

SAI SILKS (KALAMANDIR) LIMITED

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Date: 24.05.2025

To Corporate Relations Department BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001, India Scrip Code: 543989	To Listing Manager, National Stock Exchange of India Limited Exchange Plaza, C-1 Block G Bandra Kurla Complex, Bandra (E) Mumbai – 400 051, India Symbol: KALAMANDIR
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Dear Sir / Madam

Sub: Transcript of the Conference call held to discuss the results Q4 FY 2024-25

With reference to the above-mentioned subject, we wish to inform that,

1. The Copy of Transcript of the conference call held on Monday, May 19, 2025 to discuss the results of the Quarter and year ended March 2025 is enclosed herewith.
2. The Transcript also uploaded on the Company's website and the website link of the same is: <https://sskl.co.in/wp-content/uploads/2025/05/Transcript-Q4-Fy2024-25.pdf>
3. The list of management attendees is stated in the Transcript.
4. No unpublished price sensitive information was discussed in the call.

This is for your information and records.

For Sai Silks (Kalamandir) Limited

M.K.Bhaskara Teja

Company Secretary & Compliance officer

M.No: A39542

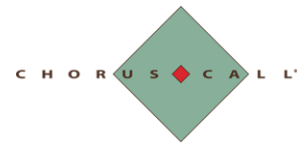




“Sai Silks (Kalamandir) Limited

Q4 FY '25 Earnings Call”

May 19, 2025



**MANAGEMENT: MR. BHARADWAJ RACHAMADUGU – SENIOR VICE
PRESIDENT – SAI SILKS (KALAMANDIR) LIMITED
MR. KVLN SARMA – CHIEF FINANCIAL OFFICER – SAI
SILKS (KALAMANDIR) LIMITED**

Moderator:

Ladies and gentlemen, good day, and welcome to the Q4 FY '25 Earnings Call of Sai Silks (Kalamandir). 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 Mr. Bharadwaj Rachamadugu, the Senior Vice President. Thank you, and over to you, sir.

Rachamadugu Bharadwaj: Thank you. Good morning, ladies and gentlemen. A warm welcome to everyone present on this call. Thank you for joining us today to discuss Sai Silks (Kalamandir) Limited results for quarter 4 as well as for full year FY '25. I have with me Mr. K.V.L.N. Sarma, the CFO of our company.

Let me first start by giving you an update on the overall ethnic retail market scenario for quarter 4. During the quarter 4, we had seen a decent number of wedding dates and a few festivals such as Sankranti and Ramadan that has led us to have a decent quarter. There was a slowdown in the month of February compared to January and March. The overall wedding dates in the quarter 4 were almost similar to that of the last year.

For the full year, the Indian ethnic wear market, as discussed in our earlier conversations as well, has been weak, especially during H1 due to the lack of wedding dates. Though quarter 3 and quarter 4 has shown recoveries in terms of the overall consumption. The calendar wedding dates have been more confined towards quarter 3 and quarter 4. The upcoming quarters does have a decent pipeline of the wedding dates and does have a distributed wedding date calendar, which we are all excited about and believe that this could translate into better overall performance during the upcoming seasons.

Moving on towards our operational performance. With regards to store expansion, during the quarter, we had opened close to 25,000 square feet of retail area with our premium format, Varamahalakshmi Silks. We still remain to have no store closures, taking our store count to 68 company-owned company-operated stores. For the full year, we have added close to 67,000 square feet of retail addition this year, taking the overall retail square feet area to 716,000 square feet spread across 20 cities and 5 states.

On the strategy front, our retail store network in Tamil Nadu is improving. And also, we believe to add the upcoming stores through our Varamahalakshmi Silks store network in the next year as well. We are identifying other potential regions outside of Tamil Nadu as well to steer this expansion and growth. We are currently looking at adding another 65,000 square feet retail area in the next year.

During the quarter, considering the changing dynamic conditions of the Indian ethnic retail market, especially what we have had during the half year, first half, we focus some of our efforts towards advertisements and especially digital marketing. We increased our advertisement spends to ensure we leave no platform unturned to have a positive impact on the awareness and brand recall value.

Especially because most of our Varamahalakshmi stores in the last year has been in newer cities, we wanted to leverage the advertisement and create a brand value in the local specific points. Our efforts to utilize Salesforce CRM has also been effective in this full year, and we anticipate to have a similar focus in terms of advertisement and CRM in the next year as well.

We believe that when we move into geographies, this will have a long-term positive impact on the overall brands. For the year, we have gained 18.5 lakh unique customers, out of which 43% of our customers stood to be repeat customers.

With respect to the financial performance for quarter 4, we did a revenue of about INR399 crores compared to INR360 crores for the same period last year, showing a growth of about 11%. Our SSGs for the quarter remained minus 1.5% compared to quarter 4 of last year. The market is slowly moving towards a positive trend, and we believe that this recovery should be strengthened in the next quarters to come as well.

Since the first half of the year has been weak, we started off the quarter 1 with a high double-digit negative SSGs that we had by the end of quarter 1, slowly started recovering to about minus 5% SSG by the end of the year. For the full year, our revenue stood at INR1,462 crores compared to last year of INR1,373 crores, showing a growth of about 6.5%.

Even during these challenging times, we still continue to deliver better gross margins. We have delivered a gross margin of about 41.7% in quarter 4 compared to 40.9% in the previous year. For the full year, our gross margin stood at 41.8% compared to 40.6%, showing a robust growth of about 110 points in gross margin expansion year-on-year. In this year, though, our PBT levels were almost similar to that of the last year, we had to make an income tax provision of up to INR21 crores for the previous years and therefore, our PAT levels were affected to that extent.

We are continuously studying and understanding the store and changing our products to meet the needs of specific locations, especially when we move into newer locations. By understanding the sale patterns and by learning customer journeys, we are using our ERPs and systems to continuously curate the right products curated from across the store. Though we believe that majority of our business does have an impact on the wedding date calendar, we are making additional changes in terms of products to ensure the dependency on the wedding dates and seasonality is minimized.

Considering that the decent wedding calendar spread out in FY '26, we at SSKL are very optimistic about the growth of our company in the next year, as well as plan to expand our retail footprint into one of the biggest ethnic markets of retail India, not just sunshine to the 5 states of where we are currently present to slowly start expanding into new geographies as well. We believe that our strategically focus, combined with our technology adoption will help us create greater milestones in the years to come.

I will now hand it over to the operator and would be happy to answer any questions that you may have.

Moderator:

The first question comes from the line of Ambala Krishna from Oman Investment Advisors.

Ambala Krishna: So the first question is regarding this income tax lagging amount is INR20 crores. So what is the reason behind this amount of INR20 crores...?

Moderator: I'm sorry to interrupt, Ambala. You're not quite clear. Please be a little more audible. You're not quite clear.

Ambala Krishna: First of all, this is regarding this INR20 crores of income tax. So we are accumulated this amount for the 4 years, so we can expect in '23, '24 also, and '24, '25 also similar amount. So what is the root cost for this one and the how this mismatch of accounting happened such a huge amount at the company level?

And when it comes to promoter level, INR50 crores -- more than INR50 crores, that is INR58 crores is too much. So what kind of issue was there and expect this kind of issues in future also? Could you please throw some light on this?

K.V.L.N. Sarma: Yes. I'm Sarma, CFO here. So first on the company's liability aspect. Well, as you are all aware, the raid has happened on the company during May '23 for different reason, actually, where initially, the apprehension was about cash sales and all that. Having established fully compliant on those aspects, then they went into other details.

So broadly, I will classify into 2, 3 aspects where they disallowed the expenditures. One is, during the initial periods of KLM fashion mall getting established, that is approximately 2018-'19 and '19-'20 we were attempting the product profiling for this format., As you are aware, till such time, we were operating only on sarees, whereas in KLM, we had to do a different product profiling.

So, while doing that, we have taken purchases from various small, small vendors who are not fully compliant with GST etc. And that was the period during which the GST thing was also getting fully established. So, in respect of purchases from small vendors we could not provide the last mile documentation in respect of those purchases. In fact, we have already reversed the GST input credit much earlier. So those cases where we have reversed the input credit, income tax department disallowed those purchases and added them to our tax liability.

And on the second aspect - during the COVID year, we have paid the employees and others to the full extent during the lockdown period and kept them as advances against those staff. But by February/March of 2021, we realized that the second wave of COVID has also come. So, we could not insist on employees to repay all those amounts So we have transferred all those salary advances to the salaries expenses without seeking recovery. So those amounts which were given to employees, which earlier was kept as advances and subsequently transferred as salary expense, were disallowed by the income tax department.

- Since we are in a retail, business, there are a lot of small, small cash expenses that would go while maintaining the showrooms, wall paintings, pamphlets distribution etc, in which they have disallowed a part of the amount for 7 years. So, these 3 aspects put together, the liability has come to the extent of a total of INR27 crores, of which last year itself, we provided for about INR6 crores in anticipation, going by the assessments that were happening.

So, the final figures, including all that interest, etc, has come to INR27 crores, of which last year, INR6 crores was provided. And this year, the balance INR21 crores was provided. So, this is the final liability that will be there. Going ahead, there will be only normal income tax and there will not be any tax relating to the earlier years. So, it will be a normal functional year from 'FY 26 onwards. And the old income tax thing that has happened is now close to the full extent.

Ambala Krishna: Okay. Then promoter, what is the liability?

Rachamadugu Bharadwaj: So, on the promoter side, what has happened is, before even we went public, I think in the year of '22 and '23, we formulated SSKL Family Trust because there were around 5 to 6 promoters in the overall equation. We wanted to ensure that everybody's properties and assets are equally distributed. During that process of registration, re-registration, there was a difference that the income tax department found with respect to the market value versus the book value.

On account of those transactions being done, which was a part of our trust creation process, they have considered that these are amounts that are invalid and have considered for income tax calculation. So, on that front, I think we are working with the departments to ensure that, that this might going to be waved off. We are working with them. And we are quite hopeful that, that is just a transaction between one family member and the other family member on account of real estate. That should not have much impact on the overall side. I think probably in this particular quarter, even that should be completely waved off. I think we've made an appeal to the department. And in this quarter, it should be closed down without having any financial impact.

Ambala Krishna: Okay. And on the company side, I think we are not...

Rachamadugu Bharadwaj: Sorry, I think your voice was breaking. Could you repeat again?

Ambala Krishna: No, but INR27 crores income tax due, which is there. So we are not appealing anything. We are going to pay that amount completely, right?

K.V.L.N. Sarma: Yes, yes. Actually, that we have agreed, and this is the final figure after the negotiations. In fact, you would appreciate that out of the INR27 crores, the interest component itself has come to approximately INR13 crores. The tax liability is only in the range of INR14 crores. And INR13 crores is the interest that has accrued on that. And this INR27 crores is the final negotiated figure that we have agreed and concluded.

Ambala Krishna: Okay. Understood. On the business side, so...

Moderator: I'm sorry to interrupt, Ambala, I would request you to rejoin the queue.

Ambala Krishna: No. I just asked only 1 question.

Rachamadugu Bharadwaj: It's okay, sir. Please tell me, sir.

Ambala Krishna: The last question, business point. So what is the number of stores or square feet additions we are planning in this year? And I think it's mostly located in Tamil Nadu only. Could you please throw an expansion plan?

Rachamadugu Bharadwaj: Yes. I think the next coming year; we are planning to aim to at least open an effective retail square feet of about 65,000 to 68,000 square feet of retail addition. Average Varamahalakshmi, though we provisioned for about 5,000, I think 6,000 average taking. I think those are the kind of stores retail addition we have open.

With respect to the stores, I think we are going beyond Tamil Nadu as well. We are going in terms of Tier 2 cities of Karnataka. We are looking at expanding it to Maharashtra and a little bit on the Northern Andhra side as well. So, all of this taking into consideration, we want to probably open around 65,000 to 68,000 square feet. And mostly, I think probably 95% to 100% of these stores will be using our Varamahalakshmi Silks format only.

Ambala Krishna: Okay. So Q1 last year was very muted. So this year also, we are expecting muted results in Q1 or it will be a little better than last year?

Rachamadugu Bharadwaj: For the quarter 1 last year, I think there were negligible wedding dates. I think this quarter 1 does have a decent pipeline of stores. I think at this point of time, I think we've completed close to 47, 48 days of our operations here. The results have been decent enough. We are seeing good results in stores. we are also seeing a good SSG level growth also. However, I think at the end of June, probably we'll get a little bit more clarity. So far, with our 46 days operations, we are seeing a good demand coming into our stores.

Moderator: The next question comes from the line of Rushil from PINC Wealth Management.

Rushil Selarka: My question is that, a core market, which is Andhra and Telangana. So I think over the last 1 year, we have been seeing a muted demand over there. So what are the plans to get the demand back in those geographies?

Rachamadugu Bharadwaj: So, again, Rushil, so what I would like to point out is majority of our degrowth, if you look our backwards in H1 was on the shift of these wedding dates being there, the overall consumption also was weak in the last year. In quarter 3, though we gained back a lot of these SSGs and we gained back this demand. Demand in Q4, again, has had little bit of an impact. But there are basically 2 reasons why we believe that there is a slowdown. One is in the overall consumption levels as well as there have been quite a few competitive store openings, people who have opened especially in the last 3 to 4 quarters in Andhra and Telangana, that also had some impact. But the other reason could be with respect to the shift of wedding dates. Barring these 2 things, I think it is quite fine for us.

And yes, so we are already starting to see this market share improvement that we are trying to gain back. In this 45, 46 days, we are seeing a good SSG levels growth. And I hope that this is going to continue. Majority of our degrowth particularly has been with respect to our KLM format. Apart from KLM format, we are seeing that SSG levels are positive, but KLM has been a little bit of a drag. Two things that we are trying to work on with respect to KLM is to trying to correct the product. We have seen some degrowth coming from the men's and the kids wear category, particularly. So we are trying to rework on the entire supply chain and procurement with respect to KLM side. So once this is done, which will probably be around by mid-Q2 or by late Q2, then I think for the remaining half of the year, KLM also will be doing good.

What we are aiming by the end of next year is at least we should be able to be at a flat to a low single-digit SSG level of growth is what we should be able to expect in this full year running performance.

Rushil Selarka: So if I have to put it that way that for the mature stores, we will be continue to maintaining SSG at a flat or slight positive level? Can we say that?

Rachamadugu Bharadwaj: So if you take KLMs particularly, I think we have close to about -10%.

Rushil Selarka: Excluding KLM, if I just speak about, let's say, for our saree store format, so for the mature stores, so do we expect the SSG level at a flat or slightly positive growth?

Rachamadugu Bharadwaj: See, for non-KLM stores, especially on the other formats, we should be able to expect an SSG - - positive SSG levels. If you take KLM also into consideration, we are looking at a flattish to a small single-digit SSG level growth by the end of this year. But with respect to non-KLM stores, I think we should be able to see a decent SSG level growth.

Rushil Selarka: At Telangana and Andhra Pradesh geography, too, sir?

Rachamadugu Bharadwaj: Yes. Yes, you're right. And, I mean, non-Telangana, Andhra is positive and that trend will continue. I'm taking both AP and Telangana also into consideration and giving you this number.

Rushil Selarka: Okay. And has the competition intensity has slowed down at Telangana and Andhra Pradesh?

Rachamadugu Bharadwaj: Yes. I think there is no new stores that we have seen opening up. There are hardly like very, very small players and like 2,000, 3,000 kind of mom-and-pop stores that are coming up, but nothing majorly of the size of what our stores operate under. There's not much that is being opening at this point of time. Whatever has been opened has been opened in the last 1 year or the previous year.

Rushil Selarka: And sir, can you give us a breakup of the store format, if it is possible? Let's say, the Varamahalakshmi, which is being like major dominant store. So what sales we had done last year and what sales we have done this year in Varamahalakshmi format? And can you just give us some guidance on that?

K.V.L.N. Sarma: Varamahalakshmi currently, even last year also FY '25 was 50% of the total revenue against INR1,462 crores of total turnover, approximately INR710 crores is from Varamahalakshmi format.

Rushil Selarka: So next year, I think we should expect a good growth...

Moderator: I'm sorry to interrupt, Rushil.

Rushil Selarka: Just continue question. Just a continue question.

K.V.L.N. Sarma: So next year, obviously, the stores that have come in last year will give higher turnover. And also, we will be establishing another 50,000 square feet on a staggered manner during the year. So, obviously, Varamahalakshmi share in the entire turnover should substantially improve. In

fact, in Tamil Nadu, Chennai stores, etc, are doing exceedingly well above the averages. We have taken a specific decision to create visibility in the catchment areas of the stores that have been put in B centers like Salem, Hosur, Coimbatore and others.

And we are expecting that the additional advertisement expenses that we have incurred during quarter 3 and quarter 4 should give a better result and better productivities in these centers also. These stores are right now in the maturity process and when a higher productivity is achieved in these stores, the component of Varamahalakshmi vis-a-vis the profitability out of these stores will be substantially better than the current year.

Rushil Selarka: So sir, we can expect a better margin going ahead at the EBITDA level?

K.V.L.N. Sarma: Sure.

Rushil Selarka: Blended basis?

K.V.L.N. Sarma: Yes.

Moderator: The next question comes from the line of Ankit Babel from Subhkam Ventures.

Ankit Babel: I have a few questions. The first question is on your trade payables, sir. I was just observing that the pre-IPO, you used to have a very high trade payables. But post-IPO, you've repaid almost all of them. But we have not seen any meaningful improvement in your margins post that. So just wanted to know the reason that pre-IPO, you used to have very high trade payables, but post IPO, the payable days have reduced drastically.

K.V.L.N. Sarma: See, the margin improvement will come only upon the sale of the product. So you will be able to see the improvement in margins on a staggered basis, which will come out of this better payment terms and getting cash discounts, etcetera. So from the IPO time, you must have seen that there is a progress on this front on a staggered basis. And also going ahead, you will be able to see that.

Rachamadugu Bharadwaj: But I think on the overall as well, if you see our gross margin quarter-on-quarter, I think you have seen quite a decent improvement. I think about 1.5% to 2% kind of an improvement pre-IPO levels to now. I think the gross margin actually expanded, sir. But as CFO said, I think the payables will be in effect only on the sale of products happen. I mean, once after the sale of the product is done, that's when this particular gross margin improvement will come. Whatever the improvement you have seen in the last quarters to come, especially in this quarter has also been on account of this as well.

Ankit Babel: Okay. And sir, second was that your retail area was up by around 10% in FY '25, but your employee cost was up by 20%. Why was it so? And what kind of growth we can see in this in FY '26 in employee cost?

Rachamadugu Bharadwaj: Sir, I think the majority of the reason is because of the negative SSGs, I think the employee costs are shooting up. Otherwise, that's not going to be the case. Once we start having a normalized quarter, the employee cost should be in line with the normal store expansion. So this time, I think

this particular year, you should be able to see the employee cost in the same percentage levels as the previous year.

K.V.L.N. Sarma: It also arises out of -- one - you can take approximately around 4% to 5% increase because of increments. And then normally, the store area is increased by about 15%, 16% in Varamahalakshmi which has a higher staff cost. And thirdly, when we are implementing stores, say, in the next 1 month, 1.5 months' time, we will have 3 major stores opening and the staff is already recruited and are under training at the existing stores.

So this additional small cost on account of the future employees that are going to be operating the upcoming stores will also include. And whenever the sales increase, the incentive that is given to the employees also is increased. So it's not exactly on a proportionate basis with reference to square feet area that we can relate it. But overall, once the major store expansion is completed, this staff cost will get adjusted and optimized there.

Ankit Babel: Okay. Sir, lastly, what's your guidance for FY '26 top line growth and EBITDA margins for the company as a whole at consol level?

K.V.L.N. Sarma: Are we speaking about estimate?

Ankit Babel: Yes, FY '26, what kind of top line growth and EBITDA margins you are expecting for the company as a whole, considering the retail area expansion and the SSGs in the different formats, whatever you are expecting?

Rachamadugu Bharadwaj: I think your voice is breaking. I don't know if it's just for us or for everyone.

Ankit Babel: Yes, sir, I just wanted to know what's your guidance for FY '26 in terms of top line growth and EBITDA margins? So top line growth after considering the retail store expansion and the SSGs in different formats, whatever you are expecting and the EBITDA margins considering the product mix because the share of Varamahalakshmi would be increasing. So considering all these factors, what kind of growth you are expecting and the margins?

K.V.L.N. Sarma: Yes. See, generally, we thought we' would give clear guidance in the second half after the - first half because in the second quarter, there may be some lag in the wedding dates and other things. But overall, the target that we are aiming at is in the range of about 15% to 20%, both on the turnovers and proportionally a little better on the margins.

Moderator: The next question comes from the line of Amol Rao from One Up Financial Consultants.

Amol Rao: Sir, did I hear you right when you said that for the whole year, the SSG for the company was minus 5%? Or was it for a particular format?

Rachamadugu Bharadwaj: For the whole year, from the company's average is minus 5%.

Amol Rao: All right. So I just wanted to confirm, you said the wedding dates are a little more distributed in this year. Is it fair to assume the same number of wedding dates as last year, plus/minus 5%?

Rachamadugu Bharadwaj: In terms of the number of wedding dates also, more or less 5% additional days are there in this particular year, but more than the additional couple of days, the better thing that we are currently having is when you have a distributed calendar of wedding dates spread across between, not just 1 half of the year, but which is spread across more than like 3 quarters, what tends to happen is when the customers that walk into stores, you're able to service them better because there are more number of dates or days that we can handle the crowd. Historically in the company also, this resulted in better performance throughout. So that's the kind of calendar we see in this particular year.

If you take last year because H1 was completely negligible and everything moved to H2, though in terms of the date-wise, it has a decent number of days, everything getting cluttered into 1 particular quarter will have some sort of an impact in the overall performance, but that is not the case in this year.

Amol Rao: Understood, sir. And Bharadwaj, just 1 more clarification. Did I hear you right when you said that approximately 60,000 to 70,000 additional square feet in this year, mostly in the Varamahalakshmi format or entirely in the Varamahalakshmi format?

Rachamadugu Bharadwaj: No. In this particular year, we are targeting the entire retail square feet addition to be in Varamahalakshmi store itself. Maybe there could be a provision for about a store of Kalamandir, but 95% of the entire retail addition will be through Varamahalakshmi Silks format. And Varamahalakshmi Silks format has been that format where most of our expansion is happening in the South India.

The market is better. I mean, the customer also prefer more on the wedding side. It's one of our premium formats when you compare to the other 3 formats as well. So we are going ahead in this financial year also with Varamahalakshmi only. And that's why you should be able to see a little bit better contribution in terms of the overall revenues and other margins and other operational leverage aspects as well.

Moderator: The next question comes from the line of Keshav from Counter PMS.

Keshav: Sir, I'm trying to understand that since FY '23, our revenue has hardly grown by INR110 crores despite adding over INR700 crores to our net worth, basically, net worth has like tripled, but the revenue has not even grown by like 5% in the 2 years since then. So, sir, basically, it is a huge concern that where exactly the money has gone. And like the earlier participant said the payables have come down drastically without.

So from INR230 crores in FY '23 to INR27 crores or thereabouts last year, and there is no improvement whatsoever either on the top line or on the margin side, whereas the employee expense also, if I understand correctly, has gone from mid-single-digit to mid double-digit, like in the sense, mid-teens. So basically, if you could just give us some overview that where exactly is the company going from here? And what kind of capex are we planning to incur in FY '26?

And did I hear you correctly that this financial year, we are expecting 15% to 20% revenue growth with margin improvement? and also, sir, please tell us what are the -- our rentals as a percentage of sales?

K.V.L.N. Sarma:

Yes. I will first address the net worth aspect. So, since we have gone in for INR600 crores IPO, so that entire thing got added to the equity, that is how you are seeing a jump to the extent of INR700 crores in the net worth. So, we are implementing addition of stores, particularly Varamahalakshmi format with the issue proceeds.

From the IPO's time, we have added approximately 110,000 square feet of area on a staggered basis. The stores that have been put in metros are doing exceedingly well. And the B center stores are operating slightly lesser than what we thought, and we have identified that issue. And then last year, in Q3 and Q4, we have spent additional amounts on advertisement to create visibility particularly for Varamahalakshmi format. As you know, in addition to the place where the store is established, there will be a catchment area to the extent of 75 to 100 kilometers from where people come and make purchases for the wedding and occasions. So we are creating that visibility for these catchment areas also.

We have spent amounts in Q3 and Q4 and some part will be done in this quarter as well. So, we are expecting a higher productivities from these B centers also by the second half of this year, where the calendar will be highly dense with festivals and the wedding dates also. So, we should see a quantum jump in the turnovers vis-a-vis the profitabilities from the second half of this year from the investments that have been made in advertising this. As you are aware, we have already expanded to the extent of 110,000 square feet subsequent to IPO. So, the amount has been spent on that and the asset is created, and this will result in better impact in the coming H2 itself.

Secondly, we also have approximately INR200 crores out of it for further spending. See, we have not spent the entire amount and the expansion is not completely over. So the expansion program will continue during this year also, whereby we would be adding another 60,000, 65,000 square feet area.

And once these stores start getting matured and delivering productivities as a normal Varamahalakshmi format, even a company level average, you can take it as 40,000 square feet, there will be a quantum jump in the productivities, the per square feet productivity and also the total turnover. Once Varamahalakshmi productivity improves, Varamahalakshmi's share of the total turnover improves, obviously, the margin profile will improve a little beyond the turnover improvement.

With regard to the employee cost, as you know, year '23, the employee cost was about INR141 crores. And after adding about 1 lakh square feet also, the employee cost has come to INR198 Crores. So it is also in the same proportion. There is no additional employee cost. Of course, during this expansion period, we will be having employees to the extent of 2, 3 stores who will be under training, those will be extra so that from the date the store is opened, they will be able to take over and do their duties.

So there is no major inconsistency in the whole process. Only thing is the gestation period of the stores getting matured is a time in which we are there. And we are hopeful that from the H2 of this year, you will see all that efforts and investments get fructified in giving the results.

- Keshav:** So you did not touch upon the capex for FY '26, FY '27, the rental as a percentage of revenue, what it is expected?
- K.V.L.N. Sarma:** Yes. See, I told you there is already out of IPO proceeds, there are INR200 crores available in the bank, which we will be spending for expanding to the extent of 60,000 square feet that we are planning this year.
- Keshav:** And sir, what about the rental as a percentage of revenue?
- K.V.L.N. Sarma:** Rental as a percentage after this expansion, as a percentage of total turnover is approximately about 4%.
- Keshav:** Great, sir. And sir, what is the percentage of advertisement and sales promotion that you intend to incur going forward?
- Rachamadugu Bharadwaj:** See, I think especially what we have done in the last 2 quarter is, I think advertisement-wise, I think as sir has also mentioned, we've additionally incorporated more than INR12 crores from previous year to last year. So in this particular year, I think we will be more or less like about maybe 5% more than what we spent last year in absolute rupees.
- In terms of percentage-wise, that will still be lesser than the overall percentage because the additional turnover this year is going to add. So we can take more or less in the same lens of what we spent in the last year.
- Keshav:** Sir, and so is it true that we are expecting INR1,750 crores around top line for FY '26? And sir, with what operating profit margin, excluding lease rentals?
- Rachamadugu Bharadwaj:** At this point of time, I think we probably are probably like 45 days in. I think what we are trying is about 15%, 20% of top line additions will definitely be possible for us. But giving a commentary on the EBITDA levels and PAT levels, exact number could be quite difficult at this point of time. Probably at the end of Q2 and the early of Q3, there will be a little bit more visibility, and I'll be able to give you numbers and guidance with respect to the EBITDA levels.
- But on the whole, what I would like to mention is because we are expanding with our premium format, because last year expansion also has been through Varamahalakshmi format, the overall the profile and the overall contribution of this particular format is better than the company averages, as well as better than any other brand that we currently have.
- All these factors put into place will be able to give you a better EBITDA margins, as well as PAT margins. Majority of our expenditures, if you take this year, has majorly been in terms of the additional advertisement costs that we have done, plus a little bit on the employee cost.
- And as I said, I think employee cost also because of low productivity levels because of the negative SSG, it had some impact. All of that, when it gets normalized, we will go back into normal ratios like how we had in the previous years.
- Moderator:** The next question comes from the line of Resha Mehta from GreenEdge Wealth Services.

Resha Mehta: Sir, the first question is on the gross margin. So previously, we've guided for that with all the efforts that we are taking in, in terms of volume discounts from our vendors and premiumisation, 42% was a gross margin that we could achieve, and we are almost there, right? So from 42%, what is the further scope for expansion? And my question is more from a slightly, let's say, a 2-year standpoint rather than the immediate next quarter.

Rachamadugu Bharadwaj: yes, you're right on what we have done so far. So probably in a year or 1.5 years from now, there is a possibility to expand additional 1%, 1.5% of gross margin in the next 24 months. One thing that I wanted to mention is the gross margin, though we make an effort in terms of prepayment to the vendors early, the impact on the gross margin will only be when the sale of the product happens.

So that is a continuous process. It has been happening in the last couple of quarters, and it will continue to happen in the next couple of quarters as well. And because we are adding our Varamahalakshmi format rather than adding KLM format at a low-margin yielding format, even that also will have an impact on both these aspects considered, maybe 150 points should be a decent target for the next 2 years.

Resha Mehta: And again, the levers are the same, right, premiumisation and volume discounts from your vendors, right? So these are essentially the 2 levers.

Rachamadugu Bharadwaj: That's correct.

Resha Mehta: And a related question. So if we see your payable days, right? So they used to be around 60 days and now they are down to almost just 7 days, right, single digits. So is there a scope to increase the number of payable days? I mean, can we delay payment to our vendors a little bit because even as per the norms, we can get up to 1 month of credit? Or do you think that we are seeing healthy cash discounts because of the lower payable days and we'll continue at these levels?

Rachamadugu Bharadwaj: Yes. So it varies case to case. Wherever possible, we try to work as delay as possible because any number of days added to our payable days is actually in favour to us. But at this point of time, I think when we sat down on this and when we did our modelling, we believe after the initial 2 quarters, the cash discounts are making a lot of sense to us rather than like delaying the payable days. So, case-to-case basis, whenever we are trying to approve, we are getting these cash discounts from our vendors, and we continue to do so. Though these days remain to be around 7, this is not going to probably be a continuous phenomenon. Probably we should be around 15 to 16 days in the long run. But at this point of time, this has been working for us, and we will continue to extract and squeeze as much margin with this number of payable days.

K.V.L.N. Sarma: The specific thing for these 2 years is that, since the entire expansion is being done through IPO proceeds, there are generations in the company with which we are able to reduce the bank borrowings, as well as prepayments reduced level of creditors. So, by doing this, we are getting a better negotiating ability with the vendors also.

So once this expansion is complete, in fact, we are expecting that we would be a debt-free company, by the year '26, this year in itself. This is because of the internal generation that we

have during the year, which we will be deploying in reduction of creditors and the bank borrowings. So, this will result in reduced finance costs .and improved margins.

Once the total expansion is complete, then we might require, at that point of time, an enhanced trade creditors level. But by that time, we would have a better negotiating ability being branded as a good pay master in the market. So going ahead, we will be able to maintain those discounts, though we will be able to get reasonable credit terms.

So currently, this is the strategy for improvement of our margin profile vis-a-vis establishing ourselves with the vendors that we are doing. And as and when we make a decision whether it is profitable for maintaining credit or getting cash discounts, that we will, on a continuous basis, study and then take a decision on that.

Resha Mehta:

So basically safe to assume payable days to be in single digits or very low number, at least for the current financial year, which is FY '25-'26. My next question is on the inventory. So inventory, we ended the year with almost like over 180 days, right, almost 194, 195-odd days. And by FY '26 end, the exit rate, I mean, we are targeting around 160 days of inventory. So do you think with all the measures that we were taking, is that still a realistic number to target? Or would you want to kind of give another guidance for the inventory days for by the end of FY '26?

K.V.L.N. Sarma:

Yes. If you recall, at the time we came to IPO the inventory was INR653 crores. And then we have put up approximately 110,000 square feet of Varamahalakshmi area. So, in the normal course, the minimum inventory levels that we need to maintain should have been an addition of INR200 crores. But on a continuous monitoring and optimizing our inventory levels, we are reducing the inventory levels on a staggered basis.

From the year '23 to '25, you would see there is an optimization that has taken place in inventory levels. Relating to the turnover, once these stores get matured and gives higher productivities in many of these stores, the inventory turnover should improve. We are expecting that the productivity should be improving by around 40%, 50%. So, once we achieve those better productivities, you would see the proportion of inventory vis-a-vis the turnover is fully optimized. We should be able to get to 150 days of inventory by the year '26 itself.

Resha Mehta:

Okay. And lastly, on the demand side. So if you could just quantify the number of wedding days for the full financial year '25-'26 versus what was that number in '24-'25? And also the last 45 days of Q1, how are you seeing the demand kind of shaping up?

Rachamadugu Bharadwaj: So in terms of the overall wedding dates, I think compared to last year and this year, there were marginally higher wedding dates. But as I did mention, the wedding dates have been distributed. So if you take an example of quarter 1 last year versus quarter 1 of this year, quarter 1 of last year probably are having around close to 11 to 12 days. But in this particular year, quarter 1, we have close to 24 to 25 days in this particular quarter.

So that's almost like a 100% jump in the quarter. So in these 45 days of operation, we have seen a good double-digit SSG growth, but I think it's just been 45 days. We see some sort of a

slowdown coming at mid- to late of June. But on the overall trend, I think we should still be at a double-digit SSG growth in this particular quarter.

Resha Mehta:

Right, right. All right. And would you say that with your Q4 performance of 11% revenue growth and considering we had 9 wedding dates, which were well spread out from Jan to March, would you say that you would be satisfied with the 11% revenue growth that you achieved? Or do you think there were gaps in our execution or something of that sort where we could have probably done better?

Rachamadugu Bharadwaj: See, if you probably look at quarter 4, I think there definitely is a scope for betterment with respect to the operations. There was a possibility where we could have done better. There were 2 impact drivers which were pulling us down, which is especially for Varamahalakshmi Silks format, we anticipated higher sales in AP. AP was a little bit dragger for Varamahalakshmi and for KLM, Telangana has been a dragger there. So barring these 2, other 2 states, another 3 states did perform well. It's just that the lower SSG level recovery that we could have ideally anticipated it to be a little better.

If that would have happened, we'd be more happy. I mean, honestly speaking, all of this all in all, constituting probably another INR20 crores, INR25 crores of additional turnover with our SSG stores last quarter should have been a decent quarter for us.

Moderator:

The next question comes from the line of Sarvesh Gupta from Maximal Capital.

Sarvesh Gupta:

So the first question is on the tax, just a clarity. So you said that now we have negotiated a deal with the income tax department for this INR27-odd crores. So is it like a combination deal that the promoters INR50 crores, which are also a big liability is also sort of solved along with this? Or that is just an expectation that it will be solved?

K.V.L.N. Sarma:

No, no. Let me clarify this. Company's income tax liability as and when the assessments are happening, we have agreed to certain, we have not agreed to certain issue as - kind of a thing. And then ultimately, income tax department has agreed for some deletions, some additions etc. And ultimately, we have agreed that for a period of around 6 years, we would accept the income tax liability to the extent of INR14 crores, which along with interest has become INR27 crores.

So, it is every year assessments, each year, each item-wise, we have discussed and where there was no major documentation available, we have agreed and they included that. So accordingly, it's not negotiated process. It is like we attended the assessments and agreed to some what they proposed and they agreed to a few deletions that we requested for. And this is the final figures that have come out of the assessment process for the total of 7 years.

On the promoter's front, promoters have presented their case and then they have not agreed for the liability that has been put on them by the income tax department, and they made an appeal independently. Both these assessments have taken place independently by the company's officials in respect of the company assessments and for the promoters, their own chartered accountants. They are all handled independently like that.

Sarvesh Gupta: So as of now, that INR50 crores liability is the expectation that it can get resolved, but nothing has been...

K.V.L.N. Sarma: Yes. They have already made an appeal and promoters are hoping that this can be resolved either at 0 or a substantially lower figure.

Sarvesh Gupta: Okay. Okay. And secondly, sir, on the overall Varamahalakshmi strategy, so now the question is like we want to expand more. But if we look at our financials, if you look at our inventory days, the gross margin also, sir, if we look at the advantage that we got from reduction in trade payables, that itself is showing up as gross margin advantage. But I don't think at a company level, we can establish that increase of Varamahalakshmi share from 40-odd percent to 50% has sort of increased the gross margin at the company level.

Similarly, our inventory days are higher and payables days are down. So, I mean, have we established that this Varamahalakshmi format expansion is proving to be fruitful to the company at an overall level because we are again expanding on this?

K.V.L.N. Sarma: At this point of time, during the implementation process, since these stores have not fully matured and they are not yielding the full productivities, you are finding the difference in the total turnover vis-a-vis the financials. We are expecting the Varamahalakshmi format that has put in Tamil Nadu over the last 1 year, 1.5 years are getting matured during the current year. And also whatever small and big effort on creating visibility that has to be made, we have already made.

So once the same stores, if they give higher productivities and then operate to the optimum capacity, you will find a substantial difference in the financials, both on the turnovers as also on the profitability. So we are in the gestation period at this point of time where the stores have been established and we have not reached to the optimum level of productivities. That is why the financials are looking a bit easy. But by the year-end '26, we should see a substantial difference having got the full productivities on these stores.

Rachamadugu Bharadwaj: A quick point, Sarvesh. If you look at the current levels of gross margin right from the IPO time, it's on account of both the things, right? So one is Varamahalakshmi stores getting added and two is the vendor level discount that we are able to get on reduction of the payable days. This is basically a double-edged effect that you're seeing on the gross margin level that is going to continue along with whatever has been mentioned. It is not just the advantage what we have got is not purely on account of just adding Varamahalakshmi stores or not just on account of making our payable days better. It's a combined effect of both these things together.

Moderator: The next question comes from the line of Harshit Khadka from RoboCap.

Harshit Khadka: My question is already answered.

Moderator: The next question comes from the line of Niharika Karnani from CapGrow Capital.

Niharika Karnani: So my first question is on the inventory aging. What is the current inventory aging as of FY '25? And we have seen inventory increasing from INR690 crores in FY '23 to INR778 crores in FY

'25 with inventory turnover ratio getting reduced. So is our inventory piling up? And does that pose a risk to the company?

K.V.L.N. Sarma: Okay. 2023 to '25, we have added more than 1 lakh square feet of the Varamahalakshmi area. As you are aware, the Varamahalakshmi minimum base quantities that we need to maintain in the stores itself is INR20,000 per square feet. But since we are optimizing on the inventory part also, we were able to maintain at INR770 crores. Otherwise, that should have been an accretion to the extent of INR200 crores on the inventory.

Secondly, the reference to our turnover, inventory turnover, the figure is looking low right now because the productivities in the stores have not been optimized. Once we reach optimized productivity levels, the inventory turnover would look much better than what it is appearing today.

Niharika Karnani: And what is the current inventory aging?

K.V.L.N. Sarma: I think we have approximately around 5% over 2 years.

Rachamadugu Bharadwaj: Yes. I think the inventory above the age of 1 year is around 11.5% and about 2 years is around close to 5.5% to 6%. I mean, what I would like to mention is these inventories, though it's a year or 2 years, doesn't really fade away the value per se. The kind of fashion and because it's one size fits all, it generally doesn't have such sort of an impact.

it still has quite a decent number of opportunity for them to get sold out. I mean, one of the major reasons why we are confident about this is with respect to the employee commissions and incentive structure that is basically wrapped around the inventory aging. All of these things put together, I think, should definitely not be a problem in the current situation.

And one other thing is, I think as was also mentioned by CFO, see, from '23 to '25, I think the inventory optimization did happen. Especially from last year to this year only, we have done an optimization close to INR60 crores to INR70 crores. As we expand, I think this number should further get optimized. So I think there's definitely an improvement this year, and there will definitely be an improvement next year as well.

Niharika Karnani: Understood. Sir, just one more question here. So with the inventory aging numbers given by you, is there any risk of selling out those inventories, say, there is a fashion change or change in taste and preferences of people? So is there any risk of that is reaching the stage of liquidation?

Rachamadugu Bharadwaj: No, I think that risk is negligible actually because as I did tell you, this one size fits all and majority of our products using our personalized commission and incentive structure that we have, there's a beautiful system which is wrapped around the inventory aging and the incentive structure.

So if you see the employees get paid basis on the inventory aging. So the moment they identify that there is a particular stock, which is moving beyond 6 months or beyond 9 months because the employees and staff get better incentive on selling these things, a lot of these things actually turn in our favor.

The best part is most of our products does not involve customer walking in and figuring out it themselves. That's where the challenge happens. But unlike that, when the employees are required to showcase the products from the shelves, showing to the customer and displaying it to them and explaining it to them, most of these risk factors get nullified. If you incentivize the salesmen properly, I think a lot of these inventory-related issues is not going to be there. At a company level, we are not worried about this particular fashion or style moving away. Anything less than 3 years is something that we do not worry about at all.

Moderator: The next question comes from the line of Anuj Kashyap from A3 Capital.

Anuj Kashyap: Last year, we have announced our silver jewellery business. So why there is no mention in the investor presentation about that business?

Rachamadugu Bharadwaj: Yes, sure. So with respect to the silver jewellery, I think the total aggregated retail square feet of our silver jewelry stores is less than 10,000 square feet on the overall side. I think these are all small pop-up segments in the store that we better used in terms of the service area. There was no additional retail square feet addition that we have made. All of this is actually provisioned within the service levels of our existing stores. And the total inventory value on this particular side MRP value is close to around INR9.5 crores to INR10 crores of inventory is there.

I think what we have done is, we have launched this in the first quarter of last year. I think the actual season started at the Q3, we have only completed 2 quarters of implementation. At this point of time, we are not looking at expanding any new stores. We want to further wait for a proper season this year as well and then see if we could take it forward.

It remains to be in the same stores. We are not planning to expand anything further. out of the 7 stores that we used to have in the stores, I think we removed 1 store already, and we currently have 6 stores. We'll probably wait for quarter 2 of this year and look at how things are progressing and then take a decision on that.

Anuj Kashyap: Yes, you're right, I think the stores were in the Kalamandir space, what I have read, if my memory serves me right. But what I wanted to know is what was the customer response? So there was no addition to our books. So what was the customer response? Just I wanted to know whether the products which we are selling or whether they were like the demand from the customer side. Just wanted to know about that.

Rachamadugu Bharadwaj: Yes. The nature is in that most of our stores, Kalamandir is there and definitely if you Varamahalakshmi stores, a small pop of around 300, 200, 500 square feet is what we have. But the nature of the jewelry business, what we've understood is customers need a larger inventory for them to choose from.

With our existing store formats and adjusting the space by not impacting the regular store operations, which our entire core is based out of, we believe that we should either look at opening an exclusive store or probably like start maintaining these levels only. In terms of the number of options displayed to the store, I think what customers generally expect is a larger number of variety of options for them to choose from because we are operating in existing store, we don't have an opportunity to display a larger quantity of inventory for every customer walked in.

So at this point of time, it is not moving much in our favour. If this continues to be the case by the end of first half, then probably we might have to look at taking a decision of slowly start winding up. And if things start progressing, then we should be able to start managing and adjusting the inventory per se and then probably look at expansion further down the line.

Anuj Kashyap:

Sir, just last one from my side. Sir, like what you said in one of your answers that we wanted to increase our margins. So, sir, is there any strategy that we are focusing on to going beyond the Indian borders, like the Middle East market is quite lucrative and the Indian traditions, how they are catching up on the social media and traditional rushes? So do you think that we'll be able to -- if we think about those markets, we'll be able to catch the higher margins?

Rachamadugu Bharadwaj:

Got it. So with respect to the demand-wise, I think we did get calls, and there is quite an amount of research that we are trying to do Middle East. But at this point of time, since our geographical presence is only in terms of South India and even in South India also, we are not present in Kerala and all of those markets. Our immediate focus would be to expand into the Indian market before looking outside.

See, if you look at the current scope, we are only present in 20 cities and probably we are doing around INR1,460 crores kind of number. After this year, after adding the 65,000 square feet, I think with a 20% increase, our city count would probably be less than, 30 cities. So there's a lot of scope, a lot of expansion for us just in this core market, just inside the country itself.

We believe that we have not even reached to at least 10% to 20% of the overall country's potential, and are maintaining at this kind of productivity levels we're having. Once after completion of our expansion slowly from our core markets, a little bit towards Maharashtra, Orissa and all these markets, then that would be a right time for us to look at expansion outside. At this point of time, probably not.

With respect to gross margin, I think I already made this commentary before as well. I think the nature Varamahalakshmi Silks expansion, as well as vendor discounts, both these things should be able to get us additional gross margin expansion of about 150 points in the next 2 years.

Anuj Kashyap:

Yes. Sir, just a quick one. Sir, what is the age profile of our customers, if you have the track record, just for the idea purpose, what is the age profile of our customers?

Rachamadugu Bharadwaj: I'm sorry, I did not get your question. Are you asking about the age profile?

Anuj Kashyap:

No, no, sir, the age profile. What is the age profile?

Rachamadugu Bharadwaj:

Age profile? See, with respect to age profile, as majority of our purchases are wedding-based purchases and these purchase generally happen in groups. Because people who come are both the mother and daughter, mother, of course, will be around 40 to 60 age group and the daughter will be around 20 to 30 age group.

These purchases generally happen in groups. And out of the entire saree purchase that we have, if you take example of Varamahalakshmi, 60% of Varamahalakshmi revenue is bridal-based

revenue and 40% is coming from your festivities. So that's how the ratio is between the wedding and the non-wedding purchase of VMS.

Moderator: The next question comes from the line of Piyush Bangar from Vijit Global Securities.

Piyush Bangar: My question is how many stores were converted from Kalamandir to Kanchipuram Varamahalakshmi in FY '25?

Rachamadugu Bharadwaj: So we converted only 1 store of Kalamandir to Varamahalakshmi Silks. We have a provision to convert another store in this financial year. Probably by Q2, we should be able to convert another Kalamandir to Varamahalakshmi stores, and that's about it.

Piyush Bangar: Okay. Another thing is, what is the expected time line for the launch of the warehouses we plan in the IPO? And how will these impact in the overall operational efficiency in the margin?

Rachamadugu Bharadwaj: So with respect to our warehouses, there were 2 aspects that we mentioned in the documents. I think we wanted to augment the current capabilities in Telangana/ Andhra. The second warehouse is in Tamil Nadu. With respect to Telangana, I think we want to wait for a few more quarters for us to augment the capacity. we are in the process of bringing a just-in-time model and trying to reduce the overall inventory.

So we believe that the current warehouse, which is about 1 lakh square feet, out of which there's a space that is currently not being used there. So we wanted to use that space before augmenting that. So we don't see an immediate requirement in Telangana at least this year.

With respect to Tamil Nadu warehouse, I think we already did opened a small warehouse/distribution centre in Salem, which is about 4,500 square feet. And using that, we are trying to work on a model where we can quickly dispatch to all of our Tamil Nadu stores. Apart from that, we also have a small warehouse in Kanchipuram. These 2 things are currently being serviced for our Tamil Nadu belt. Probably by the quarter 3 or quarter 4 of this year after adding probably 2, 3 more stores in Tamil Nadu, we will look at the strategic locations and probably add a warehouse in Tamil Nadu by the end of this year.

Piyush Bangar: Okay. That's great. Second thing, just when you said about the wedding days in Q1 FY '26, you said that earlier the same year, like on a Y-o-Y basis, in Q1 FY '25, there were like 15 days, 15 wedding days. And this quarter, we have something about 45 days. Please correct me if I'm wrong.

Rachamadugu Bharadwaj: No. So I think last quarter, what I did mention were about 12 to 13 days in the last quarter. But in this particular quarter, we are having about 24, 25 days.

Piyush Bangar: 24, 25 days. So what about the full year compared to the FY '25, what are the number of wedding days we can expect in FY '26?

Rachamadugu Bharadwaj: So for the full year, we should be close to around 86 kind of days. I think quarter 4 dates are not out yet and probably we have to look at a better calculation. But compared to last year and this year, there will be an addition of about 5% to 10% additional wedding dates more or less. But

the important thing is the wedding dates being distributed would have another equivalent impact as much as the number of wedding dates.

So this year, we see a healthy pipeline of these dates spread across the entire quarter. And generally, this particular quarter, quarter 2, there is a slight slowdown, but quarter 1, quarter 3, quarter 4 are considered to be better quarters in this financial year.

Piyush Bangar: Great. And how many wedding days are there in FY '25?

Rachamadugu Bharadwaj: FY '25, I think close to 74, 75 kind of wedding are there. But in FY '26, I think there's around 5%, more that is 84, 85 days.

Piyush Bangar: Okay. Okay. That's great. I just have a few follow-up questions from the earlier participants. As you said that we have 43% repeat customers or repeat sales. Is that right?

Rachamadugu Bharadwaj: Correct.

Piyush Bangar: Yes. Earlier, we have reported like 6.5 lakh customers, out of which 53% revenue was from repeat customers. So why we are seeing this decline in repeat customers, if you could explain this?

Rachamadugu Bharadwaj: So one thing is, when you add KLM stores because KLM stores generally attract a larger number of customers and a larger number of bills, the number of customers who come into KLM are far more. So when you keep adding Varamahalakshmi Silks stores, because the number of bills are lesser, the number of customers are less, just that the bill value is high. So that's the kind of impact on the overall repeat customer. But apart from that, it is still in line.

And last year, also on account of maybe a lack of a few wedding dates and the market has not been great in the overall consumption side, we have seen a slight decrease. But when you compare us like in the overall industry averages side, I think 43% repeat customer is quite good - which puts us probably in the top 5 or top 6 retailers who have a high repeat purchase. This year, particularly, we have gained about 18 lakh customers, out of which around 8.3 lakh, 8.4 lakh kind of customers are repeat customers. And this is repeat customers in terms of number, but repeat customers' contribution in the overall revenue will more or less in the same number that you have mentioned.

Piyush Bangar: Okay. Okay. Just sir, talking about e-commerce and digital thing. We have reported like daily website visits 18,703 in Q3 FY '25, which has declined to 10,603 in Q4 FY '25. But the average order value remains the same, which is 4,664. Why is it so?

Rachamadugu Bharadwaj: So when you look at e-commerce, right, so Kalamandir, Varamahalakshmi and Mandir, there are 3 websites that we currently run our e-commerce business. This year, I think Mandir and Varamahalakshmi Silks took a major advantage in terms of the overall contribution. Kalamandir was one of our lower-performing formats. So we had our entire emphasis on brand Mandir and Varamahalakshmi Silks, and that's the impact on that.

Majority of the revenue share that we have gained back in e-commerce business, particularly came from these 2 formats and not the other format. Kalamandir typically has an ASP of around less than around INR700, INR800 versus Varamahalakshmi Mandir, the ASP is around INR10,000, INR1,000. So that's the amount with respect to the impact that we have.

But overall, I think e-commerce as a business remains to not grow as aggressive as the off-line expansion because of the nature of the business itself. But still, we are happy to run the e-commerce business because 100% of our e-commerce revenue is coming directly from our website, and we are not leveraging any marketplaces per se.

Piyush Bangar:

Okay. That's great. As you said that we are facing negative same-store sales growth in the KLM format. Are we planning any and as you said that we'll work on supply chain, especially in the men's and kids wear for better optimization of the resources. Are we planning any new stores or targeting new addressable market in the segment to make it like positive same-store sales growth as well as improving the efficiency?

Rachamadugu Bharadwaj: See, I think a lot of things with respect to KLM has happened. See, last year, I think we did put a good amount of efforts in terms of the marketing for KLM as well. But what we've understood is that, there were gaps in terms of the overall procurement, the sizing as well as the color charts what we had in KLM was not fitting right. And one of the major issues happened with respect to men's and kits.

So with that, we understood the message loud and clear, and we are actually working on that. Probably by end of Q1 or probably by end of Q2, that corrections will happen. Until and unless we see a positive SSG growth for KLM, we do not anticipate to add any KLM stores and definitely not in this year or the next year.

Piyush Bangar:

And are we planning any new products or something like that?

Rachamadugu Bharadwaj: So with respect to KLM, yes, I think we are putting more focus on planned purchases. We are trying to hire teams to help us optimize low productivity and low inventory products, remove them and probably focus more on the other categories. One such category is women's wear as well. I think women's wear, we believe, has a high potential, and we wanted to focus and leverage more on that. So in terms of adding new categories, probably not. Within the existing categories, we'll be probably making more changes.

Piyush Bangar:

I just have 1 suggestion to you. Please add the same-store sales growth across all the formats in your investor presentation. So it will be helpful to just take a look on it.

Rachamadugu Bharadwaj: Sure. I'll do that, yes.

Moderator:

Ladies and gentlemen, due to time constraints, that would be the last question for today. I would now like to hand the conference over to Mr. Bharadwaj Rachamadugu for the closing remarks.

Rachamadugu Bharadwaj: Thank you all for taking time to join and participating in this call today. The current market trends seems to be quite in favour in terms of how the wedding dates are spread and overall demand-wise. We're also seeing consumption level demand coming back to us. These two levers

generally have been factors or pointers that help the company to grow further. So hoping to meet you all probably next quarter. Thank you all for taking time. Thank you. Bye.

Moderator:

Thank you, sir. Ladies and gentlemen, on behalf of Sai Silks (Kalamandir) Limited, that concludes this conference. You may now disconnect your lines.