SIYARAM SILK MILLS LIMITED

31st January, 2025.

To,

BSE Limited, Phiroze Jijibhoy Tower, Dalal Street, Mumbai **Scrip Code: 503811**	National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051 **Company Symbol: SIYSIL**

Sub: Transcript of Earnings Call held on 28th January, 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 Earnings Call held on 28th January, 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
Digitally signed by William Fernandes
Date: 2025.01.31 15:57:02 +05'30'

William Fernandes
Company Secretary

Encl : a/a

"Siyaram Silk Mills Limited

Q3 FY '25 Earnings Conference Call"

January 28, 2025

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

MODERATOR: **MR. ANKIT JAIN – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 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 touch-tone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Ankit Jain from Orient Capital. Thank you and over to you, sir.

Ankit Jain: Thank you, Alrik. Good afternoon, ladies and gentlemen. I welcome you all to the earnings conference call of Siyaram Silk Mills Limited to discuss the Q3 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, 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 presentations 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 Q&A. Thank you and over to you, Gaurav sir.

Gaurav Poddar: Good afternoon and thank you all for joining us for the Earnings Conference Call of Siyaram Silk Mills Limited to discuss Q3 and 9-months 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. At Siyaram's, we specialize in manufacturing and marketing premium fabrics, ready-made garments, and other textile products, offering a diverse and innovative portfolio.

Our products are crafted using a variety of blends and sold under a range of unique brands and sub-brands. Over the years, we have built robust manufacturing capabilities, in-house design teams, and established a wide-reaching distribution network across India. Today, our brands are amongst the top choices in India's textile and apparel market, winning the trust and loyalty of our consumers.

Now, reflecting on Q3 of 2025, we observed a dynamic consumer landscape. The festive season, particularly the build-up to Diwali, witnessed a surge in consumer optimism, resulting into increased consumer spending across various sectors. Inflationary pressures were persistent, thus reducing consumers' discretionary spending as the quarter progressed.

Moving forward, we remain hopeful that consumer sentiment will improve gradually as inflationary pressures start to ease. We hope that better days are ahead of us and are prepared to adapt to the changing market conditions. While we acknowledge the current economic challenges, we maintain a long-term optimistic view of India's growth trajectory.

Recognizing these emerging opportunities in both fast fashion and ethnic wear industries, we have launched ZECODE, our fast fashion brand, which will cater to Gen Z with stylish and affordable apparel, and DEVO, our ethnic wear brand, which will showcase India's rich heritage. As part of our expansion plans, we have signed 30 stores in Tier 1 and Tier 2 cities. Of these, we successfully launched 8 ZECODE stores and 3 DEVO stores, bringing the total tally to 11 stores by December '24, and approximately 10 more stores are expected to be opened by March '25. The remainder of the signed stores are scheduled for Q1 of FY26. The slight delay here is due to some stores still being under construction. However, our plans remain firmly on track and we are confident of achieving our goals.

We are continuously investing in marketing, promotions and brand building. In Q3 FY25, we spent around INR33 crores towards advertising and marketing, which is almost double the expenditure during the same period last year.

We are excited to launch Cadini Italy Perfumes, bringing Italian elegance to our consumers. This launch will uplift the Cadini brand, enhance its premium image and diversify our product portfolio.

We are happy to share that the Board of Directors have approved a dividend of INR3 per share with a face value of INR2 each. This decision reflects the Board's confidence in our strong financial position and future growth prospects, highlighting our commitment to creating value for our shareholders.

In conclusion, our commitment to consumer-centric growth remains the driving force behind everything we do. We are dedicated to meeting the evolving needs of our consumers through our powerful brands. We are confident in our ability to maintain our position in the market through targeted expansions, strategic brand building initiatives and continuous enhancement of our capabilities.

As always, we remain committed to creating value for our stakeholders and driving sustainable growth. Now, I would like to request our CFO, Mr. Shetty to share highlights of our financial performance, following which we will be happy to respond to your queries. Thank you.

Surendra Shetty: Thank you, Gaurav ji. Good afternoon, everyone. For the third quarter for the financial year 2025, our total income stood at INR586 crores, marking an increase from INR513 crores in Q3 of financial year 2024. Revenue contributions are as follows. Fabric accounted for 83%, garment for 12% and yarn and others made up the remaining 5%.

The EBITDA for the quarter was INR83 crores, up from INR80 crores in Q3 of the financial year 2024, reflecting 4.1% year-on-year growth. The EBITDA margin for the quarter stood at 14.1%. Our PAT for the quarter came in at INR46 crores compared to INR44 crores in Q3 of financial year 2024, reflecting 3.6% year-on-year growth. The PAT margin for the quarter stood at 7.8%.

Talking about the 9-month financial year 2025, our total income is INR1,546 crores as compared to INR1,472 crores in the 9-month financial year 2024. EBITDA for the 9-month financial year

2025 is INR227 crores and EBITDA margin stood at 14.7%. PAT for the 9-month financial year 2025 stood at INR126 crores and PAT margin is 8.2%.

Thank you, that is all from my side. Now we can 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 Dixit Doshi from Whitestone Financial Advisors Private Limited. Please go ahead.

Dixit Doshi: Good afternoon, sir. Thank you for giving me the opportunity to ask questions. Just wanted to ask, out of this total 8 ZECODE stores, what will be the total area in terms of square footage, if you can tell us? Also, what will be the monthly operating cost for these 8 stores or if you can give us an idea of monthly operating cost per store other than the rent? And what kind of rent on an average we pay per month for the ZECODE stores? A few more questions, if you can tell me about this, then I'll ask or you want me to ask other questions also?

Gaurav Poddar: Sure, you can go ahead with your questions.

Dixit Doshi: Also, broadly, what kind of gross margin we are getting from our ZECODE stores? I understand most of these stores are very new, but at the optimum level, what kind of gross margins we expect from ZECODE stores? And what kind of inventory do we have per store, in terms of per square foot also, if you can give us? These are my questions.

Gaurav Poddar: Thank you for your question. See, it's too early to talk about quantitative numbers. I can give you a broad kind of overview of the 2 months that we have had so far. And we have been opening stores all across till the end of December as well. So, I would wait for some more maturity of these stores to give you better numbers. But approximate square feet that we have across DEVO and ZECODE is close to 50,000 square feet now that we've built. And other numbers, I think, are still graduating and maturing.

So, I would wait and not comment. It's too early to comment. We are still very, very focused on operational level at store and trying to correct mistakes and understand what's happening with consumer sentiment. Approximate inventory per store for ZECODE, for example, would be anywhere in the range of INR30 lakhs to INR50 lakhs, depending on the size of the store. So, they' are all based on industry standards and all these numbers are also going to correct as we move along.

Dixit Doshi: Okay. So, broadly, the size of the store for ZECODE would be around 5,000 square feet on an average?

Gaurav Poddar: So, we had broadly initiated 2 kinds of store size models. One was a smaller size model, which was about 4,000 to 6,000, which you can say approximately 5,000 square feet. And then there was a larger model, which was about 6,000 to 8,000, so say about 7,000. In the beginning, most of our stores were of the smaller size, which were maybe 4,000 to 5,000 square feet.

And then we have a few stores which are on larger size and a few more stores that we have signed which are coming are also from larger size stores. The idea is to understand different sizes and how performance is linked to different sizes, how we can fit our different collections and how consumers respond. So, we want to get a taste of this business dynamics before moving ahead.

Dixit Doshi: Okay. Can you talk about ZECODE, because I think this is a business model where I think MRP for all the product is below INR1,000. So, in this also, we have to keep end-of-season sale or something or everything sells at MRP in these stores?

Gaurav Poddar: See, we are in the fashion business and in fashion, 100% sale through is very difficult to achieve. There is always going to be leftover stock. Industry standards have and other players in the industry also have discounting that goes on. For us, we are very new right now, so we don't have that pressure of discounting at the moment. But we have to see as it goes how we are able to manage our efficiencies and what kind of clearances we can do with minimal discounts or no discounts. So, that is yet to be seen for us.

Dixit Doshi: Okay. Thank you. I will get back in the queue and if you can share any kind of quantitative details which will help us to understand business in more detail.

Gaurav Poddar: So, it is too early. I would say, if you wait for a few months, then we will be able to share some more numbers because we are also still exploring and learning as we move along. Store openings are also happening constantly and we are balancing between opening new stores and focusing on operations. So, a lot of things are going on at the same time. So, we would wait a few months before commenting on quantitative numbers. Thank you.

Dixit Doshi: Thank you.

Moderator: Thank you. The next question is from the line of Nilesh Sharma from Anantnath Skycon Private Limited. Please go ahead. Since there is no response, we will move on to the next participant. The next question is from the line of Shubham Kadhi from 3A Financial Services. Please go ahead.

Shubham Kadhi: Good morning, sir. I just wanted to know about, when does the management expect to break even in both DEVO and ZECODE stores? And post break even, what type of turnover you would expect from one store in both DEVO and ZECODE?

Gaurav Poddar: So, we have estimated a store breakeven of approximately 12 to 15 months. And the sale that is required after breakeven is difficult to estimate now because the sizes are different and the stores are located in different areas with different costs. So, overall breakeven is what we expect in 12 to 15 months and we hope to do..

Shubham Kadhi: This goes for both DEVO and ZECODE.

Gaurav Poddar: At a store level, yes.

Shubham Kadhi: Okay. And you had mentioned 50 stores. You have signed 50 stores, right?

Gaurav Poddar: We had earlier projected to have 30 stores by March. So, 30 stores by March with an investment of INR50 crores. And these 30 stores have been signed. We have a few more in signing at the moment. But unfortunately, because of schedules and constructions of sites, we are not able to take handover which is why we project some of them spilling over to the first quarter of next year.

Shubham Kadhi: Right. And as I can see from the presentation, DEVO stores are targeted in North India and ZECODE are targeted in South India. So, do you plan on making this a Pan-India thing in the future like say 3 years down the line or something?

Gaurav Poddar: Yes, of course. The idea is to be a Pan-India brand. As a company, a traditional business has networks and strengths all across India with our brand being synonymous all across India. So, with DEVO and ZECODE, of course, all India presence is something that we aspire to do. However, in the first phase as we learn this new business, it is better to follow a clustered approach and that is why we selected small clusters to open these stores. As these stores mature and as we get more understanding of the business, for sure we will expand to further areas and slowly make it a Pan-India brand.

Shubham Kadhi: Okay, sir. And just one last question. Right now, the store format is COCO, company-owned and company-operated. So, do you plan on inviting franchisees, using the franchising model in the future or is it going to stay company-owned, company-operated?

Gaurav Poddar: Yes. So, again, we have a very strong network in our industry with a lot of trade partners and strong network in the distribution and retail channel. So, franchising is a very good method to get faster execution of opening stores with capital that is being pulled in by investors. So, we are open to the franchising options.

For the moment, we wanted to open a few stores and get a grasp of the business and get the operations to some extent, before we open this out for franchisees. However, we are not actively looking for franchises, but we are getting a lot of contracts and we are in discussion. So, we will see how it goes. At the moment, these 30 stores are what we have signed for running ourselves. When the time is right, we are open to franchising these stores also.

Shubham Kadhi: Okay, sir. And any guidance on revenue and profit margin?

Gaurav Poddar: You are talking about the whole business or?

Shubham Kadhi: Yes, entire business.

Gaurav Poddar: So, we have always been talking about an 8%-10% kind of growth for the whole business year-on-year. This year, the first half has been quite weak and this third quarter has helped us to get close to or just slightly above the 9-month total. And for the fourth quarter also, we expect to have single-digit. So, overall, we will have a single-digit kind of growth for the whole year.

Shubham Kadhi: Okay. And you expect this to be better in the coming years?

Gaurav Poddar: Yes, hopefully, that should be better in the next year. We are seeing -- the first half of the year saw very slow consumer movement and there were very few wedding dates. The second half of the year, we have seen an improvement in that. However, it is not as per our expectation, but we still expect to recover from the slow first half and have some single-digit growth.

Shubham Kadhi: Okay, sir. That is all from my end. I wish you the very best. Thank you.

Moderator: Thank you. The next question is from the line of Sunidhi Joshi, BA Associate. Please go ahead.

Sunidhi Joshi: Hello. Thank you for the opportunity. So, I just wanted to understand the key performance indicators that are being used to measure the success of our initial digital and local marketing efforts for the new expansion.

Gaurav Poddar: So, the digital efforts, marketing efforts that are happening for ZECODE and DEVO are largely through the digital channels. And we are using a lot of influencer marketing, a lot of local marketing to make these brands known amongst the consumers in that area. Since they are both new brands, there is awareness that needs to be built which happens over some time.

And we are putting all our efforts to make sure that this awareness is being built. So, obviously, the number one tracking point is, the footfalls that come into the store, that is growing gradually. And we expect continuous growth in that as people become more aware of the stores that open up close to them.

Sunidhi Joshi: Okay. Got it. Thank you.

Moderator: Thank you. The next question is from the line of Mayur Agarwal from ABC Capital. Please go ahead.

Mayur Agarwal: Hi. Just wanted to ask, could you elaborate on the additional product categories planned for the ZECODE brand? And additionally, how do these planned expansions align with ZECODEs positioning as a fast fashion brand? Are there particular segments such as accessories, footwear or lifestyle products that you are exploring to complement the core apparel range?

Gaurav Poddar: Yes. So, ZECODE is a fast fashion lifestyle brand for men, women and kids. And right now, it's mainly focused on apparel. And there are slightly some accessories that are present in the store. As we increase our store presence, then we will add on other further accessories, which will happen probably sometime next year. And as that happens, we' will be able to inform the progress of that. But of course, this is a category and a product range that will need to have accessories, all kinds of different things to complete the wardrobe and create a lifestyle image for that kind of a Gen Z consumer.

Mayur Agarwal: Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Ashok Shah from Eklavya Invesco family office. Please go ahead.

Ashok Shah: Sir, thanks for taking my questions. Regarding, sir, how is the yarn market? Do you expect price to increase if the cotton price starts increasing due to the heavy rains all over the India?

Gaurav Poddar: So we don't expect a drastic change in that. However, we are not selling cotton yarn. We are selling indigo dyed yarn to some extent, and then we are largely converting that to knitting fabric and selling fabric. So we are using some cotton yarn to make some shirting fabric. But that percentage is a very small percentage on our overall sales.

Ashok Shah: Okay. Thank you, sir.

Moderator: Thank you. The next question is from the line of Hitanshi Agarwal from ABS Investment. Please go ahead.

Hitanshi Agarwal: Hi. Thank you for the opportunity. Sir, my question is on the DEVO stores that we opened in December. So how do you envision the growth trajectory of this ethnic brand over the next couple of years? And additionally, how do you see DEVO positioning itself in comparison to the competitive brands? Like what unique opportunity does the Indian wedding industry present in this context?

Gaurav Poddar: Thank you for your question. So DEVO, as you rightly said, we opened towards the end of the last calendar year in Delhi. And DEVO is positioned as an ethnic wear apparel brand for all occasion wear. So wedding market is, of course, the biggest market, but it is one market. As ethnic wear is getting promoted and getting accepted in the male wardrobe, it is becoming an occasional wear, where one wears ethnic wear for all kinds of different pujas and festivals, even at home or for casual occasions as well.

So wedding is, of course, the biggest segment, but the variability of this kind of apparel has grown significantly over the past few years. So there is tremendous growth in this segment. And in terms of positioning, this is a mid to premium brand. And the biggest advantage we feel that we have is that we are traditionally a textile company and we are selling ethnic wear fabric directly through our distribution channel under the Siyaram’s brand.

So we have a lot of access of designs and production capabilities in terms of how we source and have a network to source these fabrics right from the vendors and manufacturers. So there is some kind of a synergy that we can build by creating a finished product and getting a retail consumer brand with this kind of integration that we have.

Hitanshi Agarwal: Okay. That's great, sir. Thank you so much.

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

Apoorva: Hi, sir. Thanks for the opportunity. So what are the gross margins in DEVO?

Gaurav Poddar: So as I mentioned earlier, it is a little bit early to talk about this. We are still -- it's only been 1.5 months or 2 months since we have opened the stores and we' are still understanding the feedback from the consumers. We had some ideas in mind, but now we are getting some feedback and assessing what's happening on the ground. So it's a little bit early, I would say, to comment on.

Apoorva: Thank you.

Moderator: Thank you. The next question is from the line of Naitik from NV Alpha Fund. Please go ahead.

Naitik: Hi, sir. Thanks for taking my question. So my question is, if you could give us some sense on how has the volumes and realization moved in both garments and fabric for the quarter and for 9 months versus last year?

Gaurav Poddar: So if you look at the 9-month period, then the volume change for the fabric business was approximately 6% plus and for the garment business was approximately 2.5% negative.

Naitik: And what about the realizations?

Gaurav Poddar: Realizations are largely in line, almost the same.

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

Moderator: Thank You. The next question is from the line of Sahil Vora from M&S Associate. Please go ahead.

Sahil Vora: Hi, good afternoon. I have a couple of questions. My first question is, would you please provide insights into the volume growth for the fabric division during the quarter on a year-over-year basis? Specifically, I would like to understand the factors driving this growth and whether there are any significant changes in demand patterns or geographical contribution?

Gaurav Poddar: So, as I mentioned earlier for the 9-month period, the fabric volume growth has been approximately 6%. And even for the garment business where we have a negative 2% odd growth, what we really noticed is that the first 6 months were really tough for us, but the last quarter we've been able to catch up and in the fabric business even grow over the last year's numbers. So, that has been real positive for us.

In the fabric business, what we notice is that we have a strong brand presence across the country and we have a very strong network of channel partners. We have a larger market share in the business and to a large extent, we are able to push for growth that even in a tough market, we are able to do better than other competitors. So, that would largely be the reason.

Also, as a stated objective, in the beginning of the year, we wanted to spend a lot more on advertising and restart the process that we had briefly paused during the COVID time. And because of that, we spent largely on the ATL activities like television and other channels to promote our latest campaign with Ranbir Kapoor extensively over the last quarter, which we feel is an investment in creating and maintaining the brand that we have created over all these years, which will further help us to maintain volume growth even regardless of the scenario.

Sahil Vora: Okay, understood. Sir, my next set of questions is about our subsidiary Cadini Italy. Could you please share how this subsidiary is currently contributing to the company's overall revenue? Additionally, with the recent launch of Cadini Italy Perfumes, could you provide details on where these products will be available both online and offline? And also the strategic rationale behind venturing into the perfume segment? If you can share some insight over that, that would be great.

Gaurav Poddar: Thank you for your question. So, Cadini, the Italian subsidiary holds patents for trademarks and licenses for the brand Cadini in over 120 odd countries. And when we acquired this company, the Indian business was running within the Siyaram entity. Only the Italian business is part of the subsidiary, which is a very small entity. And the purpose of maintaining that subsidiary, is mainly to ensure that the genuine Italianness of the brand still continues to exist. Cadini is more than a 3-decade-old brand, and we are making all made-in-Italy products from the Italian office.

So, there's Italian fabric, Italian stitching, and we are selling it across to multiple retailers across the country. We participate in a very prestigious exhibition called Pitti Uomo twice a year, which is one of the most prestigious exhibitions for global apparel brands. So, that is the operation that we run within Cadini Italy.

Now, when we look at perfumes and the launch that we recently did in India, if you look at the positioning of Cadini Italy in Italy, it is a very luxury and premium brand that is a lifestyle brand for a complete wardrobe -- a complete look for a man's wardrobe. And in India, we are selling fabrics for men. We wanted to extend this positioning and create this lifestyle image that exists in Italy and extend that imagery in the Indian consumer's mindset.

So, now, with the launch of perfumes, which is a very niche market in India because they are priced slightly more expensive than the mass market in India. Revenue is something that is one thing which I don't think is going to be very significant but more than that, it is going to add to the brand value of Cadini. It is going to add to the aspiration of the brand Cadini and create that lifestyle image in our consumer's mind.

This Cadini perfume is available online now at our website cadiniitaly.in. It is more of creating imagery and being able to communicate a lifestyle image, rather than just talking about fabric.

Sahil Vora: Understood. Thank you, sir. That helps a lot. That's it from my side. Good luck and all the very best.

Moderator: Thank you. The next question is from the line of Nilesh Sharma from Anantnath Skycon Private Limited. Please go ahead.

Nilesh Sharma: Good afternoon, sir. May I know the capex to revenue ratio related to our new brand, ZECODE and DEVO?

Gaurav Poddar: I think it is very early to talk about this ratio now because the revenue is something that is yet to be optimized and matured. We are very early in our journey and as we mature, we will be able to give a more stable number. Capex has indicated, for these 30 stores, we indicated a capex of approximately INR50 crores and we are well within that budget when we open these stores. This kind of ratio, I would wait a few months to comment.

Nilesh Sharma: Okay. In our whole Siyaram Silk Mills revenue, how much percentage we are targeting in 3 years down the line from this new brand?

Gaurav Poddar: It is very difficult to estimate the percentage that ZECODE and DEVO are going to contribute because we are going to follow a calibrated approach in opening these stores and we are going to make sure that operationally we do better and keep correcting operations as we move along. But for sure, the apparel contribution in the business which is currently at 13%, 14%, 15% is going to keep increasing as this business increases. To give you an exact number is very difficult now. I would want this business to grow and then speak for itself.

Nilesh Sharma: Sir, although all the companies have different philosophy and different model of working, are we targeting to follow the footprint of Trent, Zudio?

Gaurav Poddar: There are several players in this fast fashion business and it is becoming a very important contribution to the overall industry, it is creating a space of its own. That is what prompted us to also participate in this business segment where our existing brands through our distribution network was not competing in at all. We are trying to learn from all kinds of players out there and everyone has something unique about them. While we have something unique about ourselves as well, we want to learn from the positives and negatives of every player out there.

Nilesh Sharma: Great, sir. Thank you so much and all the best. Thank you.

Moderator: **Thank You.** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Ankit Jain for the closing comments.

Ankit Jain: Thank you, Alrik. I would like to thank the management for taking their time out for the conference call today and thanks to all the participants. If you have any queries, please feel free to contact us. We are Orient Capital Investor Relations Advisor to Siyaram Silk Mills Limited. Thank you so much.

Gaurav Poddar: Thank you for joining on the call. Stay safe.

Moderator: Ladies and gentlemen, on behalf of Siyaram Silk Mills Limited, that concludes this conference. You may now disconnect your lines. Thank you.