



“Sai Silks Kalamandir Limited
Q1 FY27 Earnings Conference Call”
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Moderator:

Ladies and gentlemen, good day, and welcome to the Sai Silks Kalamandir Limited Q1 FY27 Earnings Conference Call. 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 this conference is being recorded.

I now hand the conference over to Mr. Bharadwaj, Chief Executive Officer. Thank you, and over to you, sir.

B. Rachamadugu:

Thank you, Steeve. Good evening, ladies and gentlemen. Thank you for joining us today to discuss the financial and operational performance of Sai Silks Kalamandir Limited for the first quarter ended June 30, 2026. I am Bharadwaj Rachamadugu, CEO of Sai Silks Kalamandir Limited. I'm joined today by Mr. K.V.L.N. Sarma, our Chief Financial Officer.

On behalf of the management team, I extend a warm welcome to all our shareholders, investors, analysts and stakeholders participating in the call today. I hope everybody got a chance to go through the financial reports updated on both the company website as well as on the stock exchanges.

Let me start with the market overview and the broader market scenario. Consumption during the quarter 1 FY26-'27 was shaped by Adhik Maas that fell from May 17 till June 15, almost 1 full month inside our quarter. Adhik Maas, as you all know, is traditionally treated as inauspicious for weddings, griha pravesams and other major purchases that contributed to weak consumption trends across our markets.

As a result, footfall and spends during the quarter remains measured. Customers continue to display value conscious and discretionary purchasing approach. This reflects broader weakness in the overall consumer demand across the discretionary retail and consumption space. A trend, we believe, is being felt industry-wide and not specific to Sai Silks or ethnic wear alone.

Additionally, the retail environment remained challenging due to passive discretionary spending and cautious consumer sentiment across markets. We expect this cautious sentiment to ease as we move into the festive and wedding-heavy second half of the year.

For the first quarter ended June 30, 2026, the company reported a revenue from operations of INR375 crores compared to INR379 crores in quarter 1 '25-'26, which is almost flat. The same-store sales saw a degrowth of up to 7.5% during the quarter, reflecting the cautious demand environment I just spoke about. EBITDA margins declined by about 1%, largely on account of the same-store sales degrowth given that the fixed cost base spread over softer like-to-like volumes.

That said, I'm happy to report that gross margins held up well, remaining close to 42% despite the challenging environment, which is a reflection of continued pricing discipline and merchandise mix management. We expect the EBITDA margins to improve through the course of the year, supported by SSSG improvement and by the operating leverage that follows as this quarter's new stores mature.

The company continues to be debt-free. This reflects our continued focus on financial discipline and prudent capital management even as we invest in continued expansion. As per our original plan back in 2023 during the IPO, we had envisaged adding up to 1,42,500 square feet of retail space.

I am pleased to share that through disciplined execution and efficient capital allocation; we were able to approximately add 90,000 to 1,00,000 square feet of additional retail area over and above this original target using the same fund allocation. This reflects efficient capital allocation, utilization and implementation on the ground and gives us a higher store area, and this higher store area will translate into higher productivity for the company.

With this additional retail space, our overall inventory levels are naturally expected to be higher in absolute terms. However, I'd like to highlight that we continue to see a consistent reduction in inventory per square foot, which reflects the growing efficiencies of our cluster-based expansion strategy. As store density improves within a cluster, our inventory planning and replenishment becomes more efficient.

I'd also like to note that the entire inventory is owned by the company as all our stores operate under the company-owned company-operated model. Our focus during the quarter remained on strengthening our market presence, enhancing customer experience and improving operational efficiencies and driving sustainable long-term growth.

We continued our expansion journey, adding approximately 30,000 square feet of retail space during the quarter, taking our total store count to 83. These additions further strengthens our presence in our key growth market, Karnataka, and reflect our confidence in the long-term potential of the organized ethnic wear retail segment.

As of June 30, 2026, the company's total retail footprint stood at approximately 8,14,000 square feet across 83 stores and 4 states. Looking ahead, we are targeting a net retail space addition of approximately 1,00,000 square feet for this financial year.

As part of our ongoing efforts, we have planned to rationalize 1 KLM Fashion Mall store that has shown sustained degrowth despite dedicated efforts towards revival, including downsizing initiative that has been undertaken in the previous quarter. This action reflects our commitment to disciplined capital allocation, ensuring resources remain focused on our best-performing locations. We will continue to monitor performance closely and take necessary actions as warranted.

I'd like to take a moment to address how we believe a business like ours should be evaluated. Given the inherently seasonal nature of the ethnic wear retail industry, companies like ours are best assessed on a yearly basis rather than purely on a quarter-to-quarter basis. As seasonal shifts are imminent and structural to how this business performs, our revenue and profitability are closely tied majorly around the festive and wedding calendar.

Events like Adhik Maas can shift demand meaningfully from one quarter into another without any change in the underlying health of the business. A quarter that looks soft in isolation may

simply reflect a calendar-driven timing shifts with the corresponding demand showing up strongly in the adjacent quarter.

We would, therefore, encourage investors and analysts to look at our full-year performance trends as a more meaningful indicator of the company's underlying growth trajectory rather than drawing conclusions from any single quarter in isolation.

I will now hand it over and would be happy to take any questions.

Moderator: Thank you sir. We will now begin the question and answer session. The first question comes from the line of Divyansh Jaju with Trinetra Asset Managers.

Divyansh Jaju: So my question was, what's the state-wise and the format-wise split will be of the 1,00,000 square feet expansion target, which is there for FY27? And apart from this, is there any new state entry outside South India or we will be doing expansion more in the same only?

B. Rachamadugu: Yes. Divyansh, thank you for the question. So at present, it's majorly split between our existing territories, where Karnataka is taking the front lead in the overall expansion strategy. The formats in play majorly will be Kalamandir and Varamahalakshmi. Kalamandir will lead the majority of the effort.

Additionally, in terms of locations, in quarter 4 or early quarter 1 of next financial year, in that time is where our entry to the new state will be. We are looking at closing down on final location of one in Pune in Maharashtra. And we are also actively exploring opportunities in Kerala. So - - but, however, these geographical entries will majorly pan out in the quarter 4 and early Q1 of next year.

Divyansh Jaju: Okay. And the guidance you have given in the previous quarter for the revenue growth and the EBITDA margin will remain same only for next FY27?

B. Rachamadugu: For the current financial year, broadly, yes, there is not going to be any changes. We think that the store implementation is something that we are carefully aligning. For the next financial year also, I think there could be a possibility where we might add a little bit more than the 1,00,000 square feet before the financial year ends.

At this point of time, the visibility that we have in quarter 2 is close to 26,000 to 30,000 square feet. We've already added 30,000 and this 30,000 will broadly bring it out to 58,000 to 60,000 square feet. And ideally, the target for Q3, Q4 is 40,000, but there are possible chances wherein in quarter 4, we might be able to add an additional 10,000 to 15,000 square feet, which I will be able to confirm once quarter 2 passes.

Moderator: The next question comes from the line of Resham Mehta with Green Edge Wealth.

Resham Mehta: Yes. So, of course, H1 last year was a very heavy base. And since you're encouraging us to look at it from an annual standpoint, and considering the 1,00,000 square feet addition that we are planning for the current financial year, would you like to give any revenue growth guidance for the current financial year?

B. Rachamadugu:

Ma'am, I think like we already discussed, broadly, the revenue guidance for the full year will remain between 12 and 15 percentage, like we've discussed in the last interactions as well. The store implementation-wise, if we could push the number of stores in late Q3 or first or second week of Q4, then probably that might be able to add a little bit. But broadly, this is how it's going to be.

One of the important things that you have mentioned is, as you rightly mentioned in H1, because it's a heavy base. And number two, Dasara came in, in quarter 2 of last year. So, therefore, that seasonal shift between quarter-to-quarter is something that I wanted to point out. But broadly, Y-o-Y basis, it's still fine.

Resham Mehta:

And also, I just wanted to understand the price elasticity of demand vis-a-vis poor rainfall. So if I see almost 75% of our revenues come from AP, Telangana and Karnataka, where broadly the rains have been poor so far at least. So in the past, have we experienced that the wedding and the festive demand takes a hit if the rainfall is poor for that particular financial year? Or would we say that it's largely insulated?

B. Rachamadugu:

Thank you for the question. There are very good potential markets in our core markets, which is agriculture-dependent markets. So for instance, I'll give you a couple of cities, like one is Rajahmundry, the other one is Vijayawada. These are cities which are heavily reliant on agriculture.

So there are many cities in the existing territories within our 4 states, which have impact on direct agricultural income. So rainfall in nature will have a broad impact on the overall sense of having lesser demand. That is something that in the last couple of years, we have seen because of flooding and all of that happened. on the agricultural side, I think that is also something that we have to be worried about.

One more thing that I'm not able to comment very surely, but has a broader level impact is because of the war, the fuel prices rising, even with respect to the product wise also, the dying cost has increased substantially. So, therefore, the entire supply chain also has been something that has been impacting.

Despite all of this, our product mix changes is able to absorb some amount of gross margin expansion that we wanted to target, and that is what is something that we were able to maintain despite these challenging times.

But broadly, I believe in quarter 2 and quarter 3. See, things like these rainfall effects will not show immediate impact. These are things that might show impact probably in quarter 2 and quarter 3. I personally believe that there will be some impact, but it's tricky to quantify how much exactly it will.

Resham Mehta:

Right. And as far as margins go, like you did highlight cost pressures in the entire supply chain. So would you say that are we still confident of maintaining our margins, at least the gross margin level?

B. Rachamadugu: Gross margin, as you see, I think ideally, we were expecting the gross margins to be a little bit higher. But with all of these things playing out, the gross margin hardly sustained. I think we've lost close to 10 to 15 basis points and broadly the gross margins remain. We aim to maintain the same gross margins till the end of the year.

The newer format, which is majorly not Varamahalakshmi, which is Kalamandir that is coming this year, is one thing that we have to keep in mind. And these cost pressures that is coming, broadly, we will still aim to maintain the same kind of gross margins till the end of the year. But on the EBITDA margins, you should be able to expect better than what we closed last year. I'm talking about the full year in perspective.

Resham Mehta: Understood. And Telangana this quarter has seen a very sharp decline, I think, almost around 15% odd, so and how much of that decline would be linked to the high footprint of KLM in Telangana? And also, if you could quantify the SSSG for this quarter? And would KLM be pulling the overall numbers materially down?

B. Rachamadugu: So our SSSG broadly was around 7.5 to 7.8 percentage. This was heavily driven by KLM's degrowth. And since KLM's majority of the contribution is coming from Telangana, so naturally, these numbers seem to be a little higher. And number two, as you already did mention, the higher base in last year is also one of the effects that we had.

So yes, that is the reason why I think despite the continued efforts this, all these couple of quarters, we decided to consolidate one of the stores, and the store happens to be in Telangana itself.

We are aiming that the inventory, whatever is available in this store, will get transferred to the other KLM stores, and the manpower, wherever reduction could happen will happen, and we will move the manpower to the new stores and upcoming stores that are going to come. So the effect of this is something that's going to come up in the next quarters.

Resham Mehta: So from 19 stores, we are looking to consolidate to how many stores going ahead or is it just one store for now?

B. Rachamadugu: Right now, it is one store. The market has also changed. I think one store is what we have definitely identified, we've negotiated and we've finalized the dates of closure as well. The other store, there is one other store in the radar that we are carefully monitoring it. We have not taken a definitive decision yet. But if it comes down to it, we are open to figure out the necessary course corrective plan that we need to take for these stores as well. At present, it's only 1 store. From 19, we move to 18.

Resham Mehta: 18. Got it. I'm sorry, I missed this. So 7.5% to 8% is the SSSG degrowth, right, in this quarter?

B. Rachamadugu: Correct.

Resham Mehta: Okay. And then in KLM Fashion Mall, if you could just comment on how is the recovery going? I think we've launched 2 new categories, innerwear and jewellery, while there was pressure on men's wear and kids' wear. So how are these 4 categories doing?

- B. Rachamadugu:** So with respect to innerwear, I think month-on-month, Y-o-Y, it is showing growth. We are expecting a 20% growth compared to last year in the innerwear category.
- With respect to jewellery, I think the jewellery that has been added is fashion jewellery, and it just started. We started with the 2 new stores that we've opened in last quarter in Kalamandir. In those stores also, we started adding. In KLM, we just started adding this. We will take a phase-by-phase approach and try to start putting the jewellery, the fashion jewellery in more and more stores.
- The concept behind that will continue to be the same, reallocating the existing store space to be able to fit in this category and see how the productivity levels increase. So broadly, the implementation in the jewellery side on the KLM front, particularly is just starting. But on the Kalamandir, because the 2 new stores opened in last quarter, we were able to add aggressively there.
- Resham Mehta:** Understood. And lastly, on the warehouse funds, they have been unutilized for quite some time now, basically from the IPO proceeds. So are we looking to utilize the same anytime soon?
- K.V.L.N. Sarma:** Yes. Warehouse is one crucial part that we have to see exactly where it is to be located. For the 1 or 2 places that we have identified, due diligence is under process. So just for the sake of spending of the amount, we cannot conclude on any one place, and then, we will have a problem in shifting if necessary.
- So other than the warehouse part, the funds are being utilized on time. And in fact, as explained by Bharadwaj in the opening remarks, we have established approximately 80,000 to 90,000 extra store area.
- We are closing one particular area where we wanted to put up the warehouse and discussing with them. Hopefully, we should be able to complete the deal by the end of September. And then that particular part of the amount for warehouse will be spent at that point of time.
- B. Rachamadugu:** Apart from that, I think the entire utilization will be completed, the target being September quarter 2 of 2026.
- Moderator:** The next question comes from the line of Ashwini Agarwal with Demeter Advisors LLP.
- Ashwini Agarwal:** Mr. Sarma and Mr. Bharadwaj, my question is that how are you looking at the next 3 quarters in terms of wedding dates? I realize that Dasara has moved to Q3 this fiscal year as opposed to Q2. But could you give us a broad sense of what's the distribution of wedding days in Q2, Q3 and Q4 relative to the same period last year?
- B. Rachamadugu:** So broadly, Q2, Q3, Q4, if you take all of that put together, Y-o-Y, there are like 2, 3 days extra. If I have to put you in a percentage perspective, like about 5 to 10 percentage of additional wedding dates is what is there in quarter 2, quarter 3 and quarter 4. And it is a distributed calendar, like how I've already mentioned in the previous calls as well.

Now, with regards to the festive demand, as you rightly said, from quarter 2, it shifted to quarter 3. That is one such parameter in terms of the overall revenue that moves. And Dasara is one of the biggest seasons in our Telangana cluster. And Telangana does have a significant impact on the overall revenue.

So with respect to the festive, so that shift between Q2 and Q3. But with regards to the wedding dates, broadly, it is distributed like how it was in the last year with an additional 5 to 10 percentage of additional wedding dates.

Ashwini Agarwal:

Okay. And the 2 stores that you opened in Q1 were both Kalamandir stores based on your opening remarks, but they're pretty large formats in the sense between the 2 stores is 30,000 square feet. I thought that there was kind of a strategy to also kind of open smaller stores, the Valli format, which you had attempted last year with a bunch of stores. Any comments on how they have done?

B. Rachamadugu:

Sure. So the broader idea is Valli stores by the end of last financial year, we scaled it up to 11 stores. And I mentioned that after 11 stores, it gave us an enough sizable picture for us to understand what is the entire economics going to work around with the Valli format.

So as of quarter 4, the Valli format broadly is operating in the same range of Kalamandir and a little better than Kalamandir in terms of the productivity as well as efficiencies in terms of inventory.

Now, Valli Silks is still in focus, is still in play. It's just that we are trying to time the Kalamandir stores in Karnataka. So the focus in Valli is still there. We have not shifted or we are not changing the plans towards that. Probably by Q4 and early next year, we will have the Valli store pipeline that is going to come from.

With regards to Kalamandir, as you have mentioned, the 30,000 square feet are bigger-sized stores. I think 1 store is close to 14,000 and 1 store is close to 15,000 square feet, somewhere there, 29,000, some change. These stores, if you look at, Kalamandir's brand value in Karnataka is significantly higher compared to Telangana.

And these stores that are currently in Karnataka are all family stores and heavy focus and reliance more on saree. So we are trying to use the brand value that these stores already have and leveraging that and expanding deeper into these markets.

The reason why this store seems to be a little bigger than the current averages are because these stores majorly are identified into markets where there are all family stores in and around, and that's the kind of audience that, that particular geography requires us to have. And therefore, Kalamandir stores is what is taking that leap forward.

If you look at the overall store mix as well, I mean, Karnataka, the number of stores that we have is 14; Tamil Nadu is 14; Telangana, 28; Telangana, 29; Andhra, 28. I mean, there could maybe 1 store plus or minus. In total, that's the split between the number of store count. So there is a huge opportunity for us to target in Karnataka. And therefore, we have chosen the Kalamandir format as a format that we wanted to start expanding.

With that being said, the Valli Silks format is also something that we are actively looking at in terms of store square feet. In terms of Valli, one of the challenges are because it is a 3,000 to 4,000 square feet stores, the rental costs are significantly a little bit higher than the company averages with respect to Valli because all the other store formats have higher productivity and bigger store size, it works out better.

But with Valli, the rent to revenue cost is now shooting up a little bit. So what we have decided is we wanted to add a few more stores giving a break between about 1, 2 to 3 quarters. And by quarter 4 and next year onwards, we will start adding the next wave of Valli Silk stores.

But I wanted to take a moment to give you the strategy of how we do the store selection process. The fundamental idea, if you look at in, we start identifying 1 or 2 markets and we start expanding between multiple formats as well, not just go with a singular format. The reason being any particular location will have an appetite for one or more formats and not one format alone.

Now, because we do this, the entire operational efficiencies with respect to stock management and administrative bandwidth, it will all work out. So right now, the next interesting place for us to expand will be in Karnataka with newer formats as well as in Tamil Nadu with non-Varamahalakshmi format. The goal for us is to make sure we balance Varamahalakshmi and non-Varamahalakshmi format so that we don't miss out in terms of margins, we don't miss out in terms of capital allocation.

Ashwini Agarwal:

Just one more question. I mean, if I look at your guidance of 12% to 15% revenue growth for the current financial year and I map that on to the number of square feet that were put on last year and the number of square feet that you're putting on this year in terms of footprint expansion, it would kind of indicate that our SSSG outlook still remains muted.

I mean, our SSSG will probably be 0 or slightly negative even in Q2, Q3, Q4 because you've added a lot of stores last year, you're adding a lot of square feet this year as well. And in context of your revenue guidance, your SSSG outlook seems to be negative. Would that be a fair inference on my side?

B. Rachamadugu:

Sir, the reason why I've mentioned that number is because we have a lot of catching up to do, this minus 7%. But broadly, we feel for the full year, it is going to balance out. You are right in terms of what is anticipated.

I'm leaving a little bit of, what can I say, a contingency plan because these scenarios such as El Nino, the war, the kind of impact that it might outweigh on quarter 2 and quarter 3 could be something that I would have misunderstood or would have not been in my reach.

But on the business and operations front, we will still aim to do around 15% only and not 12% and 15%. This broadly will classify in at least 2% to 3% of SSSG positive plus whatever additional revenue that comes forward.

I'm trying to take a conservative number because of the current SSSG degrowth plus the geopolitical factors that might weigh in. Apart from that, on the business and operational front,

I think the only negative thing is because of these factors playing in, the consumption might weaken.

If that's the scenario that is not going to have a problem, I think we will be comfortably doing a number which is close to 15%. That will put you around close to SSSG growth number on the positive SSSG and not a negative number.

Moderator: The next question comes from the line of Nilesh Doshi with Prospero Tree AMC.

Nilesh Doshi: Sir, I have a couple of questions. Both are related to the revenue. And see, in the quarter 1, there was a slight degrowth in the revenue in spite of the addition of 14 new stores during the period of quarter 1 '26 to quarter 1 '27. And you mentioned that because of the Adhik Maas and softening of the demand, there was a slight reduction in the revenue. But at the same time, we have added the 14 stores. So I think only the reason is the Adhik Maas or really the demand is low in this sector? What is the exact reason, sir?

B. Rachamadugu: Sir, there are broadly 2 reasons. One, we have a higher base in the last year Q1. If you look at last year Q1 versus the previous year, we showed a double-digit SSSG growth. So because we have a higher base, this year naturally seem to be shooting a little bit aggressively. That is one reason.

And the second reason is a combination of 2 factors, which is one is SSSG degrowth, which is coming from Adhik Maas plus lower consumption. So these are the 2 factors why the negative SSSG is panning out.

But again, I want to reemphasize that the numbers that we have to look with respect to companies like ours is the quarterly shifts might move up and down, but the yearly number is something that we should be looking at. And we believe in quarter 3, in H2, everything will start making sense in terms of what our revenue guidance versus our actual performance.

Nilesh Doshi: So I understand that because of the Adhik Maas, people generally postpone the buying, don't stop the buying. So do we witnessed any demand surge in the current month or like that?

B. Rachamadugu: Sir, currently, we have completed close to 15 to 20 days post Adhik Maas. The demand is slowly increasing. It is the Ashadam time that is currently going on. But demand has increased, but not to the levels where ideally, I wanted to currently operate under, which broadly signifies the weak demand because of these geopolitical factors.

but again, it's just been only like 10, 15 days. We are aiming that Sravana Masam, which will start from the 15th of next month is something which is very auspicious sign for a lot of weddings to happen, and it's going to shoot up in terms of the overall demand-wise. that's the expectation in quarter 2 at least for now.

Nilesh Doshi: So generally, when you give some guidance about the revenue growth, it is more than or at least double digit. What about the SSSG? Will our SSSG beat the inflation rate or will it be near to inflation rate because if we achieve the growth of inflation rate, how our profit will move up?

- K.V.L.N. Sarma:** Normally, we consider an improvement of approximately 3% to 4% on SSSG, which will cover the inflation rate plus any kind of increase in cost. . So approximately 3% to 4% of SSSG plus the additional productivity from the additional stores that will be coming in will be the guidance for the ensuing year.
- Nilesh Doshi:** So the major growth comes only by adding the new stores. Is it correct, sir?
- K.V.L.N. Sarma:** yes. See, there are 3 aspects in it, not new stores only. There is a factor of SSSG, which will cover the inflation and give some part of the additional comfort. And there are stores which are under maturity. So these stores will improve their productivity during the period of maturity, as you know.
- We consider SSSG of maturity of these stores as leaving the year in which it is established plus 1 year for the full operations and then take it as a guidance. So the improvement in productivity in the stores under maturity plus the additional stores i.e., the productivity out of additional stores that have come in during the year. These 3 factors will contribute to the turnover levels.
- Nilesh Doshi:** Okay. And sir, my last question regarding the bookkeeping. Our employee cost for the current quarter is around INR52 crores. But in the quarter 4, it was INR61 crores. And on a Y-o-Y basis, it is again INR53 crores in quarter 1 '26. So why there was a jump in quarter 4? Or do we have closed any store in the quarter 1, current quarter? So why it is lower than the quarter 4 '26?
- K.V.L.N. Sarma:** Last quarter 4, we issued bonuses. In quarter 3 and quarter 4, we issue bonuses, which will spike the employee cost during that period. And secondly, during the peak seasons, Q3 and Q4, we employ substantial temporary staff for assistance, in some cases, for additional manpower for valet parking also.
- In various departments, we have to employ temporary staff during Q3 and Q4, where normally the activity will be much higher. In quarter 1, it is lesser in that aspect. And so that is how there will be a slight lower figure in the Q1 this year.
- Nilesh Doshi:** Okay. Okay. And sir, only last request from my side, at least. Why Mr. Durga Prasad is not attending any con call because we want to know something from him also because...
- K.V.L.N. Sarma:** In fact, we are in the midst of implementing so much of an expansion in various states. Every year, one conference call he is attending. Last year also one conference call he has attended. And we will ensure that next time at the H1 call, he will be there.
- Moderator:** The next question comes from the line of Mayank Aggarwal with Harman.
- Mayank Aggarwal:** I have 2 questions majorly. Am I audible?
- B. Rachamadugu:** Yes, Mayank.
- Mayank Aggarwal:** So, I understand that Sai Silks is a medium to premium brand, but are there any plans to further boost the revenue, like appointing the dedicated business development officer, CXO like that or offering the occasional discount sale so as to make the brand popular among the masses? Yes, sorry, please.

B. Rachamadugu:

I didn't understand the question quite well. So on the org-chart level, I think we have all the people in terms of respective departments in terms of sale. If you look at in terms of sale-wise, our 95% or 96% of the entire product offering is full price sale. That's the brand value that we were able to gain over the last 18 years.

There are very few retailers in the country who is able to perform full price sale in north of about 90 numbers, and we take extreme pride to be able to be one among them. With respect to the business development and teams like that, I think last year, with respect to guidance, we guided around 75,000 square feet.

We guided close to 80,000 square feet, and we have achieved 75,000, and we have downsized 6,000 square feet. That puts us around 69,000 effective retail area. This year, we are guiding close to 1,00,000 square feet of retail area and everything with respect to business.

Development-wise, everything is going on track. And in fact, by end of quarter 4, we might anticipate, and we might look at adding additional on top of the 1,00,000 square feet of retail area.

So in terms of appointing the right guys, I think there are enough team members in the organization who is able to scale it up and be able to meet the vision of what the company is aligned towards broadly.

Mayank Aggarwal:

And just the last thing is, I understand you have got the online retail portals also, but any plan to distribute via the big aggregators like Amazon, Myntra, etc.?

B. Rachamadugu:

So Mayank, we fundamentally don't want to get into the marketplace channels. We are not manufacturers of products where we have high gross margins. Marketplaces, such as the names that you have mentioned, have marketplace commission or marketplace fee that ranges anywhere between 20% and 45%.

So we don't have margins like that to operate in channels like that, and we continue to keep our stores in offline mode and stand-alone as well. So formats and business models like ours, which doesn't involve in manufacturing, can't really use that leverage and be able to scale.

On top of it, we have tried models in marketplaces before, but the real challenge is the marketplace fees plus also very high RTOs and very high returns, which will actually eat up this entire margins that we are trying to operate.

So we have done that, but we have understood that, that model will not work for us, and we continue to operate and strengthen our presence in the offline formats. We are present in the e-commerce, but we are doing a smaller number there compared to the kind of numbers that we do it in the offline.

Moderator:

The next question comes from the line of Nitin Jain with Fairvalue Equity Advisory.

Nitin Jain: My question is regarding the revenue guidance that you have given for the year or rather the explanation you have given for the slow revenue performance in Q1. You mentioned that various reasons like geopolitical, El Nino and Adhik Maas.

But if we look at the other parts of consumer discretionary, like jewellery, they have shown really good growth, like 35%, 40% growth and that too on a very high base of last year. So how do you explain this dichotomy? Like are these factors not playing out in the jewellery space, which is also related to wedding and consumer discretionary purchases?

B. Rachamadugu: See, when you look at jewellery as a segment, there's a lot of investment value and metal appreciation value. All of that is also something that we have to consider. I'm not trying to decode the jewellery business model here. But if you compare us with any ethnic wear or wedding-related purchases, this is going to be a phenomena across anything in this industry.

Unfortunately, or fortunately, we are the only player in this space, and that's the reason why we are not able to give you a relative point of view. But more than El Nino, more than geopolitical factors, the real reason of the degrowth in this particular quarter is on account of Adhik Maas. That's the consumer nature that we have because your average ticket size for us across the company is around INR4,000, INR5,000 across the board, right?

When you compare to jewellery, it's much, much higher. And the perceived value that people get in terms of jewellery is the investment angle that is really not going to be possible for a category like ours. So it's tricky for us to compare the jewellery and this. But yes, you could compare the jewellery segment and us in a given year where there is a lot of weddings minus the investment angle. So I hope that answers your question.

Nitin Jain: Okay. And my next question is regarding the guidance you have given for the full year. Like my question is, when we gave the guidance at the end of Q4, factors like geopolitics, Adhik Maas and Dasara being in Q3 of this year would have been known to us, right? So I'm just trying to delve a little deeper into the guidance.

B. Rachamadugu: See, Nitin, I always gave a guidance for the full year. There was never a quarterly guidance that I have done even in my last earnings call as well. I always wanted to give a full year. Businesses like ours have been and will be continuing to have the impact of quarterly disproportionate weightage in terms of the wedding and the seasonal and the festivity calendar.

Keeping all of that in mind, for a full year, the guidance is still same. There has not been much of any difference in terms of the guidance that I have given in Q4 of last year versus the current Q. It is just the seasons move, and therefore, quarters change. But for the full year, it remains solid like how I spoke in the last quarter as well.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

B. Rachamadugu: Thank you all for taking time to join here today, and thank you for your continued support and participation in today's call, and we look forward to interacting with you in the next quarter. Season's greetings, and thank you. Bye.

Moderator:

Thank you. On behalf of Sai Silks Kalamandir Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.