

11th November, 2025.

To,

BSE Limited,
Phiroze Jijibhoy Tower,
Dalal Street,
Mumbai

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051

Scrip Code: 503811

Company Symbol: SIYSIL

Sub: Transcript of Analyst / Investor Meet held on 6th November, 2025

In nexus to the captioned subject and in terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed is the Transcript of the Analyst/ Investor Meet held on 6th November, 2025.

The same will also be available on the website of the Company www.siyaram.com.

This is for your information and records.

Thanking you,

Yours faithfully,

For SIYARAM SILK MILLS LIMITED

William Fernandes
Company Secretary

Encl : a/a.



“Siyaram Silk Mills Limited
Q2 FY '26 Earnings Conference Call”

November 06, 2025



MANAGEMENT: **MR. GAURAV PODDAR – PRESIDENT AND EXECUTIVE
DIRECTOR – SIYARAM SILK MILLS LIMITED**
**MR. ASHOK JALAN – SENIOR PRESIDENT CUM
DIRECTOR – SIYARAM SILK MILLS LIMITED**
**MR. SURENDRA SHETTY – CHIEF FINANCIAL OFFICER
– SIYARAM SILK MILLS LIMITED**

MODERATOR: **MS. AYUSHI GUPTA – MUFG INTIME INDIA PRIVATE
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Siyaram Silk Mills Limited Q2 FY '26 Earnings Conference Call. As a reminder, all participant lines will be in 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Ayushi Gupta. Please go ahead.

Ayushi Gupta: Thank you. Good afternoon, ladies and gentlemen. I welcome you all to the earnings conference call of Siyaram Silk Mills Limited to discuss the Q2 and H1 FY '26 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 could be found on the company's website.

Thank you, and over to you, sir.

Gaurav Poddar: Thank you. Good afternoon, and a warm welcome to everyone joining us today for the earnings conference call of Siyaram Silk Mills Limited to discuss quarter 2 and First Half of FY '26 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's website.

Siyaram is a leading name in India's textile and apparel industry known for blending traditional craftsmanship with modern innovation. With over 4 decades of experience, we offer a diverse range of premium fabrics and ready-made garments that reflect quality, style and versatility. Backed by strong manufacturing capabilities, creative design teams and a wide distribution network, we continue to set benchmarks in fashion while staying true to the legacy of excellence and trust.

In the second quarter FY '26, the textile and apparel sector witnessed steady growth, supported by improved consumer confidence and stronger market demand. The early arrival of the festive season boosted retail activity, leading to higher footfalls and better sales performance. Overall, the quarter reflected a gradual recovery in discretionary spending, indicating a positive shift in consumer sentiment.

In the second quarter, we continued to build on the momentum from the first quarter, making healthy progress across our business segments. Our new brand, ZECODE, catering to fast fashion and DEVO focused on modern ethnic wear continue to perform well and are receiving strong customer feedback. Their growing acceptance reflects our efforts to stay aligned with the evolving market trends and consumer preferences.

During Q2 FY '26, we opened 7 new ZECODE stores and 2 new DEVO stores, bringing the total store count to 23 ZECODE and 12 DEVO stores since their launch. As discussed in the last quarter, we are working towards opening approximately 35 stores this fiscal year. Our store expansion strategy continue to focus on key markets with high growth potential, enabling us to deepen our retail presence and connect with a wider customer base.

We are delighted to announce that the Board of Directors have approved an interim dividend of INR4 per share for a face value of INR2 each. This decision reflects our continued focus on creating long-term value for shareholders and underscores the company's strong financial position and confidence in its growth outlook.

Our total income in the second quarter FY '26 stood at INR743 crores compared to INR629 crores in the same quarter last year, marking an 18.1% year-on-year growth. In the first half of FY '26, the total income reached INR1,143 crores as against INR960 crores in H1 FY '25, reflecting a healthy 19.1% increase backed by a strong brand portfolio, wide distribution network and consistent operational execution.

Looking ahead, the recent cut in GST on selected apparel categories is expected to further lift consumer sentiment and encourage more spending. With our trusted brand, wide retail presence and focused approach, we are well placed to benefit from these positive trends and continue growing in the coming quarters. Our focus remains clear on enhancing productivity, efficiency and profitability.

We continue to invest in improving our products, strengthening customer service and upgrading technology, all aimed at building a stronger foundation and creating greater value for our stakeholders.

Looking ahead, we are committed to driving the next phase of our growth journey while expanding our store network and promoting our brands. We remain focused on financial discipline, maintaining healthy margins and ensuring sustainable long-term growth for the company.

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

Surendra Shetty:

Thank you, Gaurav ji. Good afternoon, everyone. Our total income for the Q2 FY '26 stood at INR743 crores as compared to INR629 crores in the quarter 2 of financial year '25. Fabric contributed 77%, garments 15% and yarn and other 8% of the total revenue for the quarter. EBITDA for the quarter was INR145 crores as against INR110 crores in the quarter 2 of financial year '25, and EBITDA margin stood at 19.5%.

PAT for the quarter was INR87 crores, reflecting a 27.2% year-on-year increase with a PAT margin of 11.7%. For the first half of financial year '26, our total income stood at INR1,143 crores compared to INR960 crores in first half of financial year '25. EBITDA for the period was INR177 crores with an EBITDA margin of 15.5%. PAT for first half of financial year '26 stood at INR92 crores with a PAT margin of 8%.

Thank you all from my side. We can now open the floor for the question answers.

- Moderator:** Thank you. We will now begin the question and answer session. The first question is from the line of Dev Gulwani from Care PMS.
- Dev Gulwani:** I wanted to know what has been the volume growth and value growth in the fabric and garment segment separately in the second quarter? And also, what is the contribution of ZECODE and DEVO in the second quarter?
- Gaurav Poddar:** So generally, in terms of the volume value growth, overall growth for fabric and apparel, the traditional business has been about 15% in that range. And with regards to ZECODE and DEVO, the overall top line for the first half is approximately under INR30 crores.
- Dev Gulwani:** Okay. And also, company has seen good growth in the past few quarters in the fabric segment. What is driving this growth? What is the reason behind it? And is it the industry going at such level? Or are we gaining market share?
- Gaurav Poddar:** So if you look back over a longer period of time, maybe, say, a couple of years, the consumer sentiment was quite weak and there was low rural demand. I think we are in the phase where we are recovering from that and consumer sentiment is improving. Additionally, the festive season, particularly the Diwali season being preponed slightly this year has helped that cause as well.
- So of course, the market, I don't think is growing at this speed. We are gaining some market share. But as a company and as a brand, I think the branded players, there is more aspiration towards the brand. And as the economy gets more formal with tax reforms and other things, then I think branded players will benefit from this.
- Dev Gulwani:** So is this growth sustainable?
- Gaurav Poddar:** So we indicate a long-term growth average of about 10% to 12% now with this new retail business as well. Of course, the first half of the year, we have seen much better growth. And therefore, I think that for this year, we would like to revise the guidance to maybe 12% to 14%. And then we can look ahead from the next year in the following quarters.
- Dev Gulwani:** And how has been the demand after the GST cut in the current quarter?
- Gaurav Poddar:** I think it's still very early. Of course, GST reduction in apparel and other discretionary consumer items has definitely had a positive sentiment in the market. Also, the festive season, the wedding season this time is quite vibrant. And overall, we feel that there's a strong consumer sentiment going ahead.
- Moderator:** The next question is from the line of Naitik from NV Alpha Fund.
- Naitik:** Sir, my first question, you mentioned that retail stores contribution for the first half would be closer to INR50-odd crores. And last year or last quarter, I think we were expecting sales INR70 crore, INR80-odd crores. So do you think we can cross this number given a very strong first half?

- Gaurav Poddar:** The number I mentioned was INR30 crores, just under INR30 crores for the first half. And our initial expectation of INR70 crores, INR75 crores is still what we are expecting at this moment, and we will update as we move ahead.
- Naitik:** Got it. And sir, now given that we might have spent some of our older stores might be closer to spending a year into existence. So if you could give us some broad store economics what is the sales per square feet they are saying, what are the average sizes of the stores? And how are they performing? So that would really help us?
- Gaurav Poddar:** So without getting too much into the numbers, I can just tell you that when we started this model, we started looking at 2 types of stores. One was the 4,000, to 6,000 square feet, smaller stores and the other was 6,000 to 8,000 some are about 9,000, 10,000. So there were 2 types of stores. The first initial few stores were on the smaller side, and then we started looking at the higher-sized stores. None of the stores have completed 1 year till the second quarter.
- But initial feedback that we are getting is that the larger sized stores, which were opened only after January in this year, are seeing better results because we are able to give a better consumer experience in that larger format store where all product categories are being displayed and give a better feel for the consumer.
- So that is the initial feedback that we got. And incrementally, we are looking at the larger size, which are all over 5,000, 6,000 square feet and not more than 9,000, 10,000 square feet. So that is the kind of feedback that we've got and taken action upon.
- Naitik:** Right. And so these larger sizes are across both formats or it is particular to ZECODE only?
- Gaurav Poddar:** This is for ZECODE. For DEVO, we had initially planned 2,000 to 4,000 square feet. So our average price is about maybe 2,500, 3,000 square feet in this range. If you go in the mall, then sometimes it's slightly smaller. So it's also the kind of space we get, but this is the ballpark of what we are looking at.
- Naitik:** Got it. That's very clear. And sir, my second question is I wanted to understand the traditional piece of the business a little better. So if you could give me the sort of margin differential between the 3 segments, that would be helpful?
- Gaurav Poddar:** What do you mean by 3 segments?
- Naitik:** Fabric versus garment versus yarn and knitting segment?
- Gaurav Poddar:** Yarn and knitting is a very small segment, and that is a B2B business. The main business is the branded fabric and apparel business, which has a similar margin structure. Basically, this business is a distribution-driven business, where we are a brand which has manufacturing capabilities, but also relies largely on outsourcing.
- So it's more of a trading business. Incrementally, we plan to do more trading, and because we have a brand, and we keep promoting the brand, we are able to plan for the season on a

monthly, bimonthly basis and use the strong and wide distribution network to give access to consumer of our product through multi-brand outlets.

- Moderator:** The next question is from the line of Nilesh from Anantnath Skycon Private Limited.
- Nilesh:** Sir, congratulations on a good set of numbers. My question is, as of today, we have 23 ZECODE and 12 DEVO stores as we plan 35 total stores for this financial year. As we are ahead of our target, in coming 2 quarter how much stores we are planning to open? And in terms of square feet total, how much square feet that we have already opened?
- Gaurav Poddar:** So this number, 35 stores that we have as of September ending is cumulative of since we have started. So some of those stores have been opened in the last year. We have opened approximately 16-odd stores in this year and against the initial projection of approximately 35. So we are working towards how we can get close to that number. In terms of square feet, we are just under 2 lakh square feet for both these stores combined.
- Nilesh:** Okay. So how much store that still we are going to achieve in this year?
- Gaurav Poddar:** So since we had projected an initial number of approximately 35, and we have about 16 in this year. So the balance stores we are working on for the second half of the year.
- Nilesh:** Okay, sir. And can we get revenue from both the brands separately?
- Gaurav Poddar:** We are very early in our stage right now. So we have just given an indication of the cumulative revenue so far, which is approximately INR30 crores for the first half.
- Nilesh:** INR30 crores. Okay. And sir, how much EBITDA margins we are targeting in coming financial, whether the further improvement in the margin is possible or will it peak out?
- Gaurav Poddar:** So we will stick to our original guidance of approximately 14% of EBITDA margin without this retail business, which we have indicated earlier, which will have a hit on EBITDA by about 150 basis points.
- Nilesh:** Okay. And sir, how GST rationalization impact our performance and growth in coming years?
- Gaurav Poddar:** So bulk of the business comes from a fabric segment, where GST has not been changed. So that remains insulated. But GST generally in discretionary spending, we believe, have given a boost to consumer sentiment and therefore, discretionary spending should be improved. The festive season, the marriage season ahead. So there is a macro complete environment from all sides where consumer sentiment should be boosted, and we are hoping to see the benefits in the second half.
- Nilesh:** Okay. Sir, one last question on our reporting. Why we are adding other income in our EBITDA?
- Surendra Shetty:** Yes, the other income is added in the EBITDA.
- Nilesh:** Sorry?

- Surendra Shetty:** Other income is added in the EBITDA. That is a practice.
- Nilesh:** Okay. Because if we segregate this other income, net EBITDA margin is only 15% for this quarter?
- Surendra Shetty:** Yes, it's around 15%. Correct.
- Nilesh:** Okay. Sir, can you also give a guidance for this year?
- Gaurav Poddar:** Guidance for what, sorry?
- Nilesh:** Guidance of revenue.
- Gaurav Poddar:** As mentioned earlier, we give a traditional guidance of approximately 10% to 12% for the year. And we don't look at it on a quarterly basis because there is a lot of seasonality in the business. But since the first half, we have overachieved from the original guidance. So we wanted to extend our guidance from 10% to 12% to 12% to 14% for this fiscal year.
- Moderator:** The next question is from the line of Madhav from SKP Securities.
- Madhav:** So I wanted to know, sir, that out of the total, how much percentage of your sales come from in-house production? So if you can share that number, like if there is very much different in case of garments fabrics and separately for both or like on a combined basis, you can tell like how much is in-house manufacturing of whatever you sell?
- Gaurav Poddar:** So over the past few years, we have indicated that we want to move to more of an asset-light model. And since we are a branded company, it is easier for us to outsource and focus on the marketing side. And at the moment, approximately 50% of our production is outsourced.
- And that is going to increase by the day. This is for a fabric business. In the garment business, it is slightly more than that. So we continue to believe that is the right model for us.
- Madhav:** Okay. Understood. And sir, in the garment business, like is there any particular product category from which the majority of the sale comes like, for example, like shirts or pants or is it evenly distribute? How is it?
- Gaurav Poddar:** So in the apparel, traditional distribution apparel brands that we have, they are menswear brand and western menswear, and within those menswear the top wear, which is the shirts and formal casual, those kind of categories, they contribute the maximum percentage of the sales. But it is a thing that keeps evolving over a period of time. And since we are not manufacturing this, then we can evolve very quickly to consumer changes.
- Madhav:** Okay, understood. And sir, is this understanding correct that for this fast fashion brand ZECODE, it would be like entirely outsourced like whatever you sell. Is this understanding correct? Or in that there is some in-house manufacturing?
- Gaurav Poddar:** So for ZECODE, everything is outsourced. But 1 thing that we believe is our USP is that since we are in the fabric business, since we are in the textile industry now almost 50 years, we have

a strong sense of the fabrics, the qualities, the designing and all these other aspects. So as we get more volume, we'll be able to participate more in how the sourcing is done. So even if we don't buy the products at various stages, we can influence the purchase decision and help our quality improve.

Madhav: Okay. And sir, just a final question. For the ZECODE stores and these DEVO stores, like what strategy are you opting for store expansion? Is it like cluster based or you are going in different cities? How is it?

Gaurav Poddar: For ZECODE, for example, we have always mentioned that we want to focus on the Karnataka cluster for the first phase. So we are still focused on that cluster, where Bangalore is a center and most of the stores are in Bangalore city and suburbs and then we move to Tier 2 cities in Karnataka. For DEVO also, we followed a cluster. We started with Delhi and UP, and we've extended to Punjab. So we are focused on the North India cluster for the moment.

Moderator: The next question is from the line of Parshv Shah from Mehta Equity Limited.

Parshv Shah: I want to ask about brand marketing budget and export strategy about the company. So how do you allocate the marketing budget between traditional business and new age brands? And second is your export strategy. So in Q1, exports were 9% of the revenue. So any new market or the partnership plan in increasing in this quarter, sir?

Gaurav Poddar: First question that you asked for marketing, we have indicated an approximate spend of 4% to 5% of our turnover for marketing. And we continue to believe that investing in our brand is very important because that is something that is our key differentiator, and we relate well with the consumer and audience at large.

So in the traditional brands, we have had an extensive campaign with various brand ambassadors for our different brands across different kinds of media, whether it is print or television or outdoor and other things.

With regard to the newer brands, which is ZECODE and DEVO since we are following a clustered approach, we are focused on localized advertising next to the store and getting people aware of the brand, which is very new as well as the store, which is also very new.

So informing people about letting them know about the brand, its offerings and how we can attract them to the store. In terms of export, we have an export of approximately 10% of the turnover is export, which is in line with what we have seen since the last years or so.

And that business is something that we are focused on. But there is also an increase in the traditional business, which is why the percentage does not change, but absolute value, there is increase on that as well.

Parshv Shah: Okay. And how is the company navigating the tariff changes and logistic challenges in exports? Any idea on this?

- Gaurav Poddar:** Yes. So tariff changes, of course, it's a dynamic situation, and it is monitored regularly. We do not have any direct exposure to the U.S. at the moment. We do have orders from U.S. customers, but we right now export to garment converters, which are located outside. So therefore, there is no direct exposure as such. But of course, the situation remains dynamic, and therefore, buyers remain tentative.
- Moderator:** The next question is from the line of Deepak Patil from Equentis Wealth Advisory.
- Deepak Patil:** So Raymond being one of the competitors, currently, it is rationalizing in ethnic business, which is in the ethnic wear. So what's your view on this particular sector and about the future growth?
- Gaurav Poddar:** Thank you. So ethnic wear is a business that is a very recent business, if you look at a very long-term history. It is a very unorganized business, particularly in the men's segment, which is getting organized. And Indian wear as a product is getting more popularity. There are very few players in the national space that are present today, and we believe that we have a right to win in this segment.
- That is because we have a brand Siyaram, which is connected directly to the end consumer. And over the last 2, 3 decades or so, the brand is a powerful name across India, and we want to use our brand name as well as the knowledge of the industry that we have, which we believe will help us better in sourcing and designing. So we believe that it is an industry that is going to grow, and we want to make our effort to be part of that growth.
- Moderator:** The next question is from the line of Dixit Doshi from Whitestone Financial Advisors Private Limited.
- Dixit Doshi:** Most of my questions are answered. Just 1 thing...
- Moderator:** Sorry to interrupt, sir but your voice is very low. Could you please speak a little louder?
- Dixit Doshi:** Yes. Is it better now?
- Moderator:** Yes sir.
- Dixit Doshi:** So most of my questions are answered. Just 1 thing. In the other income, how much was the incentive, or a government grant this quarter?
- Surendra Shetty:** This quarter, the capital subsidy grant of INR2.61 crores.
- Dixit Doshi:** INR2.61 crores. Okay. So what was the reason for such a sharp jump in other income. I think it was just INR12 crores in June quarter and INR37 crores?
- Surendra Shetty:** There was a sale of land and building in one of the surplus land building and industrial unit was there. So sale of that has come that is of INR21.22 crores.
- Dixit Doshi:** INR21 crores.

Surendra Shetty: Yes.

Moderator: The next question is from the line of Naitik from NV Alpha Fund.

Naitik: Sir, my question is on the retail stores. So I just wanted to understand what's our plan or what's our vision to add stores in the next 2, 3 years? Do we plan to add similar 30, 35 stores each year for the next 2, 3 years? And where do we see number of stores, say, 2 years out? What are we thinking or any target that we have in mind in terms of number of stores, etc.?

Gaurav Poddar: Thank you, Naitik. So in terms of retail part for the company, it is an important business. It is a new business, but a very important business that was identified last year. And when we entered the business, we started with these 2 business models, which is ZECODE and DEVO in both which are very different from each other and different from the existing business that we have because it is a different channel altogether.

When we looked at what we want to do with this and the overall strategy, of course, we do not put numbers to it, but we wanted to make this meaningful for the company. So both these businesses will work better at scale, particularly the fast fashion business, which needs a lot of scale to operate given that it has low gross margin.

We, however, understand and value the importance of prudent investing, and therefore, wanted to get the business model and the economics right first. And therefore, we are going at a slightly conservative pace, but we are very serious about this business. And we don't have any store numbers, but it is a very long-term business objective for the company to increase the percentage of retail business for the overall turnover.

So I cannot give you a hard number as to what we expect for the coming years or where we see ourselves after 2 years. But we expect that this business will contribute to a much larger share of the revenue in maybe 2, 3 years down the line. This is broad qualitative number that I can talk about.

Naitik: Got it, sir. And sir, my next question is I wanted to understand in terms of revenue, would ZECODE store versus DEVO store, would roughly be making similar-ish revenue per store or there would be a significant difference. I don't want the number, but I just wanted to understand the difference between revenues that a DEVO store would be making versus a ZECODE store?

Gaurav Poddar: So I don't think it's fair to compare at the moment because one is the difference in size of the stores, and the other is the difference in price points because ZECODE all over INR1,000 of MRP and DEVO is a mid-premium segment, which is a completely different category and catering to a completely different audience.

Also, for DEVO, this is the first wedding season that we are going to see. So it is all very premature at the moment to talk about this. So I would not look at comparing one with the other. I would look at both individually because each have their own various economic models where gross margins are different, inventory turns will be different. So rather than comparing them individually, it's better to look at each one and then assess like that.

- Naitik:** Got it. Got it. And sir, in terms of DEVO, I wanted to understand how would our pricing be versus competitors? Will we be at par with, say, the likes of Manyavar or how would our pricing be?
- Gaurav Poddar:** You said pricing, sorry?
- Naitik:** Yes, yes, pricing. As in average pricing of the goods we have. Would it be...
- Gaurav Poddar:** For DEVO, we have positioned ourselves as a mid-premium segment brand for menswear. So for example, Kurta Pyjama, which is an important category in the business, we have a starting price of approximately INR1,700 to INR2,000, and it goes all the way up to INR10,000, INR12,000. And this is the initial phase. We have only about 12 stores now and the main wedding season is yet to come. We are going through it at the moment.
- So we will eventually move across and see how the consumer demand is. So far, the demand has been very positive, and we have got very good feedback. We are still exploring and understanding our consumer feedback, and that is why we want to get the model right first.
- Moderator:** The next question is from the line of Nilesh Shah from Arrow Investments.
- Nilesh Shah:** Congratulations on a fabulous set of numbers. So I think some of the questions have got answered. But I just wanted to understand that we are competing, I mean, in the long run, you will be looking at something what Tata is doing with Zudio. Is that the intention of why we are actually entering into these kind of retail stores?
- Gaurav Poddar:** So when you look at retail as a business, it is a business of scale and leverage will kick in only when the fixed operating costs at HO level will kick in only after a certain number of stores and a certain scale that you reach, and it has to be done in a very efficient manner. So of course, there needs to be scale in the business.
- But before we get some scale and before we look at that, we need to get the operating efficiencies in place, and that is what we are working at, at the moment. So as we move ahead and as we get more confidence on the economics, definitely, we will ramp up the store expansion, and that is something that can happen at a later stage.
- At the moment, we are looking at very lean teams and lean cost structure so that we experiment, and we get the model right, and get the store economics right. So we are opening new stores. Stores are very new as well as the brand is also very new.
- So as the consumers become more aware of the brand, we are seeing an increase in footfall, repeat customers and so on and so forth. So we are going through that journey, and it will take some time before we are able to give numbers and get to that level where we can start expanding rapidly.
- Nilesh Shah:** Okay. So the point was actually, what is the kind of capex that has been outlined for opening retail stores. But I think the clarity is not that in terms of how many stores you want to open. I mean, we know up till March, you want to open another 15 stores. But coming year or the next

year, there is no clarity in number of stores that you're looking to open, what are going to be the store metrics in terms of store closure, store sales?

So in a sense, there are certain stores that may not do well, you may have to exit. So what kind of lease agreements you have? What are the company-owned stores? Are they franchisee-owned stores? You can throw some color on that, it would be very helpful?

Gaurav Poddar:

Yes, we have indicated earlier some of these things. So for example, we give forecast for opening new stores on a yearly basis. So we indicated about 35 stores for this year. And the capex that we identified was anywhere between INR1 crores to INR1.5 crores per store, which included capex for furniture fixtures as well as the security deposits.

So this was the kind of capital outlay that we had outlined, and we remain within that as a per-store basis. The stores that we will open in the initial phase will all be company-owned. And these will be all on lease. So anywhere between 9 to 12 years kind of a lease, which is a standard practice in the industry. That is the kind of lease that we are in.

Of course, there are going to be stores that will not work. Some will work better than others. Some are more strategically located with higher rental but more prominent locations. So there are going to be all kinds of things, but we are very early in our journey to assess those things. And that is something that we'll have to keep a watch on and take action accordingly.

Moderator:

The next question is from the participant, Resha Mehta from Green Edge Wealth.

Resha Mehta:

So the first question is on the ethnic business. So men's ethnic wear, how big is it? What is the share of organized market? And why would you say that you have a right to win here? So in terms of sourcing, the fabric that we use in our legacy business, I would reckon it would be different from the ones that goes into men's ethnic wear?

So are there any back-end ecosystem in terms of vendor sourcing, etc.? Is there a commonality between that? Because I'm sure the design sensibilities will also be different for our legacy business, which is more mass catering more to mass segment, while here in DEVO, the positioning is more mid-premium? That's my first question.

Gaurav Poddar:

Yes, absolutely. So ethnic wear, as an industry has grown over the last few years, and even in the fabric business, we sell ethnic as a fabric within the Siyaram brand. So we do have access to vendors and suppliers where we get to the yarn level, and we have contracts with them for weaving and processing and other things.

So in the fabric business, also we outsource the ethnic wear fabric and sell it through a distribution network. So we do have access and networks that we believe is a strong right to win for the company.

Other than that, we have a strong brand name, DEVO is the brand for the ethnic wear, but we use the Siyaram initiative as a tagline outside the store fronts to build that trust with the consumer and use the lineage and trust of the brand to attract people in and give them the confidence of the lineage of the brand DEVO.

- Resha Mehta:** So in our legacy business, how much would we be doing from ethnic fabrics?
- Gaurav Poddar:** It's a very small component because the major business is the shirting, suiting, which has traditionally been over the last so many years, which we have sold. This is a newer business and a very small percentage of the overall fabric business. But it is something that is growing and is something that we are participating in.
- Resha Mehta:** And how big is men's ethnic wear and the share of organized?
- Gaurav Poddar:** I think it's a very large market size in terms of menswear, but the organized percentage is very small. I don't have the exact number with me. I can get back to you on that. We have a total Indian market size, which is like INR2.5 lakh crores, which is men's and women's included. Of course, women's is the largest part of that.
- So men's is a very small percentage, maybe 15%, 10%, something like this. And out of that, the organized segment is a smaller segment. So it is a growing business. It is a business that in the last 15-odd years has become quite popular and is getting organized as we move ahead.
- Resha Mehta:** And in our legacy business, it's majorly through wholesalers, if my understanding is right. So there, it's basically on an outright basis or how does it work?
- Gaurav Poddar:** Yes. So legacy, the distribution brands in fabric and apparel have different networks. So some we go through a wholesale network and some we directly sell to retailers. So there are different brands and cater different markets. And all of these are on the outright basis.
- So we have a selling system, and we have a debtor days that we collect money in. And then we are constantly in touch with retailers, and we keep having these exhibitions and conferences where we interact with them and strategize on how to move ahead.
- Resha Mehta:** And so with that, then how do we control the end pricing, let's say, in a scenario, maybe over the last 2, 3 years, where the demand has been very, very subdued. So there may have been inventory piled up with your channel partners, wholesalers, MBOs, etc. And then they may have resorted to very heavy discounting, right, perhaps to liquidate the inventory.
- So since we say that we have this brand resonance, we have strong brands like Siyaram, etc. How do we try and protect the brand equity by ensuring that our channel partners do not resort to heavy discounting?
- Gaurav Poddar:** So in the fabric business, it's not an MRP-driven business. Every retailer has the freedom to have his own MRP. But there are certain margin structures that we have in place through the distribution channel, which controls his purchase price. And then, of course, for occasions, we have people monitoring and visiting secondary retail outlets on a regular basis to understand what's happening at retail and influence the retailer in that sense. So the retailer has his flexibility, and there's not so much discounting in the fabric business.
- In the apparel business, which is an MRP-run business, we are in the mid segment, so we don't have such high discounting. And it is largely an MRP-run business with discounts, which we

interact with retailers and closely monitor and control. So it's not that those things are happening without our knowledge.

Resha Mehta: And what would be our retail outlet reach, overall for both fabric and garments put together? I mean the legacy business?

Gaurav Poddar: So we go through a distribution channel, and the retail count would be approximately 50,000 to 70,000 retailers at minimum. There would be a larger number, but since we have the fabric business goes through a distribution channel where the distributor then buys and then sells ahead. So it is difficult to get an exact count.

Resha Mehta: And are we present across India with our legacy business or are there some regions where we are much stronger and our revenue contribution would be much higher?

Gaurav Poddar: No, it is a pan-India business, and there are revenues distributed everywhere across the country.

Resha Mehta: Right. And just a last clarification on the EBITDA margin guidance. So you said that 14% EBITDA margin on the legacy business, which will take a knock of 150 bps because of the new age businesses. So when you say this is the EBITDA margin, you all include other income in your EBITDA margin, right?

Gaurav Poddar: Yes, that is correct.

Moderator: The next question is from the line of Raj Patel from MSG Finance.

Raj Patel: Sir, my questions were regarding the ZECODE and the DEVO. So are we planning to introduce any new product category within this segment?

Gaurav Poddar: So for DEVO, we already have a complete men's wardrobe in terms of the Kurta Pyjama, Jodhpuri, Sherwanis and other accessories, which include footwear and malas and other things, safas, other things that a groom needs and a complete collection in the store.

For ZECODE, we started with the fashion categories for men, women and children, and we introduced footwear very recently, and we've got good response for that as well. And going forward, we'll continue to increase some categories, but it is going to be targeted for a lifestyle of a youth and gen-Z consumer.

Raj Patel: Got it. And as we can see that the ZECODE and the DEVO are both operated under the COCO model, company-owned, company-operated. So are there any plans to explore any new model type for faster growth, such as franchisee or hybrid model type?

Gaurav Poddar: Yes. So these franchise models exist in both these kind of business segments. And that is something that is an option available for us. But at the moment, we are trying to get the operational metrics right, and we want to get that right first before exploring franchisee opportunities.

I think that as a brand and as a company, we have an extensive network throughout the country because of our reach with distribution. And that is something that will always remain an option, but we want to explore it once we have better and more clear economics.

Raj Patel:

Got it. And my last question was regarding the revenue. As we can see that the total revenue, the fabric contributes around 77 percentage. So how do we plan to diversify our revenue mix towards the other product category that could be garment or retail in the coming year?

Gaurav Poddar:

So with ZECODE and DEVO, as they grow, then the percentage towards apparel will start shifting. We don't have a number that we can talk about at the moment. But that is something that as a trend as these stores increase and as the revenue grows, then definitely that as a percentage will start increasing.

Moderator:

Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Ms. Ayushi Gupta for closing remarks.

Ayushi Gupta:

Thank you. I would like to thank the management for taking the time out for this conference call today and also thank all the participants. If you have any queries, please feel free to contact us. We are MUFG Intime India Private Limited, Investor Relations Advisors to Siyaram Silk Mills Limited. Thank you so much.

Moderator:

Thank you. On behalf of Siyaram Silk Mills Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.