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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 NINE MONTHS ENDED 31ST DECEMBER 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 February 2026 on the unaudited financial results (standalone and consolidated) of the Company for the quarter and nine months ended December 31st, 2025.

The transcript of the earnings conference call is also available on the website of the Company at: <https://www.stanleylifestyles.com/storage/Investor/February2026/5PKv6-Earnings%20call%20transcript.pdf>

We request you to kindly take this on your record.

Thanking You,

For Stanley Lifestyles Limited

Sunil Suresh
Managing Director
DIN: 01421517

Enclosed: As above



“Stanley Lifestyles Limited Q3 FY 2026 Earnings Conference Call”

February 13, 2026



MANAGEMENT: **MR. SUNIL SURESH – CHAIRMAN AND FOUNDER,
STANLEY LIFESTYLES LIMITED**
**MR. VENKATARAMANA GORTI – JOINT MANAGING
DIRECTOR, STANLEY LIFESTYLES LIMITED**
**MR. J. K. SHARATH – GROUP CHIEF FINANCIAL
OFFICER, STANLEY LIFESTYLES LIMITED**
**MR. ABHIJEET SONAR – CHIEF EXECUTIVE OFFICER,
RETAIL BUSINESS, STANLEY RETAIL LIMITED**

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

Moderator: Ladies and gentlemen, good day, and welcome to the Stanley Lifestyles Limited 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: Thank you, Shruti. Good evening, everyone. I would like to welcome the management and thank them for this opportunity.

We have with us today Mr. Sunil Suresh – Chairman and Founder, Mr. Venkataraman Gorti – Managing Director, Mr. J. K. Sharath – Group Chief Financial Officer, and Mr. Abhijeet Sonar – Chief Executive Officer, Retail Business.

I shall now hand over the conference to the Management for the opening remarks. Over to you, gentlemen.

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

This year marks three decades of Stanley, of leather mastery, manufacturing excellence and brand building. As we complete this milestone year, we have taken a deliberate pause not to slow down, but to strengthen the foundation of the next phase of growth. Our revenue trajectory remains stable. However, profitability for the quarter reflects conscious investment and structural transactions we undertook over the past three quarters. Let me explain this clearly.

After almost three decades of founder-led growth, we have initiated a structured transition towards institutional leadership. We inducted a Joint Managing Director and a new Retail CEO, both among the strongest leadership talent of Stanley. These leaders represent the new generation for Stanley. For approximately three months, there was an overlap in senior management roles to ensure continuity and seamless transfer of responsibility. This overlap has increased short-term costs, but was critical for long-term governance strength. We believe institutional leadership is not optional, it is essential for sustainable growth.

Store expansion and investment phase:

Over the past three quarters, we have opened nine new stores, including FOFO stores. Six additional stores expected to open in the next couple of months. We acquired franchisee operations in Hyderabad and Pune, converting them into company-owned formats. We have now expanded our COCO presence across the top six metros in India. However, stores under 36

months of operation yield significantly lower margins than mature stores. With a large number of recently opened stores in the system, this has temporarily diluted profitability.

While our COCO stores have grown steadily this year, the franchisee channel experienced moderation, partly due to broader demand softness and projected delays and project delays. Importantly, these investments have been deliberate. We have invested over Rs. 62 crores in expansion in the first three quarters, yet our cash reserves remain at the same level as last year, reflecting prudent financial management.

Strategic sourcing, BCC, best cost country model:

We are working diligently to be more and more competitive through our strategic sourcing initiatives through our BCC model. This has started yielding good results for us and will continue to do so in the future, too.

Brand architecture and network rationalization:

As part of our three-decade reset, we undertake a comprehensive brand architecture review, reviewing existing stores, evaluating underperforming catchments, paused certain expansion, rationalization formats where required. Some stores had outlived their catchment potential, it was prudent to address this now rather than defer the difficult decisions.

Market environment and demand outlook:

Order execution during the year was impacted by residential project handover delays, global macro uncertainties, subdued discretionary demand in certain months. However, traction has improved meaningfully from January onwards.

Data across the six metros where we are present now shows that the premium housing sales over the past three, four years have been at historic highs. Delays in handover have created a pipeline of premium housing awaiting interior fit-outs. We expect deliveries to accelerate starting 2026, unlocking significant demand for premium furniture. Stanley is now fully present in these markets and well positioned to benefit.

Regulatory advantages, BIS certification:

We obtained our BIS certification this month on products covered under QCO, among the early movers in the furniture segment. With the quality control order coming into effect this financial year, non-certified importers and unorganized players will face restrictions in the Indian market. We believe this structural shift will favor organized, compliant, integrated players like Stanley.

Technology and full home pivot:

As we pivot from leather specialist sofa manufacturing company to full home luxury provider, we have passed selectively to integrate the right technology platforms, upgrade back-end systems, recalibrate our kitchen and cabinetry vertical with the experience we have obtained. Order book remains robust and we are confident this integration will strengthen execution capability as we move towards FY 2027.

Closing outlook:

Premium housing and branded luxury furniture in India remain in early stage of organized growth. To summarize again, the reset after three decades, organizational restructuring of leadership transition, brand architecture and network rationalization, cost optimization through strategic sourcing, efficiency and productivity improvements, business enablers through technology enhancement, BIS certification, full home solutions. The investments made this year have temporarily compressed profitability, but they have structurally strengthened the business. We remain confident of delivering quality growth, improved margins and stronger return ratios in FY 2026 and beyond.

I now invite Mr. J. K. Sharath to walk you through the financial performance.

J. K. Sharath:

Thank you, Sunil. Good evening, everyone.

Every investment we make today in stores, people and processes is aimed at reinforcing our position as India's most admired luxury furniture company. For the nine months ended FY 2026, the company reported revenue from operations of Rs. 3,179 million, reflecting a modest year-on-year growth of 1.4%. This relatively muted growth is largely attributable to evolving consumer preferences with a visible shift towards more value-oriented products during this period. Encouragingly, gross profits grew by 6.2% compared to the corresponding period last year, supported by an improved product mix and continued operational efficiencies.

EBITDA margins remained largely stable at 18.8% in nine months FY 2026 as against 18.9% in nine months FY 2025, demonstrating resilience at the operation level. However, reported PAT stood at Rs. 136 million, declining by of 26.1% from Rs. 184 million in nine months FY 2025. The reduction in profitability was mainly due to higher depreciation and finance costs arising from ongoing store expansion and strategic investments in growth infrastructure, which we believe will support long-term value creation.

During the nine months, we opened seven COCO stores and are progressing on five additional COCO stores. This resulted in higher depreciation and finance cost of Rs. 101 million due to lease-related accounting impact. These are forward-looking investments, preparing us for the next phase of growth.

For the third quarter ended December 31, 2025 revenue from operations stood at Rs. 1,038 million, reflecting a decline of 5.4% year-on-year, primarily impacted by near-term demand softness. After considering the impact of new labor laws, EBITDA margins moderated at 11.9%

in Q3 FY 2026 compared to 18.7% in Q3 FY 2025, representing a contraction of 680 basis points, largely due to operational deleverage and costs associated with recent expansion.

During the quarter, the company reported a marginal loss of Rs. 2 million at PAT level as against a profit of Rs. 89 million in the corresponding period last year. The decline in profitability was mainly attributable to higher depreciation and finance costs, along with expenses relating to new store additions that are yet to reach optimal utilization and deliver commensurate returns. Higher amortization and finance costs from new store additions had a short-term impact. However, these strategic investments will strengthen our retail footprint and support future profitability.

We will now open the floor for questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Resha Mehta from GreenEdge Wealth. Please go ahead.

Resha Mehta: Good evening and thank you for the opportunity. So the first is on the growth part, right. So if we look at your commentary, basically, project handovers will accelerate only by the end of FY 2027. And also, the consumer is shifting or down trading or to more value-oriented products. So with that, then how do we look at growth internally for us as a company?

Sunil Suresh: So if you really look at how we have kind of moved from our typical home markets and now have a clear presence in the top six metros. There is definitely a solid pipeline that is expected in terms of the premium homes and luxury homes that have been sold over the last three to four years, which normally take between four years to four and a half years to come for delivery. So we are very excited in terms of the number of projects that have already been sold, probably a bit delayed, and they are all going to come to handover starting from FY 2026. So while there has been a small little what you can call as a sentiment in terms of how things were in the last six months or so with the global headwinds and also the projects coming into delivery will definitely accelerate our offering to the market.

Resha Mehta: No, sorry, my question was then what growth are we targeting, let's say, for FY 2027, considering the macro consumer sentiment is not supportive and handover of projects only happen by the end of FY 2027? While we have been articulating our aspiration of 20% plus kind of a revenue CAGR, but right now, we are nowhere close to that. So just from a realistic standpoint, what would be your revenue guidance for the next financial year, considering the macro situation?

Sunil Suresh: So for you to understand that, actually our pivot towards full home solutions have turned out very positive. And if I look at how our KCD order book looks compared to December of last year. So basically, when I say the kitchen business comes in first followed by loose furniture later. Last year, December, we had an order book of roughly about 12% of our total order book coming from kitchen and cabinetry. This year on December 31, it has gone up by 20%, so almost 30%. So the pipeline for us to do complete homes are increasing. So thereby, the average ticket size of each customer will jump almost six to seven folds. So that is how we are pivoting from

a loose furniture brand towards a complete home solution brand. So this will definitely kind of what you can cascade into a much higher sales as we go forward.

Resha Mehta: Would you want to quantify your guidance for revenue growth overall at a company level for FY 2027?

Sunil Suresh: Basically, like I said, in terms of our approach, we are looking at a very healthy and profitable growth. So at this point in time, we will not be able to give you a number as to what we are projecting because we are in the process of budgeting and we will probably give it to you by Q1.

Resha Mehta: And on the store addition, so I think for the full financial year, we would be at plus nine stores, right? We would have added nine stores.

Sunil Suresh: I think by the end of probably April, maybe not March, but by April, I think we should be having altogether 15 stores, out of which we have 12 COCO and three FOFO stores coming in, am I right?

J. K. Sharath: So nine we have opened till December, already opened. We have another six in the pipeline. In that, five is COCO and one is FOFO.

Sunil Suresh: So total COCO, how many?

J. K. Sharath: Total COCO is seven plus five.

Sunil Suresh: So total COCO stores will be 12 and three FOFO stores. So we have already opened nine and six are pending. We are confident of doing between now and Q1, within early Q1 we will do it.

Resha Mehta: And lastly, the employee expenses and the other operating expenses are growing at a much higher pace versus the revenue growth. Any comments there? And where do we see the quarterly run rate settling, especially for the employee cost?

Sunil Suresh: Sure. I think I was quite clear about that in my commentary. And actually, as I told, there has been a senior management change and there has been a transition period. So probably for almost three months we had an overlap, and that will start settling down by the end of this quarter.

J. K. Sharath: Plus also because of the new labor code, we had to take a onetime hit in terms of employee benefits for gratuity and leave and onetime hit was there and plus also a recurring hit because of the change in the regulation has come and all these has hit our employee costs. It's quite a large number actually. Close to Rs. 9 million.

Resha Mehta: Sure. Thank you.

Moderator: Thank you. The next question is from the line of Madhur Rathi from Counter Cyclic Investments. Please go ahead.

Madhur Rathi: Sir, I am trying to understand that since we are in the luxury furniture space, what impact would quality control order have? Because I understand mostly the unorganized sector would be at the entry-level cheap furniture stage. So are you really expecting some significant tailwind from the QCO order?

Sunil Suresh: Yes. As most of our competition is imported furniture and compulsory of making it BIS and QCO coming in, I think we will definitely be benefited because we have already applied for and already got certain BIS certifications done. So we are quite positive about the impact on our company with the QCO being implemented. While I think the unorganized sector will find it fairly difficult, companies such as ourselves who are basically compliant and are already certified will probably have a couple of years lead ahead. We remain very positive about that.

Madhur Rathi: Now sir, another basic question is on the top line, which does not seem to be growing from FY 2023 levels. We are stuck at around 400, 450 level, even though the net worth has significantly expanded, thanks to the IPO proceeds. So all that capital, even the net worth has over doubled, still when will it start showing in the top line?

Sunil Suresh: If you heard my commentary, I think we were quite clear we have completed three decades in business now. And this has been a small pause for us to kind of restructure, do the entire brand architecture, which I think we are almost completing by the end of this financial year, and we are very positive that you will start seeing a lot of growth. So in terms of also our store aging, if you really look at it, we have close to about 50% of our stores are under three years, which are basically still at very young age in terms of the maturity. So we expect that due course of the next financial year, many of them will start coming to a higher profitability and maturity. So that's how we are positioned right now.

Madhur Rathi: Now sir, we have over around Rs. 190 crores, which is like 20% of our market cap and we remain debt-free. So any plans to do a share buyback so that the future growth can get divided on a smaller base and EPS can increase?

Sunil Suresh: No. At this moment, like I said, we are fairly busy and been very involved in doing the reset for the company. We are going to go ahead and do some good performance in the due course of next quarter and we will think about it later.

Madhur Rathi: And sir, what about the rupee depreciation since we are also importing quite a bit. So how are our margins getting hit or have we taken some kind of price hike in recent times?

Sunil Suresh: Not really, but then I think our entire kind of pivot towards moving away from expensive European imports towards BCC or what we call a best country suitable or localization, those things have started to play out. And I think we are well positioned to kind of derisk ourselves from ForEx volatility.

Madhur Rathi: Sir, are we looking at exports to U.S. and EU after the recent deals?

Sunil Suresh: At the moment, I think we are very clearly focused. While our B2B business has been showing a lot of good inquiries and order book expansion, our focus will remain on B2C. And since we are investing in acquiring multiple franchises in cities, we are going to be very focused as a B2C brand.

Madhur Rathi: Sir, on Page 6 of your presentation, it says 61% stores are COCO, 9% are FOFO and 30% is others. Others, meaning what?

Sunil Suresh: Others is basically B2B. We have a mix of B2B and B2C. 70% of our revenue is B2C, which is a mix of COCO and FOFO and 30% is B2B.

Madhur Rathi: And sir, what are our CAPEX plans going ahead?

Sunil Suresh: So we have completed our CAPEX projection for this year. And as I mentioned to you, despite investing Rs. 63 crores, our cash reserves are exactly the same where we were last year. So at the moment, we are budgeting. I think we will basically be able to give you better clarity by the end of Q1.

Madhur Rathi: So all the funds that we have, Rs. 190 crores or thereabouts, it's for working capital usage going forward?

J. K. Sharath: So it will be a mix because as per the fund utilization we have raised in the IPO, we have partially utilized the proceeds which we have realized. The whole working capital requirement, which was raised has already been utilized and consumed by us. The remaining will be for our new stores opening, which we plan for the next couple of years as per the prospectus. We have close to Rs. 78 crores, which we still have as part of our IPO process, which are yet to be deployed. And as per our IPO plan, we will be deploying it in the next couple of years.

Management: Out of the Rs. 190 crores.

J. K. Sharath: Out of the Rs. 190 crores, yes, yes.

Madhur Rathi: Sir, lastly, I just wanted to understand that do we enjoy any, let's say, advantage in the production side? Is our cost of production lower than the competition, let's say, Godrej Interio or whosoever is our competitor? Where do we have the edge? Is our cost of production cheaper or I mean we are fully integrated? What would you say is our USP?

Sunil Suresh: So please understand that our segment where we are catering to is much higher than what other Indian organized players are actually playing. So for us, the competition is primarily European imports and other Chinese imports and so on and so forth. So we do not look at segment-wise competition, direct competition with the companies that you mentioned. So I think we are mostly bespoke manufacturing and the customization is our most important USP and we will continue to do it. We are not in the mass production. We are in what you call as handcrafted bespoke production. And our customer base is normally homes with more than Rs. 2 crores to Rs. 3 crores

investment in their residential project. We do not cater to homemakers below Rs. 3 crores of residential budget.

Madhur Rathi: Sir, since our competitors are foreign companies like Gautier of France, et cetera, so with the recent EU FTA deal, I mean, we will not be flooded with European furniture imports and --

Sunil Suresh: No, no, no. So basically, that is the BIS. That is exactly the touch point that you have to understand. The BIS certification and QCO is doing exactly what it did to footwear and toys five, six years ago. If you realize that same QCO was applied on footwear and toys and now it's being applied on furniture. So it will definitely block certain imports. And as we look at it, as we expand our base and are able to kind of give the similar quality, we believe that when we have a higher end competition, we normally win because our speed to market, we are able to deliver our loose furniture in 4 to six weeks, whereas they take almost six to six months. So that's the kind of advantages we have. So as the market is getting more and more premiumized, our business is going to thrive. That is how we are positioning ourselves.

Madhur Rathi: And sir, lastly, in Bangalore, sir, what percent of our revenue is coming? Sir, with this, if the IT sector gets disrupted, then I mean, we might get hit because after all they are the highly paid white-collar segment, which is our customer base. So any thoughts on that?

Sunil Suresh: So again, I think when you look at, I understand your concern in terms of IT getting disrupted. But actually, even in our value premium segment, it is typically the CXO level of IT that actually start with it. So we are not in the market segment where the typical IT employees are our customers. When we look at our customer profile, it normally starts with CXOs, but we cater to a lot of HNIs. We cater to a lot of -- our mix is very, very large. We have SMSE, SMA, SME owners. We have a very huge mix in terms of bankers and that corporate onshore actually. We do not cater to normally, I could say in a way that for you to understand, 90% of our customers are employers and not employees.

Madhur Rathi: Got it, sir. Thank you very much.

Moderator: Thank you. The next question is from the line of Manjeet from Saamy Advisors. Please go ahead.

Manjeet Buaria: Thank you for taking my questions. Sir, I just wanted to again touch upon once on our revenue growth on a slightly longer time frame. When I look at March 2023 end, we had about the store count then and the store count now and store count has gone up by about 33%, whereas our B2C business has grown by about 10% in these roughly three years now. So why is the revenue growth lagging store growth with such a wide margin? I am not able to understand that.

Sunil Suresh: If you look at our store aging, normally as we have always mentioned that we require about between 24 to 36 months for our stores to come to maturity. Currently, when we looked at FY 2023, probably we had stores that were fairly mature. But today, more than 50% of our stores

are under 24 months. So we are still in the process of maturity. So this you will see what you call as results unfold due course of the few quarters going forward.

Manjeet Buaria: Sir, is my understanding correct that the 35 stores which you have shown is more than three years old, which are our mature stores. Has these stores been declined or they have negative SSSG?

Sunil Suresh: So some of them probably have because like I mentioned that we are looking at there were some very legacy stores which have outlived their catchment area. So we are doing what we call as either we are changing the brand from premium to our value premium brands or we are relocating the stores and also the pivot is happening in the company as far as we are moving from loose furniture to a complete home solution provider. So that's a changing process at this point in time.

Manjeet Buaria: And sir, on this point of moving from loose furniture to a full home solution, I think you gave some statistic, I think I missed that, in terms of what percent of your order book is now become a full home sort of a more composite order than just a loose furniture order. Did you mention any mix over there?

Sunil Suresh: Yes. So essentially, like I mentioned to your other question earlier, if you look at December 2024, our order book position, what you call as full home orders or our cabinetry orders was only 12% and our loose furniture order was 88%. And this year, FY 2025, it has grown by 20%. So our KCD in full home order book is at 37% versus 12% and we have grown by 20%. So thereby, we are very clear that once we get into the house with kitchen and cabinetry, the loose furniture also will start following. So that is the shift that we have aimed for and we are getting there.

Manjeet Buaria: Okay. And sir, our employee expenses, I understand there has been sort of investments right now to strengthen the corporate team. The Rs. 19 crores quarterly number we see in Q3, is this the new recurring trend or this Rs. 19 crores will settle lower going ahead?

J. K. Sharath: Sorry, we missed your voice. It was not clear. Can you repeat it again? It was not clear.

Manjeet Buaria: I was checking, the Rs. 19 crores of employee expenses we see in Q3 quarter, you mentioned that there has been some over investment right now for the transition. I wanted to check how will this Rs. 19 crores settle going ahead?

J. K. Sharath: So primarily what happened, this increase constitutes of two, three items. One key item which has increased is more of the labor code impact which has come. Overall, we have an impact of about Rs. nine million in the quarter which we have taken because of the new labor code which has come and the past service liability which we have taken.

The second key impact item is because of the new stores which we have opened, there is an increase in the employee expenses which has come because we will have employees also being coming in each of these nine new stores which has come. And the other key piece is the transition

which Sunil spoke about, because we had onboarded new leadership team. We had in the quarter, both old CEO and new CEO working, new MD, old MD were there, because of which the salary is sort of higher in this quarter, which over a period of time will sort of even out.

Manjeet Buaria: Okay. One last question was, has your Bangalore cohort overall shown equivalent performance to other city stores or has Bangalore been more subdued than the non-Bangalore stores? That was my last question.

J. K. Sharath: No, he's asking how has been our growth in each of the --

Sunil Suresh: So actually, when you look at it, just about 24 months ago, almost, I would say 66% to 67% of our entire business was dependent on Bangalore. But after acquiring our partners in Hyderabad and also now expanding in Chennai and Hyderabad and Pune, we acquired our partners. So Pune has grown by almost 250-odd-percent compared to last year. Hyderabad has grown by almost 30%, 35% and Chennai has grown by about 35% --

Management: No, Hyderabad has grown more. Chennai 50%.

J. K. Sharath: Chennai, 30%.

Sunil Suresh: Chennai has grown by 35%. So we see that in the due course of the next three to four quarters, I think our business will be fairly evenly spread among five of the six metros, because in Bombay, we still struggle due to non-availability of real estate. Other than that, I think we have expanded in all the other metros. So it will even out and we are hoping to have a more even play across the six metros in the due course of next three to four quarters.

Manjeet Buaria: Okay. Thank you sir for taking my questions.

Moderator: Thank you. The next question is from the line of Kaushik Poddar from KB Capital Markets. Please go ahead.

Kaushik Poddar: Sir, two things. I think sometime back you had said that in three years you will be reaching a figure of Rs. 1,000 crores. Is that intact? And number two question is, the furniture control order. Do you see the import of furniture coming down with that?

Sunil Suresh: Yes. Let me articulate that once again. So, we had always mentioned that it would be 1,000 working days, so that's technically what it was anyway. Nevertheless, I think we are definitely keyed into getting towards that number. There is no change. Of course, like I said, there has been a small little pause in the last couple of quarters to realign our entire brand strategy. And looking at how the winds are favoring us, we are very positive that with the QCO and everything, the imports coming down. I think we are probably one of the few companies in India who are well positioned to cater to the premium and luxury demand that is emerging.

Kaushik Poddar: And the Quality Control Order, do you see import coming down?

Sunil Suresh: Absolutely, absolutely. I think, basically, like I said, the BIS certification process has already started. We are one of the first early guys to have already got certain BIS certifications done. So I think that is really going to favor organized players in India.

Kaushik Poddar: Now the Rs. 1,000 crores in 1,000 days, I mean, right now, has the period been prolonged by, say, another 200, 300 days or where is it?

Sunil Suresh: So like I mentioned to you, we have done this structural change. Our intentions are very clear. We have to get to that milestone and we are definitely working towards that. We have seen that in the last six, seven, eight months, there has been major global headwinds that kind of played out with the tariffs being implemented on Indian sentiments. And our customer profile was a bit slow. I think postponed high-ticket purchases. I think those winds are once again changing. I think January, we have seen a more potential walk-ins in our stores and we remain very positive about that.

Kaushik Poddar: And my last question. What is your prognosis of gross profit margin and operating profit margin in, say, another two years, say, FY 2029?

Sunil Suresh: So I think with all the developments in terms of our purchasing and scale coming into the business, we believe that we are positioned to kind of, of course, I think we have to look at how the aging of the stores play out, because we still have a lot of young, younger stores, as we call. But eventually, our vision is very clear that with the premium and luxury positioning, we need to have a premium margin.

Kaushik Poddar: That means gross profit margin, my last question, the gross profit margin around 55% to 60% and operating profit margin around, say, 20%?

J. K. Sharath: So the gross profit margin, currently, whatever we have, is, we have also mentioned earlier, is something which is sustainable. That's where you will see that because of our lot of efforts in localization, product mix and changes in the operational efficiencies which we have brought in as a strategic effort over a period of time, you see a very consistent and a more recurring kind of a benefit coming in. That's where these numbers which we have are more sustainable numbers and we continue to have it or maybe slightly better it as we go, depends on the various other parameters.

Operating profit, like Sunil said, is more a factor of how our new stores perform and what is the mix of our new store versus old store. Like, currently, we have 50% of our stores which are less than three years and 50% more than three years. We are currently looking at all the stores which are underperforming and plus we are also opening a lot of new stores in the current year.

So this mix will influence a lot of margins, which will be there in short term, because we are making a lot of investments and you would see the investments are initially getting recognized. But over a period of time, once this amortization, interest cost, et cetera, which is an accounting

matter under our lease accounting is sorted, then you will have a much better financial position, which will get reflected.

Kaushik Poddar: So you are not committing anything on the operating profit margin?

J. K. Sharath: No, we do not give any guidance on future numbers at this point.

Kaushik Poddar: Okay, thank you.

Moderator: Thank you. The next question is from the line of Sidharth from iThought. Please go ahead.

Sidharth: Hi, sir. So my first question is, like, what kind of margins do you earn on COCO retail versus FOFO versus the B2B business?

J. K. Sharath: See, our margins more or less remained same. The way we work in, I will first take the FOFO business. FOFO business is a franchisee-owned, franchisee-operated. It is a cash and carry business. We sell to them and immediately that comes to our revenue and it increases our overall profitability.

In a COCO model, we have our own stores where we incur the rentals, where we incur the store people and it is more monitored by us. Net-net, our focus has been on our COCO model and our COCO margins are higher provided we have an operating leverage which we achieve over a period of time, which is what we are trying to work on and get to that level. But yes, we are also working towards getting a better mix of COCO and FOFO, because some of the cities we have seen that FOFO model is what works better than a COCO model.

Sidharth: But in the six metros we have --

J. K. Sharath: Yes. But our focus on the six major metros continue to remain as a COCO, and we continue to invest in these in the COCO format. And we see a lot of benefits coming out of this, because we work on the tailwind of the RERA and the housing, this one. The luxury means more than Rs. 1.5 crores housing, which are launched, plus also which are expected to come for deliveries in the next couple of years. You will see in these six cities, six major cities, there is a big spike which is expected in the next two years for deliveries in these cities. So that way, we look forward to a lot of growth in these COCO stores.

Sidharth: Understood. But like, correct me if I am wrong, does the FOFO stores require lesser working capital for you guys?

J. K. Sharath: You are absolutely right. So the way it works is, while we manage the branding store, the positioning, et cetera, et cetera, and provide all the support to the FOFO stores. We do not make any investment in the terms of cost, employees, et cetera, et cetera.

Sidharth: And it's also cash and carry, completely.

J. K. Sharath: So it's a more cash and carry business, here we sell it to them, and they, based on the order, stock it and then they sell it to the end customer. So you can, in a sense, say that I have less working capital and a CAPEX spend in FOFO model, yes.

Moderator: Thank you. Next question is from the line of Devanshu. You may proceed.

Devanshu: Sir, you have been talking about this QCO thing for a while, and thankfully, it has come to fruition now. Just couple of things here. One, you indicated that a part of BIS certification has been achieved for your operations, right? So what exactly that mean? And for full certification, as in, by when are you expecting our factory premises to be fully BIS certified?

Sunil Suresh: Yes. So we have a lot of different SKUs and quite a lot of SKUs have already been certified. We are in the process and we are very confident that in the due course of next one or two months, we should be able to get almost 90% of our SKUs certified under BIS. And probably we are one of the first guys to also kind of get our BIS certifications.

Devanshu: Okay. So by Q4, the full BIS certification should be achieved, right? Or maybe, say, by Q1, Q1, FY 2027?

Sunil Suresh: I think the BIS also is, I would say, completely chock-a-block with hundreds of people approaching them. And the government is very clear that first they want to clear the Indian manufacturing before even looking anything at foreign manufacturers. So I think it's going to be a long-run process. We are expecting definitely to complete almost 90% by hopefully end of Q4 itself, and I do not see any impact on that coming into play for us.

Devanshu: Okay, okay. And last bit from my end, typically whenever there are such implementations, the channel sort of sees huge flooding of inventory, right, just to save themselves from an expected BIS implementation by the government. Are you noticing such a trend? Because we have seen such things happening in the footwear space where typically the channel was flooded with excess inventory and it took some a good amount of time first to sort of liquidate that channel inventory and then the benefits of BIS sort of started to come to fruition. So do you also anticipate such things to happen in your industry as well?

Sunil Suresh: So you are right, actually. Probably this QCO thing has been in the market for the last, I would say, at least two to three quarters. And we have seen some amount of inventory build-up with the importers because they were concerned. And now the gazette is passed, everything is awaited, so there has been an impact I think which is behind us. I do not see that ahead of us. And since we have passed through this, I think we are going to see better quarters coming forward. And we are also told that already the customs have started blocking the imports. So there are challenges for importers going forward.

Devanshu: So that's fair, but whatever has been imported, so they will have some stock existing in the channel, right? So will that take some time to get liquidated?

Sunil Suresh: It could be. I would not want to really comment on that. But because I said this has always been there for the last three, four quarters, and I think there was a lot of inventory build-up. I am not too sure. And also the market being a bit subdued, I think what we realize is that most of the importers are still stuck with some unsold inventories and are finding it a bit difficult. So I would not really be in a position to give you that. But unlike in footwear and other things, these are very bulky products. So they also need a lot of storage spaces. So I do not think we are going to be impacted like how the footwear industry importers were impacted.

Devanshu: Fair enough, sir. Thanks for taking the questions.

Moderator: Thank you. The next question is from the line of Arvind Arora from ASquare Capital. Please go ahead.

Arvind Arora: Hi, everyone. So sir, what's your change in your strategy that you are focusing that whatever milestone that we are setting, like Rs. 1,000 crores, we will be able to achieve? And Sunil sir, specifically for you, like, what will be your role going forward since there is a change in the management that we can see?

Sunil Suresh: I do not know whether you heard me speak in my commentary, so we are in that little pause phase where we are actually structuring ourselves much better. And as I mentioned, this was very crucial. After three decades of our presence, we realized that this was an essential investment to do in terms of getting the top management and in terms of doing a bunch of, I would say, brand architectural changes, which is all going on as we speak. So while our intentions are very clear and our targets remain the same, we had to go through this little phase.

Arvind Arora: No, I understood, sir. Setting up a target is one thing and then taking steps, like I understood that and I heard you clearly that there is a change in the management. But if you can throw some light, because these things we are listening from last one, two years, correct? But if we see the revenue numbers and everything, so the movements are not visible. So if you can throw some light, like, a little bit in detail so that we investor can understand, like, what's going on. So that would be easy for us.

Sunil Suresh: So basically, like I mentioned, I think we are focusing on this six major change implementation. One is basically organizational restructuring, leadership transition after our three decades of play, brand architecture, network rationalization, cost optimization, strategic sourcing efficiency, and productivity improvements, because we realized that with scale, our profitability will improve. So we are doing that in terms of getting our productivity and efficiency improved.

Business enables through technology, that was something that was missing. So we realized that it would be dangerous to scale without getting the tech implementation done. That's also being done. Of course, BIS certification and we are pivoting mostly towards full home solution actually, and we have started to see the trend. Because if I look at what we were having as an order book on December 2024 versus 2025, our order book has improved 20% in terms of full

home solutions, and that will actually lead to more sales as we go forward. So that is the pivot that is playing out.

Arvind Arora: Understood. And sir, I remember 15 months back, there was an order that you announced that we are supplying to an airport, like for some seatings or some materials. So I have not heard anything in last one year. So is there any change in the strategy or how, like, we are not focusing on that part or how it is? If you can throw some light on that part as well.

Sunil Suresh: So these are things we keep doing. We already supplied to our Bangalore airport long time ago. We have recently also supplied to the business and first class lounge in Delhi. So wherever there is a brand connect for us and we have a HNI clientele movement, we take up such order. It is not something that we are not a B2B brand, so we do not go behind corporate orders and hospitality orders. We are a very B2C residential furniture, full home suppliers. But however, when we get such opportunities, we definitely take it up and we execute them. So in the Delhi T2, in the business and first class lounge, we have already supplied our furniture.

Arvind Arora: Understood. And sir, is it like we are losing our market share in Bangalore? Because you mentioned our revenue is increasing in Hyderabad, Pune and other cities. But if I see at a total level, the revenue is flat, correct? So is it like we are losing at a Bangalore location?

Sunil Suresh: Bangalore, I think has been slightly flattish for us primarily because, like I said, we are doing multiple changes. Bangalore has been our oldest market in terms of cluster expansion. We started in 2017, so the cluster expansion worked for about five to six years. We are making certain changes now. And that's how I think Bangalore has been slightly flattish. But I think we have expanded our business and reached out to the other metros, which was very important as a Pan-India player.

Arvind Arora: Understood. Okay, sir. So last one, sir. In the last quarter, we discussed there was a new product that you were launching. So what's the traction on that like as in?

Sunil Suresh: Yes. I think you are talking about the license of a German company what we have taken. So that I think we are just about starting and we will have our pilot store going live probably by end of this quarter and we will have certain budgeting done for that for next year, which we have not yet budgeted. But the first pilot store is going to go live by end of this quarter.

Arvind Arora: How much revenue we can expect from that?

Sunil Suresh: We are working on the collection for almost one year. There were German designers who have come and made the collection. The collection is fully ready. We sent out one small container as a sample container to Germany. So we are awaiting results of that. Plus also, like I said, the pilot store is being made. And end of this quarter, we will have the first pilot store ready.

Arvind Arora: But nothing as such, as in like, other than the sample or pilot project, nothing is being materialized as a discussion, like how much revenue potential that project would have?

Sunil Suresh: Not yet. So this we will budget by probably end of this quarter and have something for next year coming up. It's a process which has taken more than one year to get where we are, and we are now just about ready to get market-ready.

Arvind Arora: Understood. Okay, sir, all the best. I know this time will sail fast and we will be, like, we will definitely cross this 1,000 milestone. All the best, sir.

Moderator: Thank you. The next question is from the line of Sidharth from iThought. Please proceed.

Sidharth: Hi, sir. I just have one more question. You have been talking about, like, the brand restructuring. And with the new leadership team, how are you actually going to build this brand in the future? What is the strategy?

Sunil Suresh: Yes, it's a good question. So basically, if you really look at how we were evolving in the last few years, so we did not have the quantum of premium and luxury houses coming into the market between 2015 and 2020 or for that matter, even between 2020 and 2025. But when I look at what the actual RERA report says and the quantum of luxury and premium houses that are sold in the last 4 years, which are historical high numbers, these are the homes that are going to come to the market, mostly in the six major metros of India. Almost, you can say 85% or 90% of India's premium and luxury housing is going to come into play in these six metros of India.

So we have actually very steadily but slowly moved from our home market of Bangalore, acquired partners in other cities such as Bombay, Chennai. Now recently, we also acquired, after IPO, we acquired our Hyderabad and our Pune partner. So we have actually started putting up our COCO stores and that is already starting to show growth there.

The new management team, which is coming on board, is more institutionally oriented. For the three decades, we were promoters, we were driving this business and we had a legacy team who probably were not capable of taking the company to the next level. So we had to go through those change implementation. Tech implementation is also happening. So various things are in the pipeline. And that is how we believe that we will be able to grow substantially going forward. I hope I have answered you correctly.

Sidharth: Thank you, sir. That's it.

Moderator: Thank you. The next question is from the line of Manjeet from Saamy Advisors. Please go ahead.

Manjeet Buaria: Thank you for giving me a follow-up. Sunil, one question was, as Abhijeet has taken over as CEO, on a day-to-day basis, have you taken a back seat or are you operationally involved daily even now?

Sunil Suresh: Okay. So, yes, in fact, what I am really going to do is basically, in fact, take a further front seat. I do not think I am going to take a back seat. That's not correct. In terms, like I said, we had to

get certain professionals to kind of address certain areas which are very important. Of course, there will be a slow process of succession that is going to happen. But in terms of our involvement as the promoters, we are very much involved in this business. And it continues to be, yes, it's strategic changes that we are implementing.

Manjeet Buaria: Okay. And Sunil, the RERA reports which you mentioned for the six metros, over the next three years, what is the volume or the number of houses which will be delivered as per these reports in these six metros, which are your key target market? Do you have any number there, the premium houses which are your target audience?

Sunil Suresh: Yes, we have. And it is very, very interesting for you to note that the spurt is actually going to start coming from now, and in 2027 and 2028 it's going to peak. So from our collection of data, we will have close to 109,000 homes coming into play above the value of Rs. 1.5 crores in 2026. That's going to almost 150,000 in 2027 and 163,000 in 2028. Those are the kind of numbers.

Management: Home deliveries.

Sunil Suresh: Home deliveries. Yes, homes expected for delivery. This is something which we have calibrated. This is where it is in, for example, in 2025, it was less than 60,000. So technically, the home deliveries that are going to come to the market is almost doubling and it's going to start in 2026 and peak in up to 2028. That's the data we have collected.

Manjeet Buaria: Very helpful. And last question, Sunil, was when we define premium, let's say, a house which is more than Rs. 1.5 crores, I am guessing the household income of that family would be probably annually about Rs. 30 lakhs or maybe Rs. 40 lakhs, Rs. 30 lakhs maybe. So is that really our customer segment? My understanding was we would be catering to sort of a higher segment than the Rs. 1.5 crores sort of house value.

Sunil Suresh: You can say that our sofas and more start catering to that. But actually, when you further break down, Rs. 1.5 crores to Rs. 5 crores is the, what they call in the residential business, they call that as a premium, value premium. Rs. five crores to Rs. 10 crores is where they call it as premium. And above Rs. 10 crores is what is considered luxury. So the split currently is almost even between all the three, but the trend of what is really selling is a more of premiums. Of course, Bombay is a different consideration. Bombay everything is 2x. So do not consider Bombay when you look at the six metros. The way the premium and luxury demand is continuing to grow. In fact, that's the fastest growing segment if you look into what is happening on either JLL report or ANAROCK report or even RERA report.

Manjeet Buaria: Very clear. Sunil, can I just ask one more question, sorry?

Sunil Suresh: Yes, please.

Manjeet Buaria: Okay. Sunil, you mentioned to one of the questions in response that Bangalore cohort of stores, which started in 2017, are going through a certain sort of re-shift in a way. Now, my thought

was typically retail outlets, which once established, go on for about 15, 20 years in the same location. So this is like a seven years journey for the stores you mentioned. So why is it happening so fast? Because typically what I see is retail, especially large retail formats typically stay in the same area for anywhere between at least 12 to 20 years.

Sunil Suresh:

I will explain this in a very simple and clear manner so that you can understand. The geographies in our cities are very different. For example, if you look at Delhi, there are very clearly two or three furniture markets that have emerged. There you can continue to do business for decades because they are established as furniture markets. Whereas cities like Bangalore, there is no restriction of any ocean or anything and it has been growing all over.

So the old stores, the catchment has completed. So there is a new catchment coming up, so that is having a micro market effect. So those are very rapid changes happening in certain cities like Bangalore, Hyderabad, where Mumbai and Delhi is, more, I would say, defined, because we already have markets that are established.

So I think it's a bit challenging for organized retail play. We have to keep our ears to the ground. We have to understand where the fill-up is happening. So we tend to follow RERA to understand where the next big inventory for full homes are going to come. So I think this will continue for, I would say, for some more time to come, because in the fast-growing cities like Bangalore, Hyderabad, even Pune, you have a lot of new micro markets coming. So we have to be a bit cautious.

And unfortunately, like I said, there is no clear established marketplace or a high street for furniture or a marketplace for furniture. So this is the kind of situation we face. And I think we are definitely getting a little more matured in terms of identifying and putting up our larger store formats going forward. Hope I have answered you?

Moderator:

Thank you. Due to time constraint, that was the last question. I now hand the conference over to the management for the closing comments. Over to you, sir.

Sunil Suresh:

Thank you everyone for joining us today. We remain confident that the strategic investments we are making today will lay a strong foundation for sustainable long-term growth. While this space reflects calibrated investment and transition, we believe we are approaching an inflection point where operating leverage, localization benefits and store maturity will more meaningfully reflect in margins.

We sincerely appreciate your continued support and engagement. For the future queries, please reach out to our Investor Relations partner Adfactors. Thanking you once again, and we look forward to speaking with you on our next quarter results.

Moderator:

Thank you. On behalf of Emkay Global Financial Services Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.