STANLEY
Makers Of Beautiful

Date: 01.06.2026 Ref no. SLL/SE/25-2026

To, National Stock Exchange of India Limited ("NSE") Listing Department Exchange Plaza, C-1 Block G, Bandra Kurla Complex Bandra [E], Mumbai – 400051	To, BSE Limited ("BSE") Listing Department Corporate Relationship Department Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001
NSE Scrip Symbol: STANLEY	BSE Scrip Code: 544202
ISIN: INE01A001028	ISIN: INE01A001028

Dear Sir/Ma'am,

SUB: TRANSCRIPT OF THE EARNINGS CALL FOR THE QUARTER AND FINANCIAL YEAR ENDED 31ST MARCH 2026.

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith a copy of transcript of the earnings call held on 28th May 2026 on the Audited financial results (standalone and consolidated) of the Company for the quarter and Financial Year ended March 31st 2026.

The transcript of the earnings conference call is also available on the website of the Company at:

https://www.stanleylifestyles.com/storage/Investor/June2026/f37qh-Transcript.pdf

We request you to kindly take this on your record.

Thanking You,

For Stanley Lifestyles Limited

Mukesh Sharma

Mukesh Sharma
Company Secretary & Compliance Officer
Membership No.: ACS 28288

Enclosed: As above

"Stanley Lifestyles Limited Q4 FY 2026 Earnings Conference Call"

May 28, 2026

MANAGEMENT: **MR. SUNIL SURESH – CHAIRMAN AND MANAGING DIRECTOR, STANLEY LIFESTYLES LIMITED**
MS. SHUBHA SUNIL – WHOLE-TIME DIRECTOR, STANLEY LIFESTYLES LIMITED
MR. VENKATARAMANA SESHAGIRIRAO GORTI – JOINT MANAGING DIRECTOR, STANLEY LIFESTYLES LIMITED

MODERATOR: **MR. SUNNY BHADRA – EMKAY GLOBAL FINANCIAL SERVICES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Stanley Lifestyles Limited Q4 & FY26 Earnings Conference Call hosted by Emkay Global Financial Services Limited.

As a reminder, all participants' 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 this conference call, please signal an operator by pressing "*", then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sunny Bhadra from Emkay Global Financial Services Limited. Thank you, and over to you, sir.

Sunny Bhadra: Yes, thank you Swapnali. Good morning, everyone. I would like to welcome the Management and thank them for this opportunity.

We have with us today Mr. Sunil Suresh – Chairman and Managing Director, Ms. Shubha Sunil – Whole-Time Director and Mr. Venkataramana Seshagirirao Gorti – Joint Managing Director. I shall now hand over the call to the management for the opening remarks. Over to you, sir.

Sunil Suresh: Good morning and thank you for joining us.

As we reflect on FY26, I would like to begin by sharing some important updates on our business journey:

Over the past year, we have remained focused on strengthening the foundation of the company through strategic corrections, investments and operational enhancements aimed at building long-term value.

While the financial performance over the last few quarters has remained relatively flat, the period has been marked by important strategic decisions focused on strengthening our capabilities, improving execution and preparing the company for sustainable long-term growth.

Before I go further, let me state this clearly. As promoters, we have been building Stanley for over 30 years. Throughout this journey, we have remained fully invested in the business. We have not diluted our shareholding, which clearly demonstrates our confidence and positive outlook towards the future of our company. We believe that when promoters have conviction in the future direction of the business, it is important to demonstrate that confidence through action and not merely through words. Our capital remains committed alongside yours and our approach continues to be long-term disciplined and patient.

Further, as already informed to the Stock Exchange and approved by the Board of Directors in its meeting held on 27 May, 2026, we are proceeding with the proposed merger process of subsidiaries and step-down subsidiaries into a single listed entity i.e. Stanley Lifestyles Ltd, which will enable sharper operational focus, faster financial reporting, improved efficiency and reduction in duplication arising from multiple subsidiary audits and compliances processes.

At the same time, we have fundamentally reshaped our retail business. From being dependent primarily in Bangalore, we now have a direct company-owned company presence across key market including Chennai, Hyderabad, Pune, Mumbai and Delhi. Together, these markets account to nearly 80% of India's luxury housing demand.

Equally important is the manner in which the expansion has been built:

Over the last two years, we strategically acquired and converted key franchisee markets particularly in Chennai, Hyderabad and Pune into company-owned company operation stores. These markets have delivered over 40% year-on-year growth. More importantly, this transaction was about control and not merely growth.

Under the franchisee model, we observed underinvestment, inconsistency in customer experience and deep discounting practices that did not align with luxury positioning of our brand. We took a conscious decision to bring these markets under direct operational control. In the luxury segment, scale without control leads to dilution. We have consciously chosen control.

Over the past year, we have taken several difficult but necessary decisions. The recent changes in the key management personnel resulted in certain short-term disruptions. However, we remain uncompromising in our commitment to bring the right leadership into the organization.

Now, I would like to invite Mr. Venkataramana – Managing Director, to walk you through the business performance of our company.

Venkataramana Gorti: Thank you, Sunil, and very good morning.

Over the last 12 months, we have shut down three underperforming stores. On the positive side, we have also opened 11 new stores, with five additional stores expected to commence operations shortly. Importantly, over half of our stores are under gestation period and are still in the investment and ramp-up phase.

In addition, the launch of our 60,000 plus square feet flagship store in Hyderabad was delayed due to certain regulatory approvals, resulting in a deferment of revenue recognition by a couple of quarters. We would be opening our first international franchisee showroom in Sri Lanka at the beginning of Q2 FY27.

The following factors have had a short-term impact on profitability:

1. First one is new stores that are yet to achieve maturity.
2. Pre-operating and expansion-related expenses.
3. Temporary overlap in KMP compensation.

Due to IndAS, lease rentals are front-loaded, which depresses reportedly profitability during the initial years of store operations, which resulted in higher depreciation and finance cost of Rs. 14.7 crores. These are forward-looking investments preparing us for the next phase of growth.

We have assessed the impact of new Labor Code and have recognized Rs. 3.3 crores under exceptional item.

We have also faced certain external headwinds:

The appreciation in USD and EUR impacted our input costs. Further, geopolitical disruptions, including the West Asia conflict, affected conversion cycles and shipment schedules. From the middle of Q4 FY26, we started witnessing a decline in our B2B demand, consequently impacting our revenues in Q4 FY26.

The supply chain disruptions, longer lead time, higher costs across value streams, along with the broader weakness on the demand side impacted our performances in Q4 and is expected to flow into FY27.

Despite these challenges, the underlying strength of our business remains intact. We are an order book-led company with approximately 75% of our B2C business driven by confirmed customer orders. We commence FY27 with our highest ever order book of approximately Rs. 62 crores compared to Rs. 45 crores in April 2025.

Our cash reserve remains strong at almost Rs. 200 crores as of end of this year as compared to last year where we ended with Rs. 215 crores. In spite of our highest ever capital investment exceeding Rs. 60 crores, this clearly reflects disciplined capital allocation and the inherent strength of our operating model.

At a structural level, the operating environment continues to remain favorable:

Furniture imports, which represent our primary source of competition, are currently under pressure due to the foreign currency fluctuations, the supply chain and logistics disruptions, and the regulatory measures, (QCO) the Quality Control Order coming into effect from August 2026.

At the same time, we are very well focused on our best-cost country strategic sourcing approach where our key inputs continue to remain competitive in challenging situations. This continued approach has enabled us to achieve cost optimization leading to year-over-year expansion in gross margin in FY26 by 151 bps from 56.3% in FY25 to 57.5% in FY26.

Improved turnaround time, higher customization capability and stronger quality controls, we believe this transition is creating a meaningful structural competitive advantage for Stanley.

On the demand side:

The project handovers across key markets continue to be delayed. While the customer footfalls remain steady, conversion cycles have become longer. We believe handover activity across the top six cities is likely to accelerate over the next few quarters and will keep increasing trends during the FY27 to FY2030 period.

Stepping back, the long-term fundamentals of both our businesses as well as the market remain strong. India is entering a phase where the highest ever inventory of completed premium homes will come into the market over the next five years. This is not merely a projection, it is already visible in the supply pipeline.

To summarize:

We have a strong presence across the most relevant markets, a significantly expanded retail network, a structurally improving competitive position and a disciplined debt-free balance sheet. "We are not building Stanley for the next quarter; we are building Stanley for the next decade."

We will now open the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin with the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We have the first question from the line of Siddharth from Ithought Wealth. Please go ahead.

Siddharth: Hi, sir. My first question is regarding the performance of matured stores. So, let's say stores which have been opened for more than three years. What is the revenue growth for these stores in the last three years?

Sunil Suresh: Most of the stores which are over three years have grown by about 4%. However, most of the stores still do not have our complete home solutions. So, that is in process. And as we go forward, they are moving from only living room furniture stores towards complete home solution stores. And we keep adding our kitchen and cabinetry into these stores. So, we expect a healthy matured stores to generate about 10% to 15% going forward.

Siddharth: When you say 4% is the growth, the number of stores, let's say the number of stores that you had in 2022, are you saying that they have been growing at 4% for the last four years?

Sunil Suresh: Yes, that is correct.

Siddharth: Okay, I just had this doubt because your revenue from company owned, company operated stores is like same for 2023 and 2026. While the number of stores have gone up. I was wondering why that is the case.

Sunil Suresh: So probably I think you might want to understand that while there are certain new stores that have kicked in but the same certain old stores are performing better than 4%. But averaging around 4% is what we are seeing.

Siddharth: Okay.

Moderator: Thank you. We will take the next question from the line of Kranthi Bathini from WealthMills Securities Private Limited. Please go ahead.

Kranthi Bathini: Hi Sunil ji, just want to know how the projections for the next coming quarters seem to be because you are mentioning that from the past one year, there is a lot of euphoria. And of course, there are pre-bookings for ultra luxury homes and flats and villas are concerned. So, by when you can see some kind of a visible growth in terms of the sales are going to be and what are the strategies you are implementing? This is my second question. And the third question is, you mentioned that there are short-term disruptions that you experienced. Could you just elaborate what are the short-term disruptions that you experienced in the past one quarter? Thank you.

Sunil Suresh: Yes. In terms of our earnings call we have clearly mentioned that we have used this past 18 to 20 months to consolidate ourselves, actually move from our home market and acquire cities. The top six cities today contribute to 80% of India's premium housing, which is Delhi, Mumbai, Pune, Hyderabad, Bangalore and Chennai. Today, we are very happy that we have complete control and company owned, company operated stores in all the cities. Earlier, these cities had either franchises or partnered stores and we had a lot of issues because they were not investing for the future growth of those markets and there was a deep discounting. So, we took a strategic call to start acquiring this and as we have demonstrated the three cities of Pune, Chennai and Hyderabad in the last year, they have demonstrated more than 40% growth. So, this was the first strategic move what we did. We have taken control over the major six cities of the country, which contributes to 80% of the premium housing that has already been sold and inventory is scheduled to come into market in the next five years. Secondly, from a strategic standpoint, we are quite positive because the QCO is going to take effect from 15th of August that will start deterring imports, which is our main competition. We do not have segment-wise competition in the local market. We have mostly importers who are main competitors. Also, the increase in FOREX is affecting them to import going forward. So, we believe that we are in the right position. So, we also consolidated all the downstream companies that we had, and we will be a single entity going forward and that is how we believe that we have used these last 18-24 months to completely prepare for the next three to five years of solid growth.

Kranthi Bathini: My other question was, what are the disruptions that you experienced? You also mentioned in your statement also the short-term disruptions the company has witnessed in the last quarter. Could you just elaborate?

Sunil Suresh: Yes, sure. So, as you know, we have a B2B wing where we supply to one of the world's largest furniture brands. That furniture brand was actually importing from us for their Middle East market and when the war broke out, the entire logistics completely came to a standstill and all the orders got postponed and we are still struggling with that. Hopefully, by Q2, it will get streamlined. So, the entire export that we were doing from here for that world's largest brand has been suppressed for a while because of the Middle East because Middle East was the main country where they were importing from us.

Kranthi Bathini: Okay, sir. Thank you. Best wishes for the coming quarters.

Sunil Suresh: Thank you very much.

Moderator: Thank you. We have the next question from the line of Sanjay Singh from Tenex Capital. Please go ahead.

Sanjay Singh: Yes, hi. I think Sunil I had probably a discussion with you guys a few months back or maybe a year back. One thing which I am completely surprised by in today's age where a discovery for anything from a large item like a car to even a small item like a fan is discovered online, all features, pricing, etc. And today, you still don't have a functional website where I can go and check products, sizing, pricing. Some products are there. In some products, the sizes are there. In some products, the sizes are not there. There's no pricing. So, the digital discovery is not difficult but impossible. And there are other brands where you can, including a premium brand like BoConcept or an Indian brand like Tianu where you can actually go and see the sizes, see the pricing, etc. I don't know why is this missing and why is it so difficult to do this? So, that is one question. Where are you in this journey? Where can we see a proper digital discovery? Number one. And when you visit in the stores so I have personally bought a few products recently and something as basic as if you want to see a sofa in a different leather color or something, you cannot show it digitally. I mean, in today's AI age, you can just put a prompt in the ChatGPT, and you can get the picture. But even after requesting the store, and this is I am talking the Worli store, they couldn't give me a digital picture of the image of the color I wanted. And I don't know why you can do it. The cars do it all the time online, you can change the color of the car and you can see the color, how it looks like. And again, third is on pricing. I think you have a great product; the prices are extremely good. But somehow it is priced above and then you have to haggle for a discount, which kind of disturbs the whole experience. I have watched you in the past. And again, as you look at a brand like Tianu, where the pricing is there and there is no discounting unless until there's a sale going on. And the sale is very short term, very practical, not a blanket sale is open anytime. So, what happens is when a customer goes and somebody quotes a sofa of Rs. 10 lakhs, which is beyond his budget, he doesn't even ask for a discount. Whereas the same price is around, let's say Rs. 6.5 lakhs, Rs. 7 lakhs, which is what the actual price would be. It comes into his buying range. So, many customers don't even probably go through the process. So, three things, digital discovery, transparent pricing is I think what would do very well for the brand and for sales. Any thoughts on these?

Sunil Suresh: Yes, first of all, I think I must thank you for this question. And humbly would also like to say that we have been a little bit slow in terms of our digital implementation to the required standards or what the world is going to. We have been a bit slow on that. Having said that, I think we are going to also do a very surprising orbit leap, if I might say, because what was available as tools to people like us in the past and post AI has been completely changing. So, while we actually started on something about a year and a half, two years ago, we realized that that is also going to be defunct. And so now we are in the process of actually coming up with the latest gen of technology with what is known as AR and VR implemented. But answering your question, I think which is a very relevant question we did not have absolute control over the major markets of the country. So, first we decided to do company owned, company operated, which was very essential because furniture as an industry suffers from deep discounting. And we could not control that with our franchises in the past. So, that is already past us now. We have very quietly, very silently post IPO acquired the top six markets, which are all now under complete company owned, company operated control, which was very essential for this. Now coming back in terms of yes, the global brands, you are right, they are actually quite advanced in terms of how they are able to get themselves digitally discovered. But in our previous era, we were spending more time on business development and customer acquisitions because most of our customers were above 45 and 50 years old. So, I think by 2025 now we have changed our methodology as we realize we are getting more younger customers now. And we are going to be actually doing a lot of digital implementation going forward. We have quite a complex, I understand the whole world of furniture business because I have the exposure to all the major global brands. While they are mostly very limited in their bespoke offering, Stanley because of Indian requirement and Indian customer demand for multiple choices has a lot of bespoke offerings so it is a bit difficult for us to technically be advanced in a way so that piece is being done. So, the SAP implementation is done. So, we are able to get control on everything right now. And digital implementation is in process. We will be definitely making sure that by end of this financial year, actually starting with our new flagship store which is now scheduled to go live, hopefully by July in Hyderabad, which is our Stanley Superlative Living. There's a lot of tech implementation we have done, even the website. But this time, like I said, we are going to do it with the help of AI. So, this is what I can tell you, but you will see a surprise change going forward in the way we are going to approach digitally.

Sanjay Singh: So, will you have a complete revamped website by end of this financial year is what you are seeing?

Sunil Suresh: Absolutely and exactly. There's already the entire, what do you call it, the framework for that has started. And we will have a very exciting and new website by the end of this financial year.

Sanjay Singh: And I am sure if you are aware, even if you are not aware, I would urge you to look at the website and the pricing policies of this Indian brand called Tianu. I think it is the best-in-class. I have bought from both these places in both Stanley and Tianu in the past. And I think while you stand great of the product, I think the pricing and the digital offering of Tianu is worth studying for or probably replicating possible is what I would urge you to do. Thank you.

Sunil Suresh: Thank you. Thank you very much. 100%. We will take a look and learn from it. Not a problem.

Moderator: Thank you. We will take the next question from the line of Arvind Arora from A Square Capital. Please go ahead.

Arvind Arora: Yes. So, can you please give us a breakup of B2B and B2C sales during the current quarter?

Sunil Suresh: Breakup of?

Arvind Arora: B2B and B2C sales during the quarter.

Sunil Suresh: Yes. In the last quarter you want in Q4.

Venkataramana Gorti: So, we had about 70% is B2C and about 30% is B2B.

Arvind Arora: Okay. So, is it like we have grown in B2B like 30% because normal mixture is 75:25?

Sunil Suresh: B2B also is technically not so much of growth, but going forward years, I think we have a lot of forecast from B2B also. So hopefully, at the end of the day, I think we will keep that ratio between 75:25 or 80:20. That is how we look at how it's going to play out.

Arvind Arora: So, considering that, you are saying there are lots of challenges. So, why we are not strategically taking because in the past you said there are lots of inquiries that we are getting for B2B business, but we are not going ahead because of the pricing and everything. But if you look at our plant utilization level, it is not at so great level. So, why we are not converting that deal? Is there any rationale on that because our fixed cost can be absorbed, correct?

Sunil Suresh: Agree with you. But again, the thing is that always having being, setting up our backend facilities to be catering to the premium end of B2C, we are not prepared to kind of go into the market and compete with the low-end B2B requirements and inquiries that come our way. Whereas we are really capable of catering to the high-end B2B business and that is what we see is slowly coming to us. We have a couple of very strong inquiries which have come, and our expertise has been in managing natural materials such as marble and leather and so on and so forth. So, the competition in the low-end B2B is very difficult because there are a lot of unorganized players and when the segment improves and the people are asking for a higher end of B2B, I think they will look at us as one of the opportunities. In fact, as we speak, we have been inquired by some major MNCs who are wanting high-end replacement for large American companies that are present here and doing thousands of crores of business such as Steelcase and Herman Miller and so on and so forth. So, we are getting some inquiries where they want high-end products. So, going forward, I think when the segment pitch is correct, we will definitely participate. But right now, as I said, we are unable to compete with the unorganized market in the low-end B2B China import as well as local B2B manufacturing.

Arvind Arora: And where we are investing for future growth in the coming year, in the '27 and '28, what is our target so that we can grow faster? Are you expecting recovery, sir, since three years is almost completed now? How do you look at going ahead?

Sunil Suresh: So, yes, so basically, we have a strong measure on that. And in terms of, we are definitely going to focus more on becoming a complete home solution provider, because our facilities that we invested in terms of kitchen and cabinetry, these are all matured now. And as we are opening our new age stores, they are all going to be more designer-led complete home solution stores. And we are going to target the lot of inventory that has been sold in the last five to seven years, which is going to come for furnishing in the next five years. So, our primary focus in the major six metros is to be a strong player in the complete home solution provider, that is going to be our core area of focus and growth. Also, we are now quite excited with dollar for us increased, we have an opportunity for some exports. So, we are also looking at some export, we want to hedge our imports. So, we are also looking at some exports in B2B. But these are the two major areas of focus for us.

Arvind Arora: And sir, any specific reason we are not doing social media influencer or advertisement to gain the market in B2C segment? The dynamic has changed now, people who are 20 to 25 age brackets, they are also earnings and they also want to upgrade their home and everything, but they are heavily addicted to social media and everything unless they don't see our advertisement, then there wouldn't be an impact. So, is there any rationale where you have done any study and you are thinking that return on investment would not be great or something like that?

Sunil Suresh: I will answer it in a very specific way, the way we understand it. One is that the entire digital marketing has been flooded with a lot of funded companies who are actually spending a lot of money and their entire customer acquisition cost is over 25%-30%. As a 30-year-old brand, we have been very, I would say reserved and very meaningful, never has our marketing expenses gone above 10%. We have always restricted below 10%. Having said that, I think there is a lot of fatigue and also, we are constantly keeping an eye on our customer base and customer profile. While actually the social media is used by younger people, they are becoming influencers for their parents who are buying the furniture from us because if somebody has to buy a furniture from us at a pan India level, they have to have a budget of minimum Rs. 2 crores to Rs. 3 crores minimum for the house. Bombay will be almost double. So, to get to that point, the average age is about 45-50 years, 40 years plus are our customers. So, you are absolutely right, we are transiting very meaningfully. Now the rates are also cooling and also being in the premium and luxury segment, it is difficult to communicate within a fraction of a swipe. So, we were quite traditional in our approach but definitely having said that, we are going to now look at social media starting from 2026 in a very different way. We might even start looking at certain meaningful, I would say, influencers so that we are able to position ourselves better. This is a transition period for a 30-year-old brand but definitely we are going to transit if I might answer you that way.

Moderator: Thank you. We will take the next question from the line of Mahesh Atal from Dhairya Investment Advisors.

Mahesh Atal: I assume you have 21 stores which are less than 2 years aged. So, at what level do they become, maybe start gushing out cash? If you can just elaborate on the store's economics, I think 21 plus 12 are below 3 years. So, if you can just tell me more about how do we look at stores aging and the stores gushing out cash?

Sunil Suresh: Yes, in our experience so far we have seen various kind of results coming from stores. If a store is probably one in the particular catchment, sometimes even in 15-18 months we have got our ROIs. Sometimes if the market is, for example, in Bangalore we kind of had to open more stores because the city is growing in such a way and the locations were not, we have micro markets in

Bangalore so sometimes it is taking between 24 to 36 months. So, today if you ask me in 2026, I will safely say that our ROI is about 3 years. Three years is that is what is our ROI.

Mahesh Atal: And second question would be more on the, I would just like to know on your, so this all the things that you are having on your stores, all the inventory, is it all locally sourced or you are manufacturing it or how much of it is done locally and how much of it is imported? If you can just throw some light on that.

Sunil Suresh: Yes, so basically if you go back around 3 to 4 years ago, the import content of furniture, finished furniture in our store was almost 30% and our made in India products were about 70%. But today we will say that I think most of our stores are about 85% to 90% completely made by us. We have expanded our facility to add different products such as beds, mattress, dining table, so we are a complete solution provider. I think almost 90% today is our made in India products. While we still depend on raw material imports because we don't get high quality raw material, but everything is locally made. So, we have actually derisked ourselves from the supply chain problems that importers are facing. What would normally take about 2 months to get in furniture earlier or 1.5 months is now taking almost 4 to 5 months. So, that challenge we don't have because while we still depend on raw material for our manufacturing but we are able to still deliver products in 6 to 8 weeks, which I think is a great moat for us.

Mahesh Atal: Alright, and if I go along with what you have said for the stores aging thing, so I assume that another 12 or maybe 15 stores would be turning out in that ROI phase. So, do you think that your margins shooting up in the coming years because of this happening, and also you said once everything is localized, I think that also helps you in adding a bit to your margins. How do we look at that sir, I mean with stores aging and then you localizing everything, both things coming, does this help our business?

Sunil Suresh: Yes, so basically just to go back, even if you look at last year’s performance, we have not changed the top line growth, we have been very prudent in our investment. Despite Rs. 60 crores going as investment, we still hold Rs. 200 crores from Rs. 215 crores last year. So, we are very prudent in our investment. Secondly, if you also look at it, our GP has actually improved, though by marginally it has actually improved. So, we believe that with 151 bps, it has actually improved. So, we believe that we will definitely start looking at what you call as better margins going forward with most of the stores now becoming company owned, company operated. To also answer you, this investment will continue for some more time because we are in the process of consolidating in markets where we have been present for more than 10, 15, 20 years and we understand where the actual locations are better, the certain smaller stores we might shut down, relocate to much bigger format. So, we might reduce the store count. It's not necessary that we are going to increase the store count, but the business from single stores will be much larger because we will go with larger format. We also realize that homemaking is not an everyday affair. Homemaking is once in 10 years, and people like to go to a place where there is a bigger choice. So, our new age store that's coming up in Hyderabad, which is spread over 60,000 square feet, that is a new model that we are thinking of because we believe that will be better for control and for margin improvement and profitability also.

Moderator: Sorry to interrupt in between Mahesh, I have a request, could you please rejoin the queue for more questions? Thank you. We will take the next question from the line of Gunit Singh from Countercyclical Investments. Please go ahead.

Gunit Singh: Hi sir. We have almost doubled our Stanley Level Next store count since FY23. Added five Stanley Boutiques and almost doubled our Sofas & More stores also. But if we look at the revenue since FY23, we have seen no growth and EBITDA margins have been falling. So, I want to understand, is there something different that we will do going forward? Are we thinking of pivoting our strategy because things don't seem to be working in the favor of the company since FY23? The operating profit that we made this year barely covers our interest payments and the depreciation. So, I want to understand, what is the strategy going forward for growth and to increase profitability?

Sunil Suresh: If you look at our store aging today, we have almost 33 stores which are below 3 years and 38 stores above 3 years. And as I mentioned most of the cities that we did not have a COCO presence, we obtained COCO presence. So, we believe that going forward, we will be able to manage this in a much better way. And that's exactly what we have done. You might want to think of it as a pause that we did to get an understanding. There were a lot of issues in terms of getting our kitchen and cabinetry business up and running. So, we had a lot of challenges in the field. So, that has been managed. So, our average ticket size are constantly ballooning now. And we believe that we will be able to demonstrate much healthier growth in the next coming quarters. Not in terms of top line, but also in terms of bottom and top line both.

Gunit Singh: Got it. But since we have added so many stores over the last 3 years, why have the stores not contributed positively to the revenues? Also, if you can share the same store sales growth year-on-year, have we been seeing negative store sales growth? Is that the reason why the revenues did not grow? And for the mature stores over 3 years, what is the same store sales growth?

Sunil Suresh: So, we have a same stores sales growth of 11.6% improved in our Stanley Level Next. And in our Sofas & More, we have a 3.5% improvement. Only we have lost 8.1% in Stanley Boutique, which was the old format, which is now being converted into a complete home solution format. But when you look at it as a complete mixture, we have still grown at 4% when you look at same store sales growth. So, yes, that is definitely in a positive way we are growing. What happened was, since we started moving towards acquiring more of our franchisee stores in our 6 major metros, the other franchisee businesses dropped. Though they are not investing enough in the other smaller franchisees, there is a 35% drop in our franchisee business. But in the company owned, company operated, you are seeing growth. Same store growth is 11.6% in Stanley Level Next, 3.5% in Sofas & More. Stanley Boutique, because it is going through a complete, I would call it as an evolution change, where we already have two stores, new format up, we are deliberately slowing down on that.

Gunit Singh: So, in the presentation, the number of store slides that we have, does it only have the COCO stores?

Sunil Suresh: No, it has both, absolutely.

Gunit Singh: So, I mean, I don't understand why the numbers are not adding up while same store sales growth is growing 4%, our revenues are flat since FY23.

Sunil Suresh: As I mentioned to you, we have suffered a 35% degrowth in our franchisee stores. While our company-owned stores have grown, we have actually suffered a 35% degrowth in franchisee stores. And also, we lost about Rs. 18 crores to Rs. 20 crores of business in terms of our leather trading, which we converted into Cash 'n' Carry. Now we have started improving because a lot of debt in the market, we always want to be a cash 'n' carry company. And so that is another item that we lost almost about Rs. 24 crores.

Gunit Singh: So, now that we have these learnings, and how many FOFO stores do we have? And what is the strategy related to franchisee? And now that we are at this juncture, what kind of growth are we looking at in FY27? And what kind of, I mean, EBITDA margins are we looking at, given that you have added stores and they are also maturing?

Sunil Suresh: See, currently, we have 49 COCO stores and 22 FOFO stores that is franchisee owned, franchisee operated. Of course, our model is a 100% cash 'n' carry model. In our COCO also, we run a 50% advanced and 50% before delivery kind of a system. So, from a business standpoint, we are not changing anything to achieve any immediate top line growth. We will continue to do this. So, our strategy is that, like I said, at this point, we are very clearly and with knowledge of data and understanding the premium housing market of India, where it was sold, how many units were sold in each of the cities, we realized that 80% of India's premium housing was sold in these six metros. So, strategically, in the last two-three years, we have actually taken a decision to negate our franchisees in these six cities and taken company owned, company operated, store positions there. So, plus also as we are pivoting from a furniture brand to a complete home solution brand, the transition is taking some more time. You will definitely see much improved growth this year. And plus, what we believe is from our data, the actual handovers are going to peak in FY28 and FY29. We want to be present there because from current data, what we understand is the handover of most of the premium and luxury homes, whatever has sold in the last five-six years is all coming to market in FY27 and FY28 and FY29. So, those three years are going to be a massive requirement for home furniture. And in these six metros, we have taken position. This is how we have strategically moved.

Gunit Singh: Thank you very much. I wish you all the best.

Venkataramana Gorti: Thank you.

Moderator: Thank you. We will take the next question from the line of Siddharth from Ithought Wealth. Please go ahead.

Siddharth: Hi, sir. I would like to know what percentage of the matured stores that you have currently are already in catchments which are matured? Like you have to relocate them?

Sunil Suresh: It is a very good question what you asked. You are right. I think we have about three to four legacy stores, especially I think in Bangalore, one or two in Hyderabad. I think about three to four stores, either we will relocate or we will consolidate and open one larger store that is the plan. So, we will probably I would say shut down a couple of stores. One we already relocated in Bangalore, which was actually in a fully developed catchment, and it was slowing down. So, we moved the same store to almost three, four kilometers ahead of the same road where the residential development is happening. So, similarly, we are doing the same activity in few more stores, which are our legacy stores. This will all be consolidated by end of FY27.

Siddharth: Okay. My next question is like, since you guys are now into full home solutions as well, do you have any idea of like the new houses that are being built, right? The new homes that are being built, are they coming with this warm shell condition or if yes, what percentage of it is coming with warm shell condition?

Sunil Suresh: Also, a very, very well-articulated question if I might answer you. See earlier the builders were never selling in warm shell. About five years ago, a builder was ready to give in any condition that you want, what is known as cold shell, where they would give the building without even the flooring and the customer could choose the flooring and do whatever they wanted inside. But off late, if you look at it, 90% of the matured builders do not offer in cold shell. They always offer only in warm shell. There will be a lot of restrictions. You cannot change the walls inside. You cannot break down anything. You cannot change the flooring. So, everybody is now offering, especially the premium houses, they are all offered with Italian marble or whatever. It comes as a standard fitment. And I would say 90% of the matured builders who are offering premium and luxury homes are offering in warm shell condition. Now once a customer buys a house in warm shell condition, there is very little that they will need to do in terms of breaking down and redoing anything. All they will need is fixed furniture and loose furniture. And that is where they come to a person like us where we are able to give a complete solution at a single point. Everything is factory made, 100% made by Stanley, delivered by Stanley, assured by Stanley. That is what we are going towards.

Siddharth: One last question I have is, what would be the return on capital of your matured store?

Sunil Suresh: So, we have a slightly different method of looking at our business. From the very beginning we have told that we normally don't look at per square feet revenue or SSG since, we are almost a zero FG inventory business. We really don't have like other importers or other traders, retailers, we don't carry inventory. So, 80% of our products are made-to-order. So, thereby, our model of business is very different. What we look at is our ROI, where we calculate what the store, the CAPEX, the OPEX, everything is calculated. An interest component is added to the CAPEX. And for us, ROI means return of our investments. So, as long as that happens within three years, we were very comfortable to keep growing. That is how we have been measuring our retail model as a menu retailer, not as a typical trader retailer, but as a menu retailer.

Siddharth: Okay, sir. Understood. All the best.

Sunil Suresh: Thank you very much.

Moderator: Thank you. We will take the next question from the line of Rohit from iThought PMS. Please go ahead.

Rohit: Yes, hi. Good morning, sir. Thank you for the opportunity. So, many questions have been sort of answered. So, just a few more. So, you said to the previous participant that you typically don't carry inventories. But if I look at the balance sheet, the balance sheet has about Rs. 135 crore inventory that you just posted. Can you just give me a breakup of FG versus WIP in this just roughly?

Sunil Suresh: Yes, I will give you. So, when I mean that we don't carry inventory, it is that we do not have a warehouse where we have to carry inventory to retail. Most of the inventory you see is in the form of finished goods that are in our stores and raw material, which is in our factory. So, we don't have FG that is sitting for customers anywhere. So, as we see it, it's a very sound model, because we are customizing, we show our product to the customer. As I mentioned, 75% to 80% of the people choose a particular model of furniture, whether it's a sofa or a kitchen or a bed, and then they customize it to the required size, which we have in our catalogs, and also to the color they want. So, we take between six to eight weeks for delivery. It's 50% in advance and 50% before delivery. So, that is a model of business for us. So, when I said FG, most of the retailers, whether it is larger retailers or even single shop retailers, they always have to have a backup warehouse, where they need to keep a stock. They do not offer customization. They will say, for example, their sofa is available in brown, black and red color. So, they would have displayed one color, and they will have to carry two other colors in their warehouse. We don't have that issue. Hope I have answered you.

Rohit: Yes, sir. And I think you have spent a lot of time trying to explain why the sales have not grown. I think, so, putting two things together, now you have been talking about luxury or home sales delivery is peaking in ‘27, ‘28 and ‘29. And you have sort of come into some of these markets beyond Bangalore. So, how do you judge that or how has your brand traveled? Because let's say if you are in Delhi or in Bombay, there would be certain existing players who would cater to these customers, and they would have been fairly popular. So, how do you ascertain how well has your brand traveled and also just a related question, who do you consider as your major competitors, both from international as well as national brands?

Sunil Suresh: Okay, so let me answer you your first question is that while in a way we have had a fairly decent advantage because we have been first movers and had a single store presence in most of the cities for over 15-20 years, while we have not really kind of marketed ourselves aggressively, we only started in Bangalore, our home market about five, seven years ago. And we had a particular model, which became successful. And that's more or less a similar model is what we are actually articulating in the other major six cities that we now want to be company owned, company operated. For us, it is very important that while we have a first mover advantage, it's very important that we network and connect in the segment where we play with specifiers, architects, and interior designers. So, thereby, going forward, we will actually be doing a bunch of events. There are not too many good shows that we can participate in India, unfortunately, because being a premium brand, we cannot be seen with low end brands, we have to have a segment where it's all premium. So, that is a little bit of a challenge, but that is slowly improving. And a lot of other, I would say brands such as AD, which is Architectural Digest, or ED, which is the Elle Decor, their fairs are becoming quite popular in Bombay, Delhi and Hyderabad. So, this year onwards, we are going to actively participate, we have not participated in these shows in these cities. So, this year onwards, our strategy is changing, our marketing budgets have been allocated more for participation and letting the local fraternity of architect and interior designers know that we have a strong presence in those cities. So, that is the way we want to answer you. For us the competition mostly comes from import traders, our main competitors are import traders, importers who import either from Europe or from Turkey, or high-end furniture from China. They are our major competitors. Other than that, we have what we call as 'local tigers', there are a few people who are very well established in the local market. There are two, three, four, I would say, manufacturers cum designers who actually give a solutions in local markets, they are not spread nationally, but they have very strong in their local markets, they are our competitors. So, we are quite clear that the headwinds that we see now are more favorable for us with import restrictions coming in. So, that we will definitely be able to, I would say, be more competitive in that particular area. And we will start popularizing ourselves in these mega six markets of the country. This is a very clear focus we have for the next couple of years.

Moderator: Thank you. We will take the next question from the line of Sunny Bhadra from Emkay Global Financial Services Limited. Please go ahead.

Sunny Bhadra: Yes, hi, sir. Thank you for the opportunity. Sir, I had a question on gross margin. So, we have seen sequentially there has been a dip in gross margin. Just wanted to check on what kind of RM inflation are we experiencing currently? And are you planning to take any price hikes in maybe in the second half of the financial year?

Sunil Suresh: I think we have actually shown a slight improvement in growth in our gross margin. We have grown by 151 bps. Actually, there is not a dip in our margin.

Sunny Bhadra: I am talking about quarterly.

Sunil Suresh: Quarterly, Q4, like I said, was a bit of a we were affected primarily because of the US-Iran war, we were not able to get our raw material in time. Secondly, there was a small pull-down from our B2B business of almost about Rs. 15 crores. Rs. 15 crores we were pulled down because there has been delay. The war situation has continued a bit. I hope that it's going to get corrected in the due course of next month or so. This was in the B2B piece. But B2C, we are fairly secured and our margins overall for the year have improved.

Sunny Bhadra: Yes, right, sir. Full year the margins have improved. And, sir, just on the FY27 bit, internally, , what are the revenue expectations from your side? And as we have been even around a similar range for a couple of years, what kind of revenue expectation are you building? And then also with B2B business coming back and the current demand scenario, what kind of growth are you looking at in FY27?

Sunil Suresh: Broadly, like I said, we have used this last year to kind of do a lot of major changes. 30 years of entrepreneurship, we are very invested in the company. We had to do those changes to kind of stabilize and create a stronger foundation. I think I would say 80-90% of that plumbing changes are all done now. And we believe that we are positioned for a very healthy, meaningful growth going forward. While we are quite aspirational to deliver definitely double-digit growth, I hope that in terms of how the global situation is, we are reserving ourselves and I would say we will be very conservative and we want to be continuing to be profitable and that's how we want to go forward. We want to be conservative with our cash also, which we have been very prudent in the past and that's how we are going to go forward.

Sunny Bhadra: Sure, sir. Thank you. And, sir, last one question on this Sri Lanka. So, we are moving into international business as well. We will be opening our first store in Sri Lanka. What are the plans here from full international standpoint? How are you looking at things shaping up maybe in the medium term?

Sunil Suresh: So, while as a company our 100% focus is going to be in the six major markets of India itself, where we believe the 80% of India's luxury housing is going to come for furnishing stage in the next five years. Sri Lanka, we have an agreement with one of the larger companies there. They have close to 400 stores of electro-domestic called Singer Group. It's a listed entity. We are opening the first store there as a pilot store and based on what our agreement says, we will expand into five, six of their other shops as a shop 'n' shop. So, we are entered with our entry-level brand, not with Stanley Luxury brand, but with our Sofas & More brand into Sri Lanka. At this moment, I don't think we have any other visibility. We have some inquiries from Indonesia, but nothing has materialized so far. So, export through the brand is not primarily the target. Through B2B, we are planning to export to certain countries because we have already opened up accounts with brands like Williams-Sonoma in India. So, thereby, there are some opportunities for export in the future, Steelcase and Williams-Sonoma.

Sunny Bhadra: Sure, sir. Thanks a lot and wish you all the best for FY27. Thank you, sir. Thank you very much.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as a last question. I now hand the conference back to the Management for the closing comments. Thank you and over to you, sir.

Venkataramana Gorti: So, thank you everyone for your active participation and valid feedback to us. We take it very positively and to summarize again, we want to assure you that we have a very strong presence across all the relevant markets. We have significantly expanded retail network, a structurally improving competitive position and a disciplined debt-free balance sheet. We are building Stanley for the next quarter, and we are building Stanley for the next decade. So, with all the actions what we have taken, we are very sure that we will move in the right direction. Thank you again for all your support. Thank you very much.

Sunil Suresh: Thank you.

Moderator: Thank you, members of the Management. On behalf of Emkay Global Financial Services Limited, we conclude this conference. Thank you all for joining with us today and you may now disconnect your lines. Thank you.