

IPO NOTE

Issue Details

Price Band: ₹ 351 to ₹ 369

Issue Opens on: June 21, 2024

Issue Closes on: June 25, 2024

Lot Size: 40 Shares & in Multiples thereafter

Issue Highlights

Issue Size: ₹ 537.02 Cr.

No of Shares: 14,553,508

Face Value: ₹ 2

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	200.00
Offer for Sale	337.02
Total	537.02

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	268.51
HNI	15	80.55
Retail	35	187.96
Total	100	537.02

Listing

BSE & NSE

Lead Managers

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

Registrar

KFin Technologies Limited

ANALYST

Krishna Rana

krishna.rana@sushilfinance.com

+91 22 4093 6081

SALES

Manan Divan

manan.divan@sushilfinance.com

+91 22 4093 6091 / +919819819979

COMPANY OVERVIEW

Stanley are a super-premium and luxury furniture brand in India and among the few home-grown super-premium and luxury consumer brands in India operating at scale in terms of manufacturing as well as retail operations. Further, they are the fourth largest player in the home furniture segment in India in terms of revenue in Fiscal 2023. They have the distinction of being among the first few Indian companies to venture into the super-premium and luxury furniture segment and one of the few Indian company present across various price points, i.e., super-premium, luxury and ultra-luxury segment, through their various brands.

Company's retail furniture products under the "Stanley" brand. Over the years, they have transformed into a comprehensive provider of home solutions and are the only super-premium and luxury Indian brand that provide a wide range of home solutions offerings, such as sofas, arm chairs, kitchen cabinets, beds, mattresses and pillows, amongst others.

The company design, manufacture and retail products through their own network of 'company owned and company operated' and 'franchisee-owned and franchisee-operated' store with pan-India presence.

As of December 31, 2023, they operated 38 'company owned and company operated' or "COCO" stores all located in the major metro-cities of Bengaluru, Chennai, New Delhi, Mumbai and Hyderabad and 24 'franchisee-owned and franchisee-operated' or "FOFO" stores in 21 cities across 11 States and Union Territories in India.

HIGHLIGHTS

1. Largest and the fastest growing brand in the luxury/super-premium furniture segment
2. Comprehensive home solutions provider with offerings across categories and price points
3. Pan-India presence with strategically located stores
4. Focus on design-led product innovation
5. Vertically integrated manufacturer

OBJECTS OF THE ISSUE

1. Investment in certain Subsidiaries for
 - a. Opening of New Stores by such Subsidiaries (₹ 90.27 Cr.),
 - b. Opening the Anchor Stores by such Subsidiaries (₹ 39.99 Cr.)
 - c. Renovation of the Existing Stores by such Subsidiaries (₹ 10.04 Cr.)
2. Funding the capital expenditure requirements for purchase of new machinery and equipment by the Company and their Material Subsidiary, Stanley OEM Sofas Limited (₹ 6.65 Cr.)
3. General corporate purpose.

Offer for Sale of up to 9,133,454 Equity Shares by selling shareholders. The company will not receive any proceeds from the Offer for sale.

OUR VIEW

Founded in 2007, Stanley Lifestyles Limited designs and manufactures super-premium, luxury and ultra-luxury furniture and sells it through its brand "Stanley". Stanley commenced operations by providing car seat leather upholstery services for leading global automotive brands and subsequently transitioned to retailing luxury furniture in India.

The core strengths include Stanley being the largest and the fastest growing brand in the luxury/super-premium furniture segment, with focus on design-led product innovation and a vertically integrated manufacturer with skilled craftsmanship capabilities. Their strategies include expanding retail presence within India and abroad by leveraging the "Stanley" brand appeal. Expand product portfolio and evaluate and increase presence in the B2B segment as well as enter into distribution arrangements. More than 50% of the business is dependent on Sofas and recliners. The company's revenue is highly concentrated from South India. They are dependent on limited number of suppliers for supply of leather one of the primary raw materials.

The revenue CAGR for the period FY21-23 stood at about a staggering 46.29%. The company operated on an EBITDA margin of 19.74% and PAT margin of 8.35% for year ended FY23. The number was 18.44% and 5.97% respectively for 9MFY24. Generating ROE and ROCE of 16.29% and 16.63% respectively for FY 23. The company is asking for a PE multiple of 57.93x on the upper end of the price band and a PE of 72.35x annualizing diluted EPS for 9MFY24 (₹ 3.83). The P/BV is at 8x as at 9MFY24.

Looking at all the factors, risks, opportunities and a slightly high valuation, investors can apply with a long-term view.

Brief Financials

PARTICULARS	As at December 31, 2023			₹ in Million
		FY '23	FY '22	FY '21
Total Income	3,222.92	4,256.22	2,977.55	2,017.11
Total Expenditure	2,975.66	3,792.22	2,658.19	1,954.91
EBITDA	577.65	827.17	590.08	297.75
Profit before Tax	247.26	464.00	319.36	62.20
Profit after Tax	186.97	349.77	232.19	19.23
E.P.S. (Diluted)	3.83*	6.37	4.14	0.20
P/E (x) (Diluted)	-	58	-	-
RONW (%)	8.34*	15.18	10.69	0.56

* Not Annualised

PRICE CHART (@ ₹ 369) (Retail Category)

LOT SIZE	Amount
40	14,760
80	29,520
120	44,280
160	59,040
200	73,800
240	88,560
280	103,320
320	118,080
360	132,840
400	147,600
440	162,360
480	177,120
520	191,880

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Small HNI	560	206,640
Big HNI	2,720	1,003,680

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	26/06/2024
Initiation of refunds/unblocking ASBA Fund	27/06/2024
Credit of Equity Shares to demat accounts of Allottees	27/06/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	28/06/2024

For more details, Please refer RHP,

https://www.sebi.gov.in/filings/public-issues/jun-2024/stanley-lifestyles-limited-rhp_84127.html

Disclaimer & Disclosures

SEBI Registration No. INH00000867

This report has been furnished to you for your general information only and should not be reproduced, re-circulated, published in any media, website or otherwise, in any form or manner, in part or as a whole, without the express consent in writing of Sushil Financial Services Private Limited. This Research Report is meant solely for use by the original recipient to whom it is sent and is not for circulation. Any unauthorized use, disclosure or public dissemination or copying of information (either whole or partial) contained herein is prohibited.

This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice/offer for the purpose of purchase or sale of any securities mentioned herein. Past performance is not a guide for future performance, future returns are not guaranteed. Opinions expressed herein are subject to change without notice. Investor should rely on information/data arising out of their own investigations. The Sushil Equity Universe is marked as # and the fundamental reports are marked as ##.

Investors are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investor may realize losses on any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by us to be reliable. A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com Research Analyst views on Subject Company may vary based on Fundamental and Technical Research. Sushil Financial Services Private Limited or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. None of the directors, employees, affiliates or representatives of company shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages/loss etc whatsoever from the information/opinions/views contained in this Report and investors are requested to use the information contained at their risk

Sushil Financial Services Private Limited (SFSP) and its connected companies, and their respective Directors, Officers and employees or their relative, may have a long or short position in the subject companies mentioned in the report and it may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Reports based on technical and derivative analysis centre on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. SFSP has different business segments/Divisions with independent research and maintains arm's length distance catering to different set of customers having various objectives, risk profiles, investment horizon, etc. and therefore may at times have different contrary views on stocks sector and markets. Research Report may differ between SFSP's RAs on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold - SFSP, its employees and associates responsible for any losses, damages of any type whatsoever.

This Report is not intended to be a complete statement or summary of the securities, market or developments referred to in this document. SFSP or its affiliates or employees are under no obligation to update the information. SFSP or its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report.

SFSP or its affiliates and/or its employees/its associates or his relative does not have financial interest in the subject companies. SFSP or its affiliates and/ or its employees/its associates or his relative may or may not have beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report. SFSP/its Associates/ Research Analyst have not received any compensation from the subject company in the past twelve months. Further the subject company is/was not a client during twelve months preceding the date of distribution of the research report and the types of services provided. SFSP or its research analyst has not served as an officer, director or employee of the subject company. SFSP or its affiliates and/or its research analysts have not been engaged in market making activity for the subject company. SFSP or its associates or its Research Analyst have not received any compensation or other benefits from the subject companies or third party in connection with the research report. SFSP/its Associates/ Research Analyst/ his Relatives not have any other material conflict of interest at the time of publication of the research report.

SFSP/its Associates/ Research Analyst have not managed or co-managed public offering of securities, have not received compensation for investment banking or merchant banking or brokerage services, have not received any compensation for product or services other than investment banking or merchant banking or brokerage services from the subject companies in the last twelve months. There is no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities.

Research Disclaimer: Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

<https://www.sushilfinance.com/Disclaimer/research>
<https://bit.ly/3VbgbvL>