STANLEY
Makers Of Beautiful

Date: 19.08.2026 Ref no. SLL/SE/58-2026

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 THREE MONTHS ENDED 30TH JUNE 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 14th August 2026 on the Unaudited financial results (standalone and consolidated) of the Company for the quarter and three months ended 30th June 2026.

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

https://www.stanleylifestyles.com/storage/Investor/August2026/5XmCY-Transcript.pdf

We request you to kindly take this on your record.

Thanking You,

For Stanley Lifestyles Limited

SURESH SUNIL Digitally signed by SURESH SUNIL Date: 2026.08.19 11:45:57 +05'30'

Sunil Suresh
Chairman and Whole Time Director
DIN:01421517

Enclosed: As above

“Stanley Lifestyles Limited
Q1 FY '27 Earnings Conference Call”
August 14, 2026

MANAGEMENT:	**MR. SUNIL SURESH – CHAIRMAN AND FOUNDER** **MRS. SHUBHA SUNIL – WHOLE-TIME DIRECTOR** **MR. VENKATARAMANA SESHAGIRIRAO GORTI – MANAGING DIRECTOR** **MR. SUDHIR IYER – GROUP CHIEF FINANCIAL OFFICER**
MODERATOR:	**MS. DEEPALI KUMARI – ARIHANT CAPITAL MARKETS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Stanley Lifestyles Limited Q1 FY '27 Earnings Conference Call hosted by Arihant Capital Markets Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, 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 Ms. Deepali Kumari from Arihant Capital Markets Limited. Thank you, and over to you, ma'am.

Deepali Kumari: Thank you. Hello, and good afternoon to everyone. On behalf of Arihant Capital Markets Limited, I thank you all for joining into the Q1 FY27 Earnings Conference Call of Stanley Lifestyle Limited. Today from the management, we have Mr. Sunil Suresh, Chairman and Founder; Mrs. Shubha Sunil, Whole-Time Director; Mr. Venkataramana Seshagirirao Gorti, Managing Director; and Mr. Sudhir Iyer, Group CFO. So without any further delay, I will hand over the call to management for their opening remarks. Over to you, sir.

Sunil Suresh: Good afternoon everyone, and thank you for joining us for the Stanley Lifestyles Q1 FY27 Earnings Call. As we begin the new financial year, I would like to share some important updates on our business and the developments we have undertaken during and after the quarter.

Store expansion and network rationalization:

I would like to begin with the developments across our store network. At the retail level, our focus remained on expanding our presence in the right markets while also reviewing the financial prospects of our existing network.

During the quarter, we opened 3 new stores, all in Bangalore, 2 stores were opened in Varthur and 1 store was opened in Mysore Road. At the same time, we accessed the relevance of each location and relocated resources strategically. The residential development cycles in certain catchments had largely matured. So we closed 4 stores, 3 in Bangalore and 1 in Mumbai.

Our approach is not only about adding stores, it's about having the right stores in the right markets and ensuring that the network remains productive as the surrounding markets evolve. The selective approach also positions us in areas with higher customer acquisition potential.

Expansion into New Markets:

Beyond managing current operations, we are executing a deliberate growth strategy.

We entered our first international market in July, opening Stanley Boutique in Colombo, Sri Lanka. This was achieved through a strategic joint venture with Singer Sri Lanka PLC, one of the country's leading retail companies. The partnership provides access to local market knowledge and a platform to deepen our understanding of customer preferences as we establish our international presence.

We have also expanded our presence in India with the opening of our new Sofas & More by Stanley store in Jaipur. This marks our entry into Rajasthan. Jaipur has developed into an important market for the premium housing and lifestyle products, and the new store begins our furniture portfolio closer to customers in the region.

Stanley Superlative Living:

looking beyond our existing format, we are also preparing to introduce Stanley Superlative Living in the mature markets where there will be one large Stanley store. This will be positioned at the high end of the luxury segment and being developed at par with global luxury retail standard. The format is intended to bring complete home solutions together under one roof with a focus on design, product presentation, and customer experience.

We believe this format can further strengthen Stanley's positioning in the luxury home segment and support our longer-term ambition of building a global footprint. With that, I would now like to hand over the call to our Managing Director, who will take you through the financial performance and some of the other key initiatives during the quarter. Thank you.

Venkataramana Gorti: Thank you, Sunil. Let me begin with the financial performance and business environment during the quarter. The revenue from the operations was at INR 9,935 lakhs in Q1FY27, down from INR 10,861 lakhs in Q1 FY'26. Majorly 2 factors impacted the dip in the revenue. The first one is our B2B business.

It faced challenges with respect to the Middle East war where it was disrupted because of the freight movement issues. While we have a healthy order book from that, the products have been produced, they are with us, but the logistics is the challenge what we are facing as of now.

Second, our retail business operated in a short-term challenging environment. Stanley's customers are primarily new home buyers in the premium and the luxury residential segment, representing 80% to 85% of our base. Residential project handovers have been delayed by 12 to 18 months in several cases. Supply chain disruptions in West Asia have also constrained the availability of construction materials.

As a result, while customer inquiries and store footfall remains encouraging, conversions are slower as customers await possession of their homes. Despite the lower revenue, we have maintained our gross margin during the quarter. This has been supported by the restructuring initiatives undertaken by the company as well as our continued localization efforts.

This disciplined approach resulted in an EBITDA of INR 1,722 lakhs with a margin of 17.3%. PAT was at INR 65 lakhs in Q1 FY27. I would also like to talk about an important initiative for us, which is the proposed amalgamation of our subsidiaries and step-down subsidiaries into Stanley Lifestyles Limited. The objective of the amalgamation is to create a simpler and more integrated corporate structure. This will reduce the number of legal entities within the group and make management, governance, and reporting more efficient.

At the same time, a unified structure will allow us to deploy our cash, manpower, assets, and other resources more efficiently across the businesses. More importantly, we believe this will create a stronger platform for future growth. It will provide greater flexibility for future expansion, fundraising, Merger and Acquisitions, and business integration while also improving accountability and decision-making across the organization. We appreciate the support of our shareholders and remain committed to completing the proposed amalgamation.

Furthermore, as we continue to strengthen the organization and build the right leadership team for the next phase of growth, we welcome Mr. Sudhir Iyer as our new Group Chief Financial Officer. Mr. Sudhir is a Chartered Accountant with over 20 years of experience across corporate finance, M&A, IPOs, and corporate governance. We are confident that his experience and expertise will support Stanley Lifestyles in its growth journey.

Looking ahead, our priorities are clear. We'll focus on improving customer conversions as residential project handovers progress. We will expand selectively into relevant markets, accelerate localization, and develop our complete home solutions portfolio. We believe the work being undertaken today will strengthen the foundation of the business and position Stanley Lifestyles well for the future growth. This concludes our remarks.

We can now open the floor for questions and answers. Thank you.

Moderator: Thank you. First question comes from the line of Saket Kapoor with Kapoor Company. Please go ahead.

Saket Kapoor: If you could also explain to us the depreciation rate and the depreciation amount, I think so that is in the higher tune of, I think so, INR 15 crores on a quarterly basis. So what kind of assets do our depreciation, I think an annual depreciation of above INR 50 crores. So firstly, on this front. And secondly, how do you see the year progressing in terms of the volatility that we are seeing in the geopolitical setup? And then going ahead, how are the factors that have attributed to degrowth for Q1 that goes or mitigates going ahead.

Sudhir Iyer: Basically, the depreciation is because of the Ind AS impact. I think I should give a clear bifurcation because of the Ind AS impact, because depreciation is there.

Saket Kapoor: That is a very significant amount. I only wanted to understand the nature of our assets that leads to a INR 15 crores quarterly depreciation. That was my question.

Sudhir Iyer: Exactly. See, if you look at the IGAAP depreciation would be lower because of Ind AS, what we will do, we will leverage entire spend to bifurcate the number of years. So the more load is being loaded to the third quarter**.** Its front loaded. Purely, I can tell you in nutshell, it's because of Ind AS impact, not on the IGAAP.

Saket Kapoor: Correct. And sir, now on the growth prospects going ahead. And also, firstly, sir, if you could just also throw some light on the utilization levels as we are also looking to restructure the operations and the synergies that will happen post the merging of the subsidiaries, which you have just mentioned. So what kind of EBITDA margin trajectory can we anticipate? And how are currently our utilization currently shaping up? And going ahead, how will that trend?

Sunil Suresh: So yes. So let me commence by saying that the main task that we set out as promoters for the last 1 year in terms of making the most important senior leadership change that is already in place, and we are very, I would say, satisfied with the way that has taken shape. That was the most important task for us. Secondly, as far as business is concerned, we are very clear that our B2C business, the architecture is being redone. We are going through a complete change where we had 3 brands that's now that's going to be folded in.

Going forward, there will only be one Sofas & More and one Stanley brand. That is a brand architectural change we are doing after 8 to 9 years because that is the way that we see is going to be more conducive. Stanley is going to become a complete-home solution provider. We are moving from a furniture to a complete home solution provider, whereas Sofas & More will play the role of what Stanley played in the past. It will be a furniture retail concept. So that architecture is also going on. We hope that it should be completed in about 3 to 4 quarters from now. It's a gradual process.

And we also did some certain changes. Actually, we relocated. Technically, we did not close some stores, but we relocated as the markets mature and the catchment fills up, unlike other grocery store, furniture is a more need-based business. So we need to now relocate some stores and go to new catchments where new residential buildings are coming up. So that is what has happened.

And thirdly, from a B2B business, in fact, we have the highest ever visibility of opportunity from our B2B business. But unfortunately, due to the Middle East war, we were unable to bill. In fact, we have produced the products and we are not able to invoice in quarter 1 because of the, shipment issues and logistic problems that we hope that it's going to get cleared. We are hoping that once we get the logistics moving, we should definitely have a much better quarter ahead.

Saket Kapoor: So can you give us some color how our EBITDA margin will shape up and how are the utilization levels? What are currently our utilization levels at the consolidated level?

Sunil Suresh: Utilization, you're talking about the manufacturing capacity?

Saket Kapoor: Yes, the manufacturing capacity definitely and the amount of inventory that we are currently holding.

Sunil Suresh: See, 2 things. One is that our manufacturing capacity is currently at about 68% to 70%. Secondly, in terms of our inventory because August usually Europe closes, so we have to forward load, so we have a little higher inventory just now. Because for us, the season starts in September, and August, usually Europe closes. So we normally, in the first quarter, our inventory increases a little bit. That is a normal thing for us when we go back historically.

Saket Kapoor: Okay. And lastly, sir, since we are a home solution company and we are looking forward to providing, then the maintenance part also plays a big role because of the value of the sofas and the furniture. So, do we have any other forward integration in terms of the service part also wherein we provide our customers post the warranty expires, how do things that shape up? And what steps do we have for the service part of the issue because of the wear and tear of the surfaces with the passage of time?

Sunil Suresh: So, this is a valuable question that you asked me. Because we cater to the premium end of the market or the luxury market, whereby word of mouth is extremely important for us. So up till now, we have been extremely careful. We have never sort of tried to show growth, done anything wrong, and we have been very, very careful in handling our customers. We almost have a 98% of customer satisfaction report.

And that is an ongoing thing. Now we are, in fact, enhancing our products as well as our services by introducing new training into our retail chain. So these are the changes that we are making. It's a very important question. And you're absolutely right, as the country progresses and the premiumization has started, people want premium products. They want luxury products.

At the same time, we should be able to not only give them the customized product, but also the services. It is an ongoing process. We are definitely now, I would say, taking the playbook a little more seriously than what we were in the past, and we are articulating that in our retail stores.

Saket Kapoor: And lastly, sir, the other income component is mainly on the treasury, the cash we have on book that is attributable to the other income.

Sudhir Iyer: You're right. This is the internal treasury what we have.

Moderator: Our next question comes from the line of Ashish with AK Investments.

Ashish: So first of all, I think most of the retail businesses, they are reporting pre-Ind AS margins, right? But I think we are not reporting. So as a feedback, can we start reporting that? because from analyst point of view, it is important to analyze pre-Ind AS margin, right?

Sudhir Iyer: No. Let me correct here. We should report Ind AS numbers only. But as a CFO, I can carry to you what the IGAAP looks like offline. But for the financials and for the publication, I wanted to go for the Ind AS matter only.

Ashish: Yes. So separately, we can mention pre-Ind AS EBITDA margin as well.

Sudhir Iyer: Yes.

Ashish: Okay. Also, I want to understand like what are our pre-Ind AS store level operating margin in each format, if you can give that?

Sudhir Iyer: So if I wanted to average it out, our pre-Ind AS gross margin will be around hovering around 56% to 60%.

Ashish: You are giving me gross margin or EBITDA margin?

Sudhir Iyer: I'm talking about the gross margin and you wanted the EBITDA margin it is hovering around 11%-13%.

Sunil Suresh: Gross margin is 56%-60%. EBITDA margin is between 11%-13% currently.

Ashish: Okay. So it is like consolidated all 3 formats put together, right?

Sunil Suresh: Yes, all 3 formats put together.

Ashish: Okay. And how much is our corporate cost?

Sudhir Iyer: Corporate cost. See it's roughly about INR 90 lakhs per month.

Sunil Suresh: About 2.25% of our total revenues annually, but right now it is at about INR 90 lakhs per month.

Ashish: And is there any opportunity to reduce corporate cost I think as we scale up and as we add more stores. So is there any opportunity to reduce the corporate cost?

Sunil Suresh: In fact, I think we are now going to go through a bit more of additional corporate expenses because the store formats are actually changing and there are early stores. So, we need the right set of people, and that is exactly what we have done in the last 1 to 1.5 years, identifying and taking better qualified people at all levels. So, the corporate expenses probably will hover around the same as we grow.

Ashish: My other question is, so can you give me average revenue for like mature store in each format?

Sunil Suresh: Mature store average revenue per square feet is what you're asking.

Ashish: Square foot per store.

Sunil Suresh: Square foot per store is difficult to say because our Sofas & More are averaging at around INR 4.5 crores to INR 5 crores per store. Our Stanley Boutique, which are now going to be merged into Sofas & More are averaging again about INR 5 crores to INR 6 crores per year for INR 40 lakhs to INR 50 lakhs per month, about INR 5 crores to INR 6 crores a year. Stanley Level Next is running around INR 12 crores to INR 14 crores a year.

And all are different size formats, so it's a bit tricky for me to give you. But average, we are looking at our stores, Sofas & More around INR 5 crores per annum is a kind of a number, IN R5 crores to INR 6 crores. Stanley Boutique, a similar number, around INR 4 crores to INR 5 crores is the number. Stanley Level Next is about INR 10 crores and above some stores are even giving up to INR 20 crores.

Ashish: And how do you classify maturity store 24 months or more?

Sunil Suresh: No, it, depends on the location and the catchment area, it is we have had the maturity kickstart at about 18 to 22 months. In some cases, it goes to almost 38 to 40 months. So average, you can say 36 months is a very good period for us to what we call as become ROI (Return of Investment) that is written off investment or maturity.

Ashish: And I think in your initial remarks, you mentioned like we closed certain mature store, right? So at what stage do we decide to close down?

Sunil Suresh: So actually, Bangalore, we have closed down 4 stores, out of which 2 have already relocated. We have also relocated and opened the other stores. We have gone further down on the same streets or same highway because the catchment area has moved. One of the stores we had to close because in commercial street when we took the store, they had given us a lot of parking in the front. And finally, the local body had to change the entire rule and they made it a one way, and there was completely parking takeoff from there.

So our footfall drastically dropped. So we had to change that. So this is an industry problem or a retail hazard because many times when we go to certain areas, suddenly, there will be like a metro that will come up, which we will not have a visibility before we take the building. So we are trying to put a lot of checks and measures now. We try to go to the BBMP or the BDA and understand whether these roads are not going to have any problem. So we are also learning to expand in a more careful manner going forward.

Ashish: Okay. And when we relocate our stores, so are they as good as new store?

Sunil Suresh: In one case, I can just give you an example, we have relocated and the business is almost 2.5x more than the previous store.

Ashish: And if you can give me rent expense for this quarter?

Sunil Suresh: Yes, 10% revenue is the rent expense for Q1 FY27

Ashish: Okay. And lastly, can you give me like per store capex, how much it takes to open a new store in each format?

Sunil Suresh: Yes. So basically, like I said, we are going through our brand architectural changes. In fact, last couple of quarters, when we made earnings call, some investors also suggested that there is a bit of confusion in the market with Stanley having 2 to 3 different positioning. So that architecture has just started. We are in certain mega cities where we have actually bought over our franchisees, we are opening large format Stanley stores and going to have only smaller format Sofas & More.

So the capex as of now for Sofas & More is roughly about INR 2 crores per store. The average size is 5,000 to 6,000 square feet is what we are looking for. But for the larger one city, one store, the capex can go up to INR 20 crores. So that is the kind of capex we will involve in the bigger stores. And that will just be one city, one store. We have already started work on the one in Hyderabad. Hopefully, we should open in the next few weeks or so.

And then we are also doing the same thing in Bombay. We are consolidating and opening large format store. And then Bangalore and Delhi. So 4 cities where we are present for more than 15, 20 years, we have decided that we are going to go with 1 city, 1 mega store for Stanley and Sofas & More in the same city, which are going to be stand-alone value premium kind of an offering. Stanley will be in the luxury offering.

Moderator: Our next question comes from the line of Nishant Sahu with Green Portfolio.

Nishant Sahu: I read your annual reports and other offerings. Sir, exports aren't disclosed separately anywhere. What was the export revenue in FY26 and Q1 FY27? And is this a business you intended to scale, sir?

Venkataramana Gorti : Sorry, we don't have big percentage of exports as yet. it's domestic market works mainly.

Sunil Suresh: We have just started with our first opportunity in Sri Lanka, so exports is something that we are going to focus on in the road ahead, but as of now, we are mostly manual retailers.

Nishant Sahu: And sir, what's the growth and margin driver from here even mature store growth? Like from here, what growth you are expecting, like growing revenue and margin from here at current level, Q1?

Sunil Suresh: So, our focus is constantly to ensure that we are not just growing the company from a quarter-to-quarter perspective. We are building this brand and company for the next decade. So very focused in terms of making the plumbing changes. Those plumbing changes are completely now on its way. They are very, very happy the way it's taking shape.

So we aspire to be an Indian luxury brand, and we are going to make sure that our profits also are going to be in the premium range of the market. So that is exactly where we are at this point in time.

Nishant Sahu: And one more question, sir. Can you put the light on the misappropriation of funds by CS. Could you please put on the light on the statement, sir?

Sudhir Iyer: I'll just brief you out on this. So we found that in the Q1 audit on the internal controls, so we found some fraudulent activity has been done by the company secretary, and the investigation is going on, and we will let you know to the public in short while once we complete the investigations.

Nishant Sahu: Okay. And there is a misappropriation of funds in your findings?

Sudhir Iyer: You are right.

Moderator: The next question comes from the line of Arvind Arora with Arnam Capital.

Arvind Arora: I am more interested in the segment that you are like the segment that you have just announced, the Stanley Superlative Living. So could you give some details on this, like what we are planning? Are we planning to open new stores for this or we are going to serve through Stanley Level Next? And what will be the price point? What is our go-to-market strategy? And any directional target in this segment, if you can throw some lights on there?

Sunil Suresh: Yes. So in certain key markets, I want you to understand that post our IPO, we have diligently acquired our franchisees in multiple cities. That includes Hyderabad, Mumbai, Pune, Delhi, Chennai. So these 6 cities today where we have our COCO presence contributes almost 80% of India's luxury housing. So that was the first thing we did, post IPO, we strategically acquired this market.

Now in this market, we are very aware because we have actually been present in these markets for more than 20 years in some of the markets. So we understand what is the kind of housing boom that's happening, what is the number of units that are going to come for furnishing. So based on data, we decided that we want to have a new brand architecture.

So, Stanley Superlative is nothing, but it's a larger format of store where we will shut down some of the smaller Stanley stores. And in a right location where we have already a street that is catering to furniture. For example, what we have done in Hyderabad is Jubilee Hills, Road number 45. It has almost 30, 40 furniture stores. One of India's largest furniture store is also there opposite to us.

So, we have opened a fantastic new store. This store is going to be positioned in the premium to luxury housing, where actually we will be giving design solutions to complete home solution maker. So it's not just a retail outlet, but we will take the entire house project, so our average ticket size can go up almost tenfold from where we are. That is the target. So that is the store we are going to open. Hopefully, we are around 2 to 3 weeks away from opening that store.

Arvind Arora: Sir. This Superlative Living would be an ultra-luxury thing? Is my understanding correct?

Sunil Suresh: You can call it from premium to luxury. I mean, that way, the luxury can be going into multiple Ultra and Uber and so on and so forth. But it's very clearly a store meant for anyone with a budget of INR 3 crores to INR 5 crores and above, not for homes below INR 2 crores. So that is the kind of budgeting.

Arvind Arora: So you are saying we will just design or we will also deliver the product?

Sunil Suresh: No. We will design, build, and deliver. See, we are the only company which is fully integrated today. While multiple players in the market, they outsource and give it to you, but we are able to give a complete solution design, build, and install. With the warranty of the product and the warranty on the installation.

Arvind Arora: Understood. Okay. Fair enough, sir. And sir, we have more than 1,000 skilled artisans as of now. So what is utilization level of that?

Sunil Suresh: Currently, our utilization of our manufacturing facility is at about 68% to 70%. We can easily kind of go up to 2x our revenues in the next coming quarters by kind of recalibrating our factory by adding a few machines if required. But I think we are quite comfortable with the space what we have for the next 2 to 3 years of our growth.

Arvind Arora: Understood. My question is not on factory or on those side. I was asking like we have like more than 1,000 Artisans. So are they all fully utilized? Or are they like someone on bench or something like that?

Sunil Suresh: No. Our artisans, I think, are fully utilized. We are always upscaling them, upskilling them. And also the fact is that we are constantly also looking for younger artisans to skill and take it into our fold. We are always looking for good skills as far as artisans are concerned because in the luxury business, you cannot mass manufacture. We have to custom-make bespoke products. So thereby, we need these artisans.

Arvind Arora: And what is our order book as on 30 June 2026?

Sudhir Iyer: INR 68 crores.

Arvind Arora: Okay. So in presentation, we have mentioned INR 62 crores as on March '26. And as of now, it's INR 68 crores, correct?

Sunil Suresh: Yes, INR 68 crores.

Moderator: Our next question comes from the line of Sidhart with Eyecart.

Sidhart: So my first question is like what would be the same-store sales growth of mature stores?

Sunil Suresh: So you see we are exactly doing that, what I call as a product mix change. So we have now expanded our manufacturing facility, which is capable of producing furniture for every room of the house. Earlier, if you go back 5 years ago, we were only an upholstery brand. We were only known for sofas. But today, if you all visit our manufacturing facility, which we always welcome you to, you'll realize that we have specialized and set up our manufacturing facility to cater to all different kinds of products that a normal home will require.

So the same thing, once the facility is ready now, we are changing our stores. So we are introducing kitchens, wardrobes, tables, a bunch of other things. We believe that our same-store growth should exponentially grow as we go forward. But right now, we are in the transition. So a matured store, if we are growing at about 15% to 20% year-on-year, we should be very happy, and that is what we are targeting.

Sidhart: Yes. So my question is like what kind of number would matured stores be doing SSSG?

Sunil Suresh: In Q1, we have made multiple changes. I think we are projecting about 15% to 20% growth. Q1, we are actually negative, a bit negative because we're changing the models also. We are changing the models of the store.

Sidhart: Okay. So sir, like if I understand this correctly, let's say, the Stanley Superlative Living is basically a combination of Boutique and Level Next into one large format, full home.

Sunil Suresh: Yes, You are absolutely right. It's a one large format. It has completely to do with only Stanley. Sofas & More by Stanley is now, by Stanley is going to be removed.

So Sofas & More becomes a value premium brand. Superlative will cater to both Stanley Boutique Homes as well as Stanley Level Next. You're right.

Sidhart: So going forward, won't you like open Stanley Boutique or Level Next by those names?

Sunil Suresh: In the 6 major metros, we do not have any plans depending on the size of the other markets, we are flexible. But in the 6 major metros, the idea is to bring everything under one roof so that the brand Stanley has one store per city. These are large format stores, and there is no point diluting them anymore. And wherever the markets are matured and the high street for furniture are already formed, we want to just open one large store and do our business from that store. Sofas & More, we may expand depending on the geography of the city or the cluster or the different cities and towns we are looking at.

Sidhart: Understood. So in this format, you will also do like interior designing for luxury homes?

Sunil Suresh: You're right, absolutely. this is not going to be a furniture store format. It's going to be a complete design build format. So we will do interior design, but sticking mostly to what we supply, we are not going to do any construction work as such. It will be basically fixed furniture and loose furniture and some wall coverings and furnishings and soft furnishing. It's mostly interior decoration.

Moderator: Our next question comes from the line of Manjeet Buaria with Saamya Advisors LLP.

Manjeet Buaria: I had one question. Sir, you just explained in the previous question that going ahead, we'll merge Stanley Level Next and Stanley Boutique into 1 store foreach of the 6 metros. So when I look at your presentation, for example, let's say, Pune has 1 Level Next and 2 Boutiques and maybe Mumbai has 1 Level Next and 2 Boutiques again. So will these 3 stores become 1 store and we'll be sort of shutting 2 stores in these metros?

Sunil Suresh: Yes. So yes, very good question, sir. What we are going to do is like some of the stores, Stanley Boutiques will be downshifted to become Sofas & More. We will not shut because they are all already good traction and good business generating stores. We will be converting them into Sofas & More as a push-down brand. And like I said, whichever city we get the right location, the right building, we'll go into one single format.

Otherwise, something that is working, we are not going to fix as of now. It's a gradual process. It's not going to happen overnight. It's going to take at least about 2 to 3 years by the time we execute this. But stores which are doing good, we will actually just change the board to Sofas & More instead of confusing the market with 2 - 3 Stanleys. That's what we have done in Hyderabad.

Hyderabad is our first proof of concept. We have started. Next, hopefully, we'll do the same thing in Bangalore next year. Then we will do it in Bombay and Delhi. But the Stanley Boutique stores will be converted into Sofas & More stores. I hope I'm able to explain this to you.

Manjeet Buaria: This was helpful, sir. One follow-up there if you look at geographies like NCR or Mumbai, which are sort of wide in terms of presence, even Bangalore for that matter, right, the breadth of those metros. So we envisage just one Stanley store for each of these metros like even sort of in medium term over the next 4 to 5 years or then it will sort of start expanding again to sort of give presence across these cities?

Sunil Suresh: It all depends on the location, sir. If we get the right location and the right building and it's already a matured market, which has got the right furniture high street, we prefer to have one store because control is much better and furniture being a once in a 10-year kind of a purchase people will normally go to a market and select from multiple brands there. So not necessary that we have to be thinking like a fashion brand or thinking like any other daily consumption kind of a brand. So this is the strategy we are using, and this will definitely help us to control things much better.

If the market is big, we will add 2 stores. I mean if there's very clear, for example, in my mind, Delhi can easily take 2 stores. Bombay can take 2 stores. Bangalore also can take 2 stores. So we are strategizing, wherever the market is there and there's a prominent premium luxury furniture brands that have come into that, they're all in one particular area.

We will go there and open a large format store. But it depends on the city to city, we are open to it. But the Stanley Boutiques, which will be there will be consolidated once you open a large Superlative. And that Stanley Boutique will become a Sofas & More.

Manjeet Buaria: Got it. Sir, one last question was, I think a couple of calls back, you had explained to me to one of my questions that sometimes a location sort of loses relevance because it becomes a matured market and the store no longer gives the same throughput because development in that area is over. That doesn't is just sort of contradictory to what you explained, it being a once in a 10-year purchase, people should be willing to come wherever our brand is. So if you could just conceptually help me understand why wouldn't that be applicable now in our newer case as well where we open in one location and then we expect everyone to come there, sort of irrespective of what the development of that location is.

Sunil Suresh: Let me explain this to you in a way where you will understand. Sofas & More, by and large, almost 95% of the customers who walk into our stores and buy the furniture are direct customers. They don't need to have designers or specifiers. They come and buy the furniture what they want and take it to their apartments or homes. So that is not a designer-driven or architect-driven kind of a purchase.

Whereas Stanley is more a premium luxury offering where many times we have specifiers and high-end customers coming and asking us, can you give us the design solution. So this is the difference between Stanley and Sofas & More. Sofas & More can still continue to be available in the right catchment area where the fill up is happening. And once the fill-up happens, probably we need to sometimes shift it to the next nearest cluster that is developing.

Whereas Stanley, say, what happens, sir, if you might want to understand a bit better, in matured market like New York or any other larger like Milan or New York or Frankfurt, there is something known as design districts. These design districts house all the top luxury furniture brands. Now that is slowly happening in India. For example, when I said Road number 45, Jubilee Hills, Hyderabad is already becoming like a design district.

Mehrauli-Gurgaon Road in Delhi is becoming like a design district. In Bombay, we have Bhiwandi, but Bhiwandi is not a design district. It's a wholesale market. So the whole country is sort of moving in a slightly different manner. And we being present in this market for more than 25 years, we understand where to be and what format to be.

And I would say almost 95% of the time, we have had good success rate. And of course, there are certain cases where when we open the store, we have problems with metro coming up or some kind of a road expansion coming up. These are hazards that we are living with, but that's the truth, and that's how we want to go forward.

Manjeet Buaria: Okay. Sir, on the B2B side, I was again curious that I know we have some fantastic manufacturing capabilities, and exporting out of India sort of is an opportunity. But I don't understand whether it's an opportunity in our category where we cannot make enough margins, is why we are holding back on it? Or is there some other reason? Because I thought that could have been a big opportunity for us to leverage our infrastructure in India. That was the last one.

Sunil Suresh: We were also extremely excited about that unless the tariffs were kicked in from America. Otherwise, we are already deep in discussions with quite a few large buyers from the United States. We are hoping that will cool off. And we still believe that we being exporters to some of the best brands in the world, actually, we supply to the leaders in the categories, and we are very capable of doing it. But unfortunately, the tariffs is not helping us right now to the United States.

That is the biggest market, and we believe it will turn around sometime because they are also looking at what we call as a China plus 1 or China plus 2 kind of a strategy.

So we are still keeping our fingers crossed as far as export opportunities are concerned. Nevertheless, we are more excited because BIS is coming into effect actually from today itself, today is a very special day for us. 14th February BIS came into effect 6-month gazette has put it till 14th August. I think from today will be the last date. People cannot import anything from tomorrow where there is no BIS certification. We believe all this is going to help us going forward.

Moderator: Our next question comes from the line of Nishant Sahu with Green Portfolio.

Nishant Sahu: Sir, I want to ask one thing. Of your 47 COCO stores, how many are EBITDA positive at store level? Like after cash rent?

Sunil Suresh: 35 stores are EBITDA positive. Some of them are brand new. One or two, which we are setting are not EBITDA positive, but out of the 42, 35 are EBITDA positive.

Nishant Sahu: What about FOFO sir? FOFO stores?

Sunil Suresh: FOFO, we don't have to worry about because we have a cash and carry model. We sell everything to them and they manage their business.

Nishant Sahu: At their end?

Sunil Suresh: Yes, at their end.

Nishant Sahu: You just sell them the goods?

Sunil Suresh: Yes, we are a cash and carry company. We do not give any credit to our franchisees.

Nishant Sahu: Okay. And sir, like how much time it would take to become store EBITDA positive like 5 months, 6 months, 12 months, 1.5 years after opening the stores?

Sunil Suresh: EBITDA positive should happen between 6 months and 12 months, and our ROI should happen between 24 to 36 months. When I say ROI, we call it as return of investment after calculating the interest.

Nishant Sahu: 24 to 36 month. It means your capital would be paid back in 3 years?

Sunil Suresh: Correct. Capital with interest.

Moderator: Ladies and gentlemen, we will take that question as a last one for today. I would now like to hand the conference over to the management for closing comments. Over to you, gentlemen.

Venkataramana Gorti: So to summarize, as we mentioned, we still see that there is a good market pull with respect to the demand. There are, of course, challenges with respect to the West Asia crisis. But our focus is to see how do we actually work to improve our customer conversions, work on our cost management efficiencies. So we believe that we are getting ready when the West Asia crisis comes down to really work on the growth path what we are working on. So that's the confidence we have in what we are doing as of today. So that's all from our side. Thank you.

Moderator: Thank you. On behalf of Arihant Capital Markets Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.