, thank you so much for answering all the questions so patiently. Just one last follow-up. Have we already launched the footwear category also in ZECODE or it is on the cards?

**Gaurav Poddar:** No, ZECODE, we started with apparel and some basic accessories. Footwear, we have not yet launched. We can consider this once some more stores open, and we have some more business visibility.

**Amansingh S.:** Right. Thank you so much, sir. Good luck on the new ventures.

**Gaurav Poddar:** Thank you so much.

**Moderator:** Thank you. The next question comes from the line of Raman KV from Sequent Investments. Please go ahead.

**Raman KV:** Yes. So, I have two questions. One, can you give the guidance for FY25? And another one, I actually want to understand the redeemable preferential bonus share which the company is planning to issue.

**Gaurav Poddar:** Sure. So, the guidance for FY25, we had indicated at the beginning of this financial year to grow at about 10%, revenue growth with about approximately 14% EBITDA margin. The first half of the year was not as per expectation due to weak consumer demand. We still do not want to modify this guidance and we would like to get as close to this guidance as possible based on the festivities and weddings in the second half of the year.

Whereas the redeemable preference bonus shares are concerned, I already explained earlier, the company will subject to regulatory approval, issue these shares in two series. The first series will be a four is to one ratio where for every equity share, we will issue four of these redeemable preference bonus shares in Series-I, which will be redeemed on or before three years of issue.

And the second series entails a ratio of three is to one, where three of these redeemable preference shares will be issued for every equity share, which will be redeemed on or before five years. And these shares will hold a coupon of 9%.

**Raman KV:** And sir, can I know the purpose? Is there any purpose apart from reward for the shareholder, as you mentioned earlier?

**Gaurav Poddar:** The board was wanting to celebrate its 50th year and wanted to reward the shareholders for their support. And that is the reason we decided to issue this.

- Raman KV:** Thank you, sir. Sir, and one more, I am so sorry. With respect to the retail outlet, which the company is planning to come with the retail outlet of ZECODE and Devo, won't that put pressure on the margins of the business overall, at least in the short term?
- Gaurav Poddar:** So, as I mentioned, it will take some time for these stores to get profitable on a store-level basis. But we expect that the effect on the margins will be very negligible and very small. We hope that this business becomes an important business for the company in the future. And we do not envisage many major hits on the margins.
- Raman KV:** And can we assume that these stores will be mature stores by two-three years?
- Gaurav Poddar:** When we sit down to make an internal business plan, then we hope these stores to mature earlier than that. And these numbers are all very indicative in nature. And we hope that we will only be able to talk more once we see some performance. It's only been a week. We are very watchful on what's happening on the ground and taking corrective measures as we get more and more feedback.
- Raman KV:** Okay. Thank you, sir.
- Gaurav Poddar:** Thank you.
- Moderator:** Thank you. The next question, Anshul Saigal from Saigal Capital Advisors. Please go ahead.
- Anshul Saigal:** Thank you. Thank you for taking my question. Wish you a happy Diwali. My first question is that on ZECODE, will we be competing with the likes of Zudio through this brand?
- Gaurav Poddar:** So, in ZECODE, we are participating in the value retail segment and the fast fashion segment in particular. So, there are multiple brands that are participating in this channel with different strategies. And it's a large market with a huge opportunity targeting the GenZ consumer. So, there are multiple brands that are doing different things to approach this consumer.
- Anshul Saigal:** How will we differentiate ourselves?
- Gaurav Poddar:** So, we feel that one is the market opportunity is very large. And second is that we have a strong fabric background that we are traditionally a fabric company. And we believe that our strength in the technical knowledge and design of fabrics and yarns will help us in terms of how we can get the right product for the consumer at the right price.
- Anshul Saigal:** Right. In your initial comments, you mentioned that you are seeing green shoots in the environment in this festival, festive season. Could you just elaborate a little bit on that? What really are you witnessing? And what kind of demand uptake are you witnessing?
- Gaurav Poddar:** So, in the last few, in the last week or 10 to 15 days, we have seen some positive retail movement leading up to the festive season. We hope that the wedding season that's after the Diwali season will continue to see retail uptake. It's very hard to quantify the numbers, but we see larger footfalls when we interact with our channel. And that is the kind of feedback that I give.

- Anshul Saigal:** Okay. Could you just elaborate on, say, a three-year vision for the company? We've been in this range of INR2000, INR2200 crores for a long time. And I think that it would be very helpful if you could just kind of give a vision on, say, three, five years out where you want revenues, where would you like to see revenues three, five years out?
- Gaurav Poddar:** So, we have always indicated roughly about a 10% growth kind of a number on the top line. And to further increase this number, we have taken these new initiatives of introducing these new retail formats that we want to be present in and attract a new segment of consumer and new segment of categories that earlier we were not participating in. So, it is still very premature to talk about this new business. But in the traditional business, we hope to grow about 8% to 10% as indicated earlier.
- Anshul Saigal:** And in the past, you have guided that garments, you would want that segment of the business to be about 20% of revenues. We are still at about 13%. By when do you estimate that we can reach 20% of revenues in garments?
- Gaurav Poddar:** So, these new initiatives that we are talking about is all garment-based, because they are finished products, whether it is an ethnic wear or whether it is the fast fashion, they are both apparel and finished product. So, as these stores grow, as we grow more stores and each store matures, you will see that the apparel percentage as an overall percentage will increase. It is very difficult to tell you when we will reach 20%. But surely you will see an increase in that percent over time.
- Anshul Saigal:** All right. And what will be the, we are again at 14%-15% EBITDA margin, but say 3-5 years out, where would the company like the margins to be?
- Gaurav Poddar:** We have given a guidance of approximately 14% plus or minus at EBITDA margin and we would like to stick to that guidance.
- Anshul Saigal:** Even for the long term?
- Gaurav Poddar:** This has been an indication we have been constantly giving and so far, we have been able to stick to and now these new businesses have come, and we want to evaluate how they grow. So we believe that we can continue to maintain these kinds of margins.
- Anshul Saigal:** Okay. So, I mean, as the mix changes in favour of apparel or garments, you do not anticipate that this number can go up?
- Gaurav Poddar:** Well, the mix will change with the increase of this retail business, and we have not really considered that as an effect on how this EBITDA will change. These EBITDA guidelines have been, we have been constantly giving this for the last few years and based on how we perform, it is too early to talk about how it affects our margins. So, I would like to answer that question maybe after some stores mature.
- Anshul Saigal:** All right. Thank you. Thanks for patiently answering my question. Thanks.

- Moderator:** Thank you. The next question comes from the line of Hiten Shah, an Individual Investor. Please go ahead.
- Hiten Shah:** Yeah. Thank you very much for the opportunity. I had a couple of questions, a largely continuation of past questions. One is in terms of the preference shares, the 9% return which you are talking about, that's based on a face value of INR2 per share, preference share?
- Gaurav Poddar:** So, these redeemable preference share, both four is to one and three is to one will be issued at face value of INR10. And percentage of the 9% is going to be based on that.
- Hiten Shah:** INR10. Okay. And the second part is you briefly spoke about your design capabilities. As I understand, the ethnic wear business does have a large amount of influence in terms of how the designs are. So, could you just give us some more, some colour, some, can you elaborate a bit more on now what are your design capabilities in terms of your ethnic wear business and maybe in terms of number of designers or any other capability which you have?
- Gaurav Poddar:** So, in the ethnic wear business, we are already present in the fabric business where we are selling ethnic wear as a fabric product which we started about a year or so ago. And we are selling that through the channel. But we believe that as a finished product, this would yield much better results.
- So, that is also a sourced business where we use our designs and collaborate with manufacturers to design together and produce a unique product for the market. So, that inherent knowledge that we have from the fabric business will lead to great results when we start this apparel business.
- Hiten Shah:** Right, sir. Thank you very much and all the very best to you.
- Gaurav Poddar:** Thank you so much.
- Moderator:** Thank You. Ladies and gentlemen, in the interest of time, we will take this as a last question. On behalf of Siyaram Silk Mills Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you, everyone.
- Gaurav Poddar:** Thank you, everyone, and wishing you all a very happy Diwali.