STANLEY
Makers Of Beautiful

Date: 18.08.2025 Ref no. SLL/SE/77-2025

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 ENDED 30TH JUNE 2025

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 13th August 2025 on the unaudited financial results (standalone and consolidated) of the Company for the quarter ended June 30, 2025.

The transcript of the earnings conference call is also available on the website of the Company at https://www.stanleylifestyles.com/investors/financials

We request you to kindly take this on your record.

Thanking You,

For Stanley Lifestyles Limited

SURESH SUNIL
Digitally signed by SURESH SUNIL
Date: 2025.08.18 19:03:35 +05'30'

Sunil Suresh
Managing Director
DIN: 01421517

Enclosed: As above

"Stanley Lifestyles Limited

Q1 FY '26 Earnings Conference Call"

August 13, 2025

MANAGEMENT: **MR. SUNIL SURESH – MANAGING DIRECTOR– STANLEY LIFESTYLES LIMITED**
MR. J. K. SHARATH – GROUP CHIEF FINANCIAL OFFICER – STANLEY LIFESTYLES LIMITED

MODERATOR: **MR. MOHIT DODEJA – EMKAY GLOBAL**

Moderator: Ladies and gentlemen, good day, and welcome to Stanley Lifestyles Limited Q1 FY '26 Earnings Conference Call hosted by Emkay Global. 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Dodeja from Emkay Global. Thank you, and over to you, sir.

Mohit Dodeja: Good evening, everyone. I would like to welcome the management and thank them for this opportunity. We have with us today Mr. Sunil Suresh, Managing Director; Mr. J.K. Sharath as the new Group CFO.

I shall now hand over the call to the management for the opening remarks. Over to you, gentlemen.

Sunil Suresh: Good evening, everyone. Welcome to the Stanley Lifestyles Limited Earnings Conference Call for the first quarter ended 30th June 2025. The earnings presentation has been uploaded on the Stock Exchange, and we trust you have had the opportunity to review it. During the first quarter of FY '26, global trade developments, particularly the recent US tariff policies have weighed on on broad market sentiment. While the Indian luxury furniture sector remains structurally strong, these macro headwinds have created a more cautious consumer environment, leading to lower discretionary spending in certain segments.

The luxury residential real estate market continues to be providing long-term growth opportunities. In H1 2025, luxury housing recorded significant expansion with sales in the Rs. 10 crores to RS. 20 crores price range rising by 128% and the RS. 20 crores to RS. 50 crores homes doubling year-on-year.

However, delays in property handover, a trend that has been persisted over recent quarters, continues to defer purchase decisions for premium home interior. Despite these headwinds, we started FY '26 on a positive note with a strong growth in both retail and B2B segments.

Revenue from operations was Rs. 1,087 million, an increase of 7.9% over Q1 FY '25. The Retail business contributed Rs. 640 million, up by 25.2% year-on-year, led by the performance of Stanley Level Next, and Sofas & More, which grew by 20% and 50.7%, respectively. All new stores opened in FY '25 have achieved breakeven, reflecting the effectiveness of our location selection and execution strategy.

This quarter also saw the addition of two new stores, Sofas & More stores, one each in Surat and Mangalore. As of the 30th June 2025, Stanley Lifestyles operates 68 stores, comprising 43 COCO stores and 25 FOFO stores. The COCO stores accounting for 60% of the revenue in Q1 FY '26.

On profitability, gross profit increased by 16.6% year-on-year to Rs. 624 million, with margins expanding 428 basis points to 57.4%. Our focus on localization and improving efficiency in manufacturing have allowed us to optimize production costs while broadening the product mix. EBITDA grew 11.9% to Rs. 225 million with a margin of 2.7%.

PAT increased more than 2x to Rs.78 million with a margin of 7.2%. We have made a strategic advance in line with our growth vision with Stanley Retail Limited acquiring complete ownership of Shrasta Decor Private Limited.

We have strengthened our presence in Hyderabad. This step allows us to streamline opportunities, unify brand representation and improve decision-making efficiency in this key market. Hyderabad is an important growth hub for luxury furniture, and we will invest in growing the Hyderabad market to achieve our long-term growth strategy.

Additionally, we are pleased to welcome Mr. J.K. Sharath: as our Group CFO. His deep understanding of the company, along with his strong financial and strategic skills experience will be a great addition to our leadership team. He will play a key role in driving our transformation agenda and lead Stanley into its next chapter of growth and long-term value creation.

While broader market sentiment remains cautious, our product portfolio is not directly exposed to the categories impacted by the US tariffs. We do not expect any material impact on our business from these changes. Looking ahead, we remain on track to open 15 new stores in FY '26 with emphasis on high potential real estate catchments in major cities and emerging urban clusters. The focus continues to be strengthening the COCO format and offering curated collections that align with the evolving preferences of affluent luxury homemakers.

The recent raid being conducted by DRI on luxury furniture importers who were under invoicing and the gazette for QCO on import furniture having been passed, we remain buoyant about our future growth. With differentiated brand portfolio, integrated manufacturing capabilities and a growth presence in India's luxury furniture market, Stanley Lifestyles Limited is well positioned to capture the opportunities ahead of FY '26.

That concludes my remarks. We can now open the floor for questions and answers. Thank you.

Moderator: The first question is from the line of Arvind Arora from A Square Capital.

Arvind Arora: Yes, congratulations on good set of number at retail side. So sir, can you please provide a breakup of retail and non-retail?

Sunil Suresh: So the domestic retail revenues, we have grown 25% compared to Q1 of '25.

Arvind Arora: Okay, so what is the absolute number?

J.K. Sharath: So let me tell you the domestic retail number for us in the current quarter was around Rs. 64 crores. In the comparing last June quarter FY '25, Q1 was Rs.51 crores. So we see an overall close to 25% growth in the Domestic Retail business. In the B2B and the OEM business, our current quarter revenue is Rs. 28.3 crores and Q1 of 2025 was Rs. 22 crores. So we have about 27% growth there. Apart from this, we have our Franchisee and Accessories business. There, the revenues have dropped from Rs. 27 crores in the last quarter to Rs. 16 crores in the current quarter.

Arvind Arora: Okay. Understood.

Sunil Suresh: The growth has come more from the COCO stores.

Arvind Arora: Understood. So sir, our focus is also on B2C business, correct?

Sunil Suresh: Yes, absolutely.

Arvind Arora: Okay. So sir, last time you alluded that our target would be to become Rs. 1,000 crore company in next 3 years, correct?

Sunil Suresh: Correct.

Arvind Arora: So where we are as of now, like I'm considering the PAT that we targeted like 12% to 15%. But if I compare quarter-on-quarter PAT margin, that's also declined from 9% to approx 7.2%. So what is the reason for this decline?

Sunil Suresh: Which one are you talking about?

Arvind Arora: Current quarter decline?

J.K. Sharath: Quarter-on-quarter, if you see our PAT percentage has increased from 3.8% to 7.2%.

Arvind Arora: I'm talking quarter 4 to quarter 1, the last quarter that just completed before this quarter and the quarter 4 financial year '25.

Sunil Suresh: So basically, when you look at our business traditionally, we are seasonal in terms of this. Usually, our first quarter and second quarter, you have to normally compare it with the first quarter and second quarter of last year because almost, I can say, more than almost close to 60% happens between Q3 and Q4.

Arvind Arora: Okay. And sir, next question is last time you mentioned that we also would be having a discussion with the builders, if there is any requirement. So any update on that part? Any discussion that we are having with anyone so that we can scale up our business?

Sunil Suresh: These are ongoing processes. Our broad vision, what you mentioned remains very much the same, and we are definitely heading towards that. So these are all ongoing processes. Yes, we have just enabled with a particular project in South Bombay. We have got an order for a few mockup kitchens there. These are ongoing processes.

Moderator: The next question is from the line of Yug Jhaveri from Molecule Ventures.

Yug Jhaveri: So first question is on the COCO retail side. So there is 25% growth. If you can share the number for the last 3 to 4 quarters, like what was the growth in Q4 and Q3, Q2 Y-o-Y basis in the Retail business?

Sunil Suresh: You're asking us to share the numbers of what are the quarters you want us to share the numbers?

Yug Jhaveri: Q4, Q3 and Q2. Quarters of last year, what was the growth year-on-year each quarter if you can have?

Sunil Suresh: You want the growth percentage?

J.K. Sharath: Yes.

Yug Jhaveri: Yes, the growth percentage in the Retail business for the last year's quarters.

Sunil Suresh: So if you actually look at year-on-year, it is always better for us because as I mentioned to you, Q1 and Q2 will look a bit suppressed because of season being in Q3 and Q4. So if you look at this quarter, if I look at we have compared to last quarter, we have grown at 25%, Q1.

Yug Jhaveri: I got that, sir. But if you can provide me last year's numbers, so we can map the growth rate. So if you don't have that right now, what I can ask is that this amount of growth, 25%, have you seen anywhere between the recent quarter last year or in FY '24 or this double-digit 25% growth is after a quite long time?

J.K. Sharath: Yes, so if you look at our numbers from the last time Q1 to Q2, we grew by 8% and then we grew by 10% quarter-on-quarter with the previous quarter. And then we have grown by 16% and now we have seen a 25% growth. So this is a progressive growth which we are seeing. And I don't think earlier in the past, at least in the past 2 years, we had any quarter where Quarter-on-quarter such a 25% growth.

Yug Jhaveri: Sir, this 25% growth is Y-o-Y, right? This quarter compared to last year's Q1?

J.K. Sharath: Yes.

Sunil Suresh: Correct.

Yug Jhaveri: But sir the numbers you stated here say 8%, 10% and 15%, it is quarter-on-quarter for FY '24?

J.K. Sharath: Yes, it's quarter-on-quarter.

Yug Jhaveri: Okay. So year-on-year would be in the similar range or it would be flat?

J.K. Sharath: No, no. Year-on-year, there will be a degrowth because our last March quarter, we had done retail revenue of more than Rs.72 crores. Now we have Rs.65 crores.

Yug Jhaveri: Okay. Got it. So year-on-year, that would be degrowth for last year in COCO business?

J.K. Sharath: That is primarily because you can't compare these quarters because of the seasonality in our business. Generally, our H2 is heavier on the revenue side because of the festival season sales, etcetera.

Yug Jhaveri: No, no. I understood that, sir. What I'm trying to ask is that there was 25% growth in Q1 FY '26 compared to Q1 FY '25. Now I just wanted to know the growth rate, what was there in Q1 FY '25 compared to Q1 FY '24.

J.K. Sharath: So that number, we don't have right now with us.

Sunil Suresh: It was definitely not anywhere close to 25%. Normally, I think if you look at year-on-year last 2 years, we have managed roughly single-digit growth only quarter-on-quarter. We will share it with you, not a problem, but we don't have it handy right now.

Yug Jhaveri: Sure, I will get that offline. Now the second question was on the same-store sales growth. So what was SSSG are at this quarter? And you said in the PPT it got improved so on that side?

J.K. Sharath: Yes. So generally, this is one of the key metrics which we track for our SSSG. So this SSSG growth has been varying somewhere from higher single digit to double digits depending on the stores and the locality and the region, etcetera.

Yug Jhaveri: Okay. And any things which you have done to improve that compared to previous year?

J.K. Sharath: A lot of things. This is an ongoing process. I think like Sunil said, we very frequently look at our store placing, the product placing and also we look at how the stores are performing and a lot of advertisement and marketing focused activities happen to make sure the footfalls come in. A lot of multiple factors play in.

And also a lot of things are also depend like if you have high rains and monsoons, there may be challenges in certain cities on the footfalls. So there are multiple factors which happens. Our objective is always to make sure the footfalls are higher and conversions

Yug Jhaveri: Will it be sustainable going ahead, the double-digit or high single-digit growth? Will it be sustainable?

Sunil Suresh: Yes, definitely because also you must understand that a lot of our stores are now coming to maturity, stores which we have opened in FY '23, '24 are now coming to maturity. So we feel that in the due course of next whatever, 6 to 18 months, almost 70% to 80% of our stores will be more mature stores. And the trend is that in a 4-year window, when you look at it, usually the year 1, the business, what the store gives is about 60%.

Second year is about 70%, 75%. Third year is about 80% and the fourth year is optimization at about 100%. So now the maturity stores are getting higher because last year, as we told, we slowed down on our expansion plan. We did not rush into the market because we were not getting conducive real estate. But of course, having waited now this year, we have started rolling out our stores better.

Yug Jhaveri: Okay. Now one thing I'm not able to understand is the breakup part. So Rs.64 crores revenue was from the COCO business, which grew 25% this quarter. Rs.28 crores was from B2B business, which has grown 25%. So the Rs.16 crores, which you said in B2B2C, so we include that in FOFO revenue or what? So where do we record that revenue?

J.K. Sharath: So FOFO is part of the Franchisee and Accessories business. So we have the Retail business, we have the Franchisee and the Accessory business. And then we have the B2B OEM business. So these are the main 3 clusters which we look at.

Yug Jhaveri: Yes. I know the 3 verticals, so out of Rs. 109 crores, Rs. 64 crores was from COCO, Rs. 28 crores was from B2B. So that Rs. 28 crores, does it include B2B2C also or just B2B part?

J.K. Sharath: No, no. The Franchisee is separate. The second segment is the Franchisee and the Accessories, which is about Rs. 16 crores.

Yug Jhaveri: Okay. So B2B2C, what was the revenue where you changed the model from credit to cash and carry model? What is the revenue for that?

J.K. Sharath: That business has stabilized. For the quarter, we have done about Rs. 2.5 crores because of a change in the model from credit to cash, there was some disturbance in the overall revenue growth there. But now we see that, that market is sort of stabilizing and we have collected all the old money plus now all the customers we have our own cash, so we don't carry any credit risk.

Yug Jhaveri: Okay. So basically, COCO business grew 25% this quarter and B2B also grew 25%. And FOFO was down 9% Y-o-Y. So I'm not able to map the difference. So because of just FOFO 9% degrowth, the overall revenue growth was only 8% and the other 2 main driving business grew 25%.

J.K. Sharath: Okay. I'll give you the math. Our Franchisee and Accessory business for the last quarter was Rs. 27 crores. That degrew by 40% from Rs.27 crores to Rs.16 crores.

Yug Jhaveri: This is Y-o-Y or quarter-on-quarter?

J.K. Sharath: Quarter-on-quarter.

Yug Jhaveri: If you can provide Y-o-Y, it will be helpful.

Management: So this is Y-o-Y the number which we are talking about. I'll give you the complete breakup. So on the retail side, we had Rs.51.2 crores, which is now Rs.64.1 crores this year on the retail revenue side. Franchisee and accessories, we were having Rs.27.3 crores last quarter. This quarter, we have Rs.16.3 crores. There is a 40% decline here. This is mainly on account of the D8 brand, which moved out of the company. So last year, we clocked in Rs.10 crores on account of this.

On a Franchisee model of a brand, Stanley, there is 11% degrowth that has happened in Franchise and Accessory business. The third is the B2B or OEM sector where we have clocked in 27% growth. So last year, the number was Rs. 22.2 crores versus now Rs. 28.3 crores. If you total the entire thing, last quarter, we have clocked in Rs. 100.7 crores and this quarter, we have clocked in Rs. 108.7 crores.

Yug Jhaveri: So major growth was affected by FOFO business model, and that was also due to D8 store's closure.

Management: Correct.

Yug Jhaveri: So when do you expect FOFO to rebound because the FOFO will recover in a short period of time, then the overall picture would look quite different compared to what we have right now?

Management: FOFO also, if I talk about it is two segments that is broken into. So one is the product placement and other one is the secondary sale. On the secondary sale, we are around 1%, 2% up from the last quarter. However, in the product placement because we have opened 2 SLM model of stores last quarter versus now we have opened SLM level of store. So there is a gap that is on account of the product placement.

Sunil Suresh: Secondary sales, we have seen a growth of about 2%.

Yug Jhaveri: Secondary sales is B2B2C?

Sunil Suresh: Yes. It is a Franchisee business what we are talking about. Therefore FOFO business.

Management: It's a B2C business.

Yug Jhaveri: So if you can just brief me about what are these two models? I have not heard about these models. So if you can explain it very brief what are these models and what is happening?

J.K. Sharath: So basically, COCO model is a Company-Owned, Company-Operated model, wherein we own the stores and we operate the stores. Franchisee model is whereas we'll appoint a franchisee and the franchisee will open the store and they will operate the store.

Sunil Suresh: Again, 100% sold out. We don't give any credit there. We don't offer any discounts. It's all a cash and carry model as far as FOFO is also concerned.

J.K. Sharath: And the franchisee have a store, Stanley store and they will sell it to the customers.

Yug Jhaveri: Okay. Got that. But the decrease from Rs. 27 crores to Rs. 16 crores in FOFO. So what exactly?

J.K. Sharath: That's largely because of the D8 because Rs. 9.6 crores was there last year, which because of the change in the brand.

Sunil Suresh: As we have acquired the Hyderabad business and our Hyderabad partner has a different store, which revenue was captured last financial year under the name of D8. That was nothing to do with Stanley. They were importing and selling furniture in that particular brand. Now that is not reflecting in this quarter. That is the gap.

Yug Jhaveri: Got that. So means degrowth was mainly on that side. So when do you expect to recover from that business degrowth?

Sunil Suresh: So we basically now we are expanding further in Hyderabad stores. We have plan to open three stores in the next 2 quarters. So we are going to go a lot more stronger in Hyderabad going forward.

Yug Jhaveri: Okay. Got that. And just last thing, if I may ask. On Slide number 3, so you have written COCO revenue was Rs. 12.5 crores this quarter compared to Rs. 13.7 crores. So I just got a little confused on that side. So what exactly is that?

Management: So this is actually revenue, if I talk about the Stanley brand revenue year-on-year quarter last quarter versus this quarter.

Yug Jhaveri: Okay. So you excluded D8. So out of Rs.27 crores, you have excluded the D8 revenue?

Management: Yes, right. So that is only Stanley brand thing what we are trying to demonstrate, the revenue of Rs.13.7 crores versus Rs.12.5 crores.

Yug Jhaveri: Okay. Got that. It only includes Stanley, so you have excluded D8 in that slide revenue?

Management: Right.

Yug Jhaveri: And going ahead with the store opening in Hyderabad, we can rebound. 3 to 4 stores are planned in Hyderabad, right?

Sunil Suresh: These stores have already been signed up and the work has just commenced as far as Hyderabad is concerned.

Yug Jhaveri: Sure. And just last on B2B part. So in earlier calls, you were saying that there are 2 to 3 customers who are in talks with US customers for B2B contract manufacturing. So will we have any impact because of this tariff issue ongoing.

Sunil Suresh: Luckily for us, despite it being an American customer, the discussion what we are doing is for the domestic requirement as well as for their Middle East requirement and not for American requirements. So we have not been impacted in any way as of now.

Yug Jhaveri: So you will supply for the non-US business?

Sunil Suresh: Correct. We will supply for the international business, which is India and Middle East.

Moderator: The next question is from the line of Mohit Dodeja from Emkay Global.

Mohit Dodeja: Congratulations on a great set of numbers. So two questions from my end. Manufacturing efficiencies have led to margin expansion, almost north of 430 bps. So what specific initiatives have driven this? And is this margin sustainable or we can expect any further gains? And second question is, could you elaborate on the acquisition of Shrasta Decor Private Limited and like how it will benefit Hyderabad market penetration?

Sunil Suresh: Okay. So yes, actually, if you look at where we are at this point in our journey, with scale, I think we can definitely look at further improvement in terms of efficiency. Localization as far as leather has continued and played out well, and there is a lot more to do. We believe that there will be a constant improvement with scale improving as we expand our business going forward. So that answers your first question.

Second question, Hyderabad for us has been a very important market because the consumption of luxury furniture, primarily because of the sizes of homes and villas is a very strong market for us and acquiring our partner who had various other businesses and was not able to focus mainly on our business is going to tremendously help us going forward.

So we have just about started our expansion there. Now we have currently 3 stores. We are adding 3 more stores in the next 2 quarters. And we'll continue to invest in Hyderabad because in our opinion, it's as big or a bigger market than our home market of Bangalore.

Mohit Dodeja: Just a follow-up on this. The three stores, are they COCO or FOFO?

Sunil Suresh: Hyderabad, now everything is COCO. So what we have done is systematically, we have made sure that in the major 6 cities, which is Delhi, Bombay, Chennai, Bangalore, Pune and Hyderabad, now we have acquired most of the partners and all our stores are going to be COCO. These are all markets which we have been present for more than a decade, and we are very aware of the market conditions, and we want to grow in these markets primarily under the COCO format.

Moderator: The next question is from the line of Hitaindra Pradhan from Maximal Capital.

Hitaindra Pradhan: Hope I am audible. Just an accounting question, the EBITDA margins that you disclosed are post rent or before rent?

Management: So as we are using the Ind AS method, so automatically, the rental doesn't fit into the P&L, we capitalize in form of ROU.

J.K. Sharath: So these are Ind AS numbers, yes.

Hitaindra Pradhan: Okay. These are like post Ind AS numbers, right?

Management: That's right, yes.

Hitaindra Pradhan: Yes. So what are your current rentals as a percentage of revenue, rental expenses?

Sunil Suresh: What happens is it all depends on the maturities of stores. And yes, currently, we have a lot of stores that are fairly new. When you look at it on a global perspective, what is it currently the rental?

Management: So on our complete Retail business that we have on the top line, it is somewhere in the tune of 12% to 13% on my retail revenue. On overall which if I can see on a complete company level, it will be somewhere into the tune of 6% to 8%.

Hitaindra Pradhan: Your revenue ramp-up for COCO stores. So how does the revenue ramp-up happens from first year to fourth year?

Sunil Suresh: Yes. Okay. So normally, what we have seen as a trend is when we open a store in a new market, the first year, the revenue is roughly about 55% - 60% of the true potential of that store. Second year goes to about 65% - 70%. Third year, about 80% - 85%. And finally, on the fourth year is where we say it's around 95% to 100%. So that's how the store usually has shown us the signs of ramp-up in the past.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for the closing comments. Over to you, sir.

Sunil Suresh: Thank you all for taking the time to join us today and for your continued interest in Stanley Lifestyles Limited. As we continue to navigate opportunities ahead, we remain committed to delivering consistent growth and value in the coming quarters. As always, if you have any further questions, please feel free to reach out to our Investor Relations Advisor, Churchgate Partners, and we'll be happy to address all your queries. Thank you once again.

Moderator: Thank you. On behalf of Stanley Lifestyles Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Notes:

1. This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.

2. Figures have been rounded off for convenience and ease of reference.