

**Rating: Subscribe for Listing gain**

**Issue Offer**

**Fresh Issue of 5,420,054 shares aggregating up to INR 2,000 Mn and OFS of 9,133,454 shares aggregating up to INR 3,370.2 Mn.**

**Issue Summary**

|                             |               |
|-----------------------------|---------------|
| Price Band (INR)            | 351 - 369     |
| Face Value (INR)            | 2             |
| Implied Market Cap (INR Mn) | 21,039.35     |
| Market Lot                  | 40            |
| Issue Opens on              | June 21, 2024 |
| Issue Close on              | June 25, 2024 |
| No. of share pre-issue      | 51,597,168    |
| No. of share post issue     | 57,017,222    |
| Listing                     | NSE , BSE     |
| <b>Issue Break-up (%)</b>   |               |
| QIB Portion                 | ≥50           |
| NII Portion                 | ≤35           |
| Retail Portion              | ≤15           |

**Book Running Lead Managers**

Axis Capital Limited  
ICICI Securities Limited  
JM Financial Limited  
SBI Capital Markets Limited

**Registrar**

Kfin Technologies Limited

**Shareholding Pattern**

|                 | Pre-Issue | Post-Issue |
|-----------------|-----------|------------|
| Promoters       | 67.36%    | 44.94%     |
| Public & Others | 32.64%    | 55.06%     |

**Objects of the issue**

- Expenditure for opening new stores under the formats of "Stanley Level Next", "Stanley Boutique" and "Sofas & More by Stanley"
- Expenditure for opening anchor stores ("Anchor Stores")
- Expenditure for the renovation of existing stores under the formats of "Stanley Level Next", "Stanley Boutique" and "Sofas & More by Stanley"
- Funding the capital expenditure requirements for purchasing new machinery and equipment by the company and Material Subsidiary, SOSL
- General corporate purposes.

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**Stanley Lifestyles Ltd** was established in the year 2007 as a partnership firm that initially started with car seat leather upholstery for leading international automotive companies. It initially started as a sales organization and has transformed into a design-led company that serves all home needs, making it the only super-premium luxury brand in India. The products range from seating furniture, cased goods, kitchens, cabinets, and mattresses as well as customized products. By the end of the year 2023, it has 38 company-operated stores and 24 franchisee-operated stores located in 21 cities in 11 states and Union Territories.

**Investment Rationale**

**Leading Luxury Furniture Network with Diverse Market Reach:** Stanley is a well-known furniture brand available in India for luxury furniture products that are already sized up in terms of manufacturing and retail. The brand realized revenues from operations of INR 1,957 Mn in FY21 to INR 4,189 Mn in FY23, with a CAGR of 46.29%. Having established a large retail base in India, it was three times the size of the closest competitor in the luxury/super-premium furniture market. The brand's promoters aim at making quality crafted automotive seating products under the 'Stanley' brand. The brand has fine workmanship which increases its appeal, and advertising themes like the Beautiful Living and Bed of Dreams continue to keep the brand popular. The brand also provides clients with solutions through its stores in the sense that designers assist the clients with how they can design their products. The brand communication in the after-sales support and services seeks to ensure that customers' complaints are addressed without major hitches, hence more word-of-mouth publicity and customer loyalty.

**Design-led Innovation:** With over 15 years of experience in retailing furniture products, the company has developed luxurious international products that align with Indian sentiment and style. In FY23, they designed and manufactured 88 new products and 71 in 9MFY24. The product development division spread over 15,000 square feet, includes 48 employees and one master Italian. The company introduced 71 products under the "Stanley" brand, including modern power motion recliner sofas, home cinema seating, dining tables, storage beds, kitchens, cabinetry, walk-in wardrobes, and laundry units. The company actively seeks customer feedback to tailor products to their specific needs and preferences. They engage experts from Europe and organize team visits to international furniture shows to enhance their skills.

**Diversified provider of home solutions spanning various categories and price ranges:** A home solutions store that provides every possible solution from different categories and price ranges to fulfil all customer's home furnishing requirements is the vision. The company uses the brand name 'Stanley' to provide luxury products in the mid and premium segment; they provide furniture and accessories for different rooms in the house. Originally the customers can choose products that are located in different catalogues, designs, configurations, and SKUs by December 31, 2023. The increasing trend towards opening more branded stores will assist in increasing the market share as well as targeting new consumers. The number of customers billed on average at certain stores has increased, thus proving its capability to attract a cross-section of customers and serve their distinct needs. This position is strategic because it prepares the company for future growth while at the same time creating a competitive edge and paving the way for the company to be recognized as a leading brand in the industry.

**Valuation and View:** Stanley Lifestyles is positioned for continued expansion and dominance in the sector. The industry dynamics seem positive with increasing demand for premium and luxury furniture. The renovation and expansion of "Stanley Level Next", "Stanley Boutique" and "Sofas & More by Stanley" would bring additional business going forward. At the upper band of INR 369, the issue is valued at PE of 84.4x based on FY24 TTM EPS of INR 4.4. We are recommending "Subscribe for Listing gain" for this issue.

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