

Kuber Chauhan  
kuberchauhan@rathi.com

### Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	5,370
Fresh Issue (No. of Shares in Lakhs)	54.2
Offer for Sale (No. of Shares in Lakhs)	91.3
Bid/Issue opens on	21-June-24
Bid/Issue closes on	25-June-24
Face Value	Rs. 2
Price Band	351-369
Minimum Lot	40

### Objects of the Issue

- **Fresh issue: ₹ 2,000 million**  
Investment in certain Subsidiaries.  
Funding the capital expenditure requirements for purchase of new machinery and equipment by the company and the Material Subsidiary, Stanley OEM Sofas Ltd.  
General corporate purposes.
- **Offer for sale: ₹3,370 million**

### Book Running Lead Managers

ICICI Securities
JM Financial
SBI Capital markets
Registrar to the Offer
KFin Technologies Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	150.0
Subscribed paid up capital (Pre-Offer)	103.2
Paid up capital (post-Offer)	114.0

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	67.4%	56.81%
Public - Selling Shareholders	32.6%	17.67%
Public - Others	-	25.52%
Total	100%	100%

### Financials

Particulars (₹ In million)	9MFY24	FY23	FY22	FY21
<b>Revenue from operations</b>	<b>3,133</b>	<b>4,190</b>	<b>2,922</b>	<b>1,958</b>
Operating expenses	2,555	3,363	2,332	1,660
<b>EBITDA</b>	<b>578</b>	<b>827</b>	<b>590</b>	<b>298</b>
Other Income	90	66	56	59
Depreciation	278	283	217	207
<b>EBIT</b>	<b>390</b>	<b>611</b>	<b>428</b>	<b>150</b>
Interest	143	147	109	88
<b>PBT</b>	<b>247</b>	<b>464</b>	<b>319</b>	<b>62</b>
Tax	60	114	87	43
<b>PAT</b>	<b>187</b>	<b>350</b>	<b>232</b>	<b>19</b>
Ratios	9MFY24	FY23	FY22	FY21
EBITDAM	13.79%	19.74%	20.19%	15.21%
PATM	4.46%	8.35%	7.95%	0.98%
Sales growth	NM	43.39%	49.25%	NM

### Company Description

Stanley Lifestyles ("Stanley") was initially formed as a partnership firm on February 1, 2007. Stanley is 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. They are the 4th 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 companies 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 developed brand recognition and customer loyalty through their quality products, as well as targeted marketing strategies and advertisement campaigns such as "Beautiful Living", "Design Glamour", "Luxury Unlimited" and "Bed of Dreams".

Stanley is the only super-premium and luxury Indian brand that provide a wide range of home solutions offerings, such as sofas, armchairs, kitchen cabinets, beds, mattresses and pillows, amongst others.

Stanley is primarily engaged in the design, production and sale of seating products majority of which can be customized in various configurations such as 4-seater or 3-seater sofas, leg options and upholstery options such as Scandinavia Max, Euro Nappa / Tuscana Nova Cashmere / Poach Molba.

As of January 30, 2024, their retail presence in India was 4 times the size of their nearest competitor in the luxury/super-premium furniture industry.

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

The company operates 2 manufacturing facilities located at Electronic City, Bengaluru (Karnataka) and Bommasandra Jigani Link Road, Bengaluru (Karnataka).

As of December 31, 2023, Stanley offered their customers an opportunity to select products across multiple catalogues, designs, configurations and SKUs with options offered in 10 different types and over 300 colours of leathers and fabrics that can be used in various combinations.

### Valuation & Outlook

Stanley Lifestyles ("Stanley") is 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. They are the 4th largest player in the home furniture segment in India in terms of revenue in Fiscal 2023.

On valuation front, at an upper band, company is richly priced at P/E of 60x post issue of equity shares on FY23 earning basis, the company has no listed peers. We believe that company has a scope of business improvement on the back of industry tailwinds, brand recall and business scalability.

Thus, we recommend an "SUBSCRIBE – long term" rating to the IPO.

### Company's Operations

Stanley Lifestyles ("Stanley") is 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. They are the 4th 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 companies 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 developed brand recognition and customer loyalty through their quality products, as well as targeted marketing strategies and advertisement campaigns such as "Beautiful Living", "Design Glamour", "Luxury Unlimited" and "Bed of Dreams".

Company's Promoters commenced operations by providing car seat leather upholstery services for leading global automotive brands and subsequently transitioned to retailing luxury furniture in India. Leveraging the experience of their Promoters in offering luxury leather upholstery, Stanley opened their 1st retail store in Bengaluru, Karnataka in 2011. Over the years, they have transitioned from a sales driven model towards design led operations and have transformed into a comprehensive provider of home solutions. 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, armchairs, kitchen cabinets, beds, mattresses and pillows, amongst others.

The details of the industry price points and Stanley's presence:

Industry Price point	Presence	Category	Products
Ultra - Luxury	2,174	2,220	1,996
Luxury	2,674	2,847	2,049
Super Premium	975	996	293

The company design, manufacture and retail our products through their own network of 'company owned and company operated' and 'franchisee-owned and franchisee-operated' store with pan-India presence. According to the RedSeer Report, they are among the top four Indian super-premium and luxury furniture manufacturing company in India that is completely integrated, possessing the ability to manufacture products and distribute them through own network of retail stores. They believe that their in-house manufacturing operations coupled with retailing model, differentiates them from other Indian and foreign furniture brands. Their integrated model provides them with the ability to have complete control over processes, ranging from procurement of raw materials, designing products, manufacturing, quality control, marketing, and ultimately sale of products.

The company offers customers bespoke products by leveraging the skilled craftsmanship of employees. The employees possess expertise across various processes that they deploy as part of operations which include leather marking, cutting, carpentry, sewing and stitching, metal work and polishing. As of December 31, 2023, the total number of craftsman associated with new product development division were 58 (including permanent employees and craftsmen on contractual basis). They focus on attention to detail while blending unique manufacturing techniques with contemporary design to deliver a truly distinctive product experience and offer luxurious offerings to customers. Almost all of products under "Stanley Level Next" and "Stanley Boutique" brands include handcrafted elements.

Over the years, they have developed long-standing relationships with vendors which allows them to source quality raw materials, including leather and Forest Stewardship Council ("FSC") certified timber used in operations. They use premium quality leather sourced from green certified tanneries across Europe while the timber used to manufacture products is sourced from vendors across South-East Asia. They are also one of the largest importer of leather in India for furniture manufacturing purposes in Fiscal 2023. (Source: RedSeer Report) In experience, the ability to oversee various processes results in better product quality, and reduced delivery timelines and they believe that the ability to adapt to customers' requirements and preferences allows them to manufacture furniture for every room of a home.

They market and sell their products through their network of stores. They believe their stores are the first step towards entering the world of luxury furniture for their customers. Over the years, They have significantly expanded their network of stores and 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. In addition, in certain cities in India, They have also experimented with a hybrid concept, where They may have different store formats under one large store in order to efficiently utilize the real estate and provide an opportunity to their customers to experience the complete "Stanley" brand experience under one roof. For example, one of their existing store located at Hosur Road, Bengaluru, Karnataka includes different store formats, i.e., "Stanley Level Next" and "Sofas & More by Stanley" at a single location .

### Store Interiors

#### **Stanley Level Next**



## Stanley Boutique



## Sofas & More



## Product portfolio

Stanley is primarily engaged in the design, production and sale of seating products majority of which can be customized in various configurations such as 4-seater or 3-seater sofas, leg options and upholstery options such as Scandinavia Max, Euro Nappa / Tuscana Nova Cashmere / Poach Molba.

<p><b>Seating Products</b></p> <ul style="list-style-type: none"> <li>Sofas</li> <li>Sofa-cum-Bed</li> <li>Recliners</li> <li>Dining Chairs</li> <li>Puffs</li> <li>Bar Stools</li> <li>Cushions</li> </ul>	<p><b>Cased Goods</b></p> <ul style="list-style-type: none"> <li>Coffee Tables</li> <li>Dining Tables</li> <li>End Tables</li> <li>Consoles</li> </ul>
<p><b>Kitchen and Cabinetry</b></p> <ul style="list-style-type: none"> <li>Kitchens</li> <li>Wardrobes</li> <li>Laundry / Utility</li> <li>Bar Units</li> <li>Shoe Racks</li> <li>Prayer Units</li> </ul>	<p><b>Mattresses and Beds</b></p> <ul style="list-style-type: none"> <li>Mattresses</li> <li>Beds</li> <li>Pillows and Accessories</li> </ul>

**Store Category-wise Revenue from operations**

Store category (Rs mn)	9MFY24	FY23	FY22	FY21
COCO	1947	2643	1759	1,216
FOFO	408	467	259	144
Others	777	1079	903	597
<b>Total revenue from operations</b>	<b>3133</b>	<b>4190</b>	<b>2922</b>	<b>1957</b>

**Product-wise Revenue from operations**

Product category (Rs mn)	9MFY24	FY23	FY22	FY21
Seating	1761	2402	1648	1089
Automotive & others	229	290	227	200
Beds & mattress	153	200	147	114
Case goods	495	551	324	188
Kitchen & Cabinetry	140	241	94	70
Leather Automotive Interiors	352	503	479	294
<b>Total</b>	<b>3,133</b>	<b>4,190</b>	<b>2,922</b>	<b>1,957</b>

**Geographical presence**

The company has an extensive pan-India retail presence through their store network. Their network of stores allows them to cater to various target markets, which ensures enhanced brand visibility of their products. As of January 30, 2024, their retail presence in India was 4 times the size of their nearest competitor in the luxury/super-premium furniture industry.

The company primarily market and sell their products through their network of stores. Over the years, they have significantly expanded their network of stores and as of December 31, 2023, they operated 38 "COCO" stores all located in the major metro-cities of Bengaluru, Chennai, New Delhi, Mumbai and Hyderabad, all operated by their Subsidiaries and 24 "FOFO" stores in 21 cities across 11 States and Union Territories in India.

**Stanley Level Next - 7****Existing Locations - 5**

- BANGALORE - 3
- NEW DELHI
- MUMBAI
- HYDERABAD
- COCHIN

**Stanley Boutique - 14****Existing Locations - 8**

- BANGALORE - 3
- HYDERABAD - 2
- DELHI - 2
- MUMBAI - 2
- PUNE
- KOLKATA - 2
- COIMBATORE
- CHENNAI

**Sofas & More by Stanley - 38****Existing Locations - 21**

- BANGALORE - 15
- HYDERABAD - 4
- MYSORE
- COIMBATORE
- COCHIN
- TRIVANDRUM
- TIRUNELVELI
- TIRUPATI
- GUNTUR
- VIJAYAWADA
- BHIWANDI
- VELLORE
- AHMEDABAD
- SALEM
- CALICUT
- MADURAI
- NELLORE
- VIZAG
- RAIPUR
- LUCKNOW
- DELHI

**Strengths:****➤ Efficient business model with track record of delivering financial growth**

Company's ability to address customer requirements, and a diversified product portfolio, have resulted in being consistently profitable over the last 10 years. The ROCE was 5.52%, 12.90%, 16.63% and 8.63% (calculated on an unannualized basis), as of March 31, 2021, 2022 and 2023 and as of December 31, 2023, respectively, while RONW was 0.56%, 10.69%, 15.18% and 8.34% (calculated on an unannualized basis), as of March 31, 2021, 2022 and 2023 and as of December 31, 2023, respectively.

Over the last 3 Fiscals, they have witnessed a significant growth in their EBITDA from Rs297 mn in Fiscal 2021 to Rs590 mn in Fiscal 2022 which further increased to Rs827 mn in Fiscal 2023 and was Rs577 mn in the 9 months ended December 31, 2023 while the EBITDA Margin was 15.21%, 20.19%, 19.74% and 18.44% in Fiscal 2021, 2022 and 2023 and in the 9 months ended December 31, 2023, respectively

➤ **Largest and the fastest growing brand in the luxury/super-premium furniture segment**

Stanley is 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 and the largest in terms of number of stores and the fastest in term of revenue growth growing brand in the furniture segment. As of January 31, 2024, their retail presence in India was 3 times the size of their nearest competitor in the luxury/super-premium furniture industry.

Their Promoters, who are first generational entrepreneurs have focused on building the Stanley brand by using leather products to provide premium crafted automotive seating products under the “Stanley” brand in the Indian market. In addition, their skilled craftsmanship also plays a significant role in strengthening the “Stanley” brand appeal. They have continuously invested in increasing brand awareness to enhance the appeal for their products by highlighting their luxurious and bespoke nature.

➤ **Vertically integrated manufacturer with skilled craftsmanship capabilities**

Stanley operates 2 manufacturing facilities in Bengaluru, Karnataka and retail through their network of COCO and FOFO stores. Their integration allows them to introduce new products, monitor and control the quality of their products, reduce delivery timelines and gives them the ability to respond to customers’ requirements and preferences which in their experience results into higher margins. They have further optimized their manufacturing operations through streamlining their production processes and digitalization, product innovation based on the feedback of their customers, and brand value while reducing inventory levels and improving quality control.

Company’s Luxury/super premium furniture manufacturing relies heavily on skilled artisans and craftsmen, as it is a labour-intensive program with rigorous in-house. Their team of skilled craftsmen utilizes their skill set and techniques in the manufacturing process to provide products with appealing designs. As of December 31, 2023, the total number of craftsman associated with the new product development division was 58 (including permanent employees and craftsmen on contractual basis).

➤ **Pan-India presence with strategically located stores**

Stanley has the largest network of retail outlets that offer luxury furniture products in India, as of January 31, 2024. They retail their furniture products primarily through the 3 store formats:

- Stanley Level Next targets customers in the ultra-luxury home solution price points.
- Stanley Boutique targets customers in the luxury category price points.
- Sofas & More by Stanley targets customers in the super premium price points.

Their stores are standalone stores that are strategically located across India to cover major markets, giving them a competitive advantage. Their extensive retail presence ensures that they can cater to a wider range of customers and provide them with greater convenience and accessibility. In their retail stores, they aim to recreate the scene of an actual home which is fully furnished which encourages the customers to buy several pieces as part of a single purchase.

➤ **Focus on design-led innovation**

As part of their new product development capabilities, Stanley designed and manufactured 88 new products in Fiscal 2023 and 71 new products during the 9 months ended December 31, 2023. Their product development division is spread over approximately 15,000 sq.ft. at their Electronic City facility and as of December 31, 2023, they engaged 1 master Italian and 48 employees for product design and development.

During Fiscal 2021, 2022 and 2023 and the 9 months ended December 31, 2023, Stanley introduced 24, 76, 88 and 71 products, respectively, all under the “Stanley” brand which includes, modern power motion recliner sofas, home cinema seating and sofa-cum-beds, dining tables, storage beds, kitchens and cabinetry, walk-in wardrobes and laundry units.

➤ **Home solutions provider with offerings across categories and price points**

The company’s product portfolio includes sofas, cabinetry and furniture for living rooms, dining rooms, family rooms, kitchens, bedrooms and home offices, offering complete home solutions including installations. They have continuously expanded the product offerings by leveraging the “Stanley” brand in delivering luxury products into mid and premium categories and expanding the capabilities to offer furniture and accessories for every room of the home.

As of December 31, 2023, Stanley offered their customers an opportunity to select products across multiple catalogues, designs, configurations and SKUs with options offered in 10 different types and over 300 colours of leathers and fabrics that can be used in various combinations.

**Key Strategies:**

➤ **To expand the product portfolio**

Stanley leverages their past track record, by launching diversified offerings across their various format stores to further establish themselves as a complete “one-stop” home solutions destination. They also propose to launch new lifestyles products which are trendy, contemporary and are more affordable in order to target new customer categories.

They have successfully launched a new format store “Stanley Personal” to expand and diversify their product portfolio to include hand-crafted shoes, bags and other lifestyle products which aims to connect with a younger demographic, nurturing their affinity for the “Stanley” brand and paving the way for potential future engagements and further associates with certain categories of customers with the “Stanley” brand and quality, which are not yet furniture customers at this point in time. They also intend to offer perfumes through their stores to diversify non-furniture product portfolio.

➤ **Leverage technology to enhance customer experience and grow the operations**

The company intends to invest capital in a sustained manner to optimize their operations for reliability, speed, and accuracy on a pan-India level. Data-driven decision-making is core to all segments of business, including their sales team, product supply team, revenue management, technology team, and the operations team.

They will continue to invest in adding and building new features for each part of their business including their websites for seamless integration between offline and online experience for their customers and expand their 360 degrees visualization across all of their stores including the FOFO stores. They also intend to automate the design process for their various products and for that purpose intend to use the design software which is currently being used for kitchen products to other products such as bedding.

➤ **Continue to expand the retail presence within India and abroad by leveraging the “Stanley” brand appeal**

Company’s expansion into newer markets offers them potential for market share gains, increased brand recognition and economies of scale. While they have in the past focussed on expanding their presence in India, however, going forward they intend to continue to increase their presence in India as well as expand their retail operations outside India including but not limited to regions in the Middle East and the South-East Asia to address luxury furniture requirements of high-net worth individuals.

Further, leveraging their experience to operate different store formats, i.e., “Stanley Level Next” and “Stanley Boutique” at a single location at one of their existing stores located at Hosur Road, Bengaluru, Karnataka, they intend to establish 3 Anchor Stores between Fiscals 2026 to 2027, each with an estimated average size of 30,000 sq.ft. in the States and Union Territories of Delhi, Telangana, Maharashtra. The Anchor Store format is a combination of “Stanley Level Next”, “Stanley Boutique” and “Sofas & More by Stanley” formats where luxury products are offered at a more affordable price. The company has started operations at their 1st Anchor Store in Bengaluru, Karnataka in Fiscal 2024.

➤ **To evaluate and increase the presence in the B2B segment as well as enter into distribution arrangements**

The company has taken limited mandates to provide premium and high-end luxury furniture products, however, due to premiumization of airports, corporate offices and high-end hospitals, they are witnessing a shift towards providing luxury furniture in these establishments to attract high-end customers. Going forward, to meet such demand, they will leverage the “Stanley” brand value and premium quality products to enter into the B2B segment.

In addition, leveraging their expertise to manufacture products for global furniture players for whom they currently manufacture products as a contract manufacturer, they will continue to explore such opportunities in future for other global furniture and lifestyle players. They also intend to explore distribution arrangements to retail their products through third party distributors to increase their market presence.

➤ **To enter and expand into additional segments**

Stanley has 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 companies present across various price points, i.e., super-premium, luxury and ultra-luxury segment, through their various brands.

They will continue to follow a similar strategy to enter into and expand their presence across different segments, in the event there is a demand for products under particular price range in which they are not currently present. In future, if there are demand from customers for quality products in affordable category and who cannot afford mid-high category price range products offered by them under “Sofas & More by Stanley”, they may launch a different store format addressing the demands from such customers and further increase their market share.

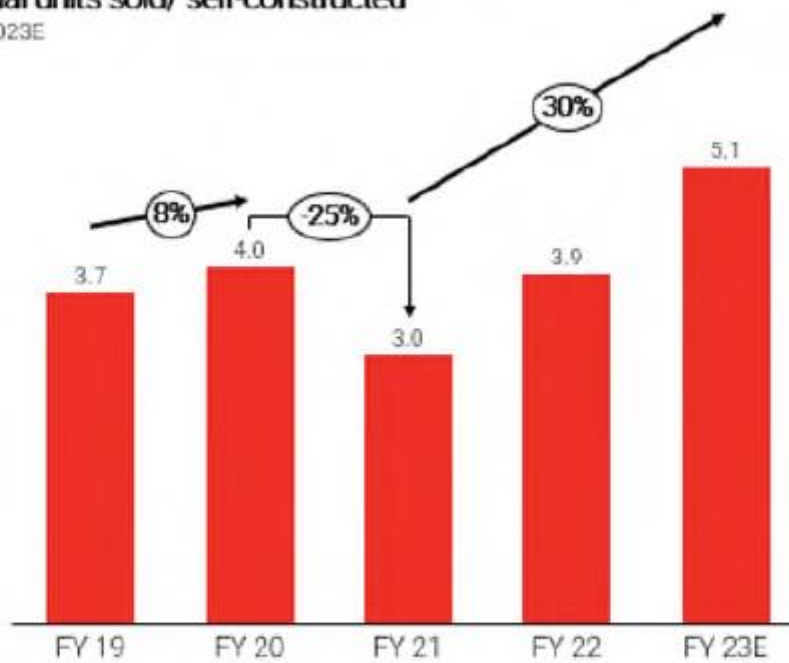
## **Industry Snapshot**

### **Indian real estate market: a tailwind opportunity**

The real estate market in India is one of the fastest-growing segments. While China and the US experienced a significant dip due to high mortgage prices and unaffordability caused by COVID-19, India recovered from the fall in a very short span, much before the global economy. The rise in affordability has significantly impacted the residential real estate market, with Indian cities experiencing a continuous increase in the affordability ratio, which measures the income-to-cost ratio for purchasing residential properties. The pent-up demand among potential homebuyers also acted as a catalyst in the recovery of the Indian real estate market.

India is expected to witness an increase in the number of residential units sold/self-constructed, growing at a rate of 30% during the period Fiscal 2021 - 2023. As per Redseer estimates, India saw 5.1 million units sold or self-constructed in Fiscal 2023. This growth represents a compound annual growth rate (CAGR) of around 30% following the post-COVID-19 period.

**Volume of residential units sold/ self-constructed**  
In Mn; FY 2019-2021 & 2023E



Notes: Volume of residential units includes flats/ residential units/ self-construction across rural and urban India  
Source: Redseer analysis & estimates

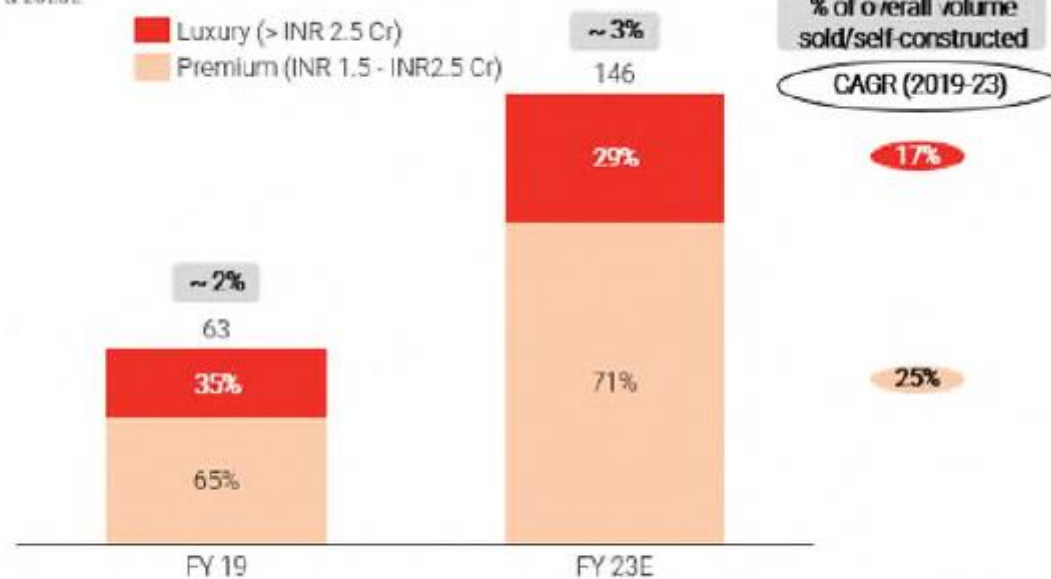
India has witnessed significant growth in residential properties, especially mid end, high end, and luxury/premium properties, which clearly indicates a higher demand for holistic living among buyers. Share of luxury/premium properties has increased from 1.7% of the total housing sales/construction to 2.8% from Fiscal 2019 to Fiscal 2023 with a growth rate of 22%.

**Growth of the luxury/premium real estate market**

Despite high house loan rates, there is a surge in home sales. Furthermore, the Indian economy is witnessing a rise in disposable income and an increasing number of HNIs and UHNIs, thereby paving way to housing upcycle. As a result, there is an observable trend towards luxury/premium housing properties.

Since 2019, significant growth is witnessed in luxury/premium properties compared to affordable properties which grew at a CAGR of 3% from Fiscal 2019 to Fiscal 2023, clearly indicating a higher demand for holistic living among buyers. Luxury/premium housing units witnessed a growth rate of 17% and 25% respectively between Fiscal 2019 and Fiscal 2023. Luxury/premium housing units' contribution to total number of units sold or self-constructed also increased from approximately 2% in Fiscal 2019 to approximately 3% in Fiscal 2023.

**Volume of units sold/ self-constructed - Luxury & Premium**  
In 000; FY 2019 & 2023E

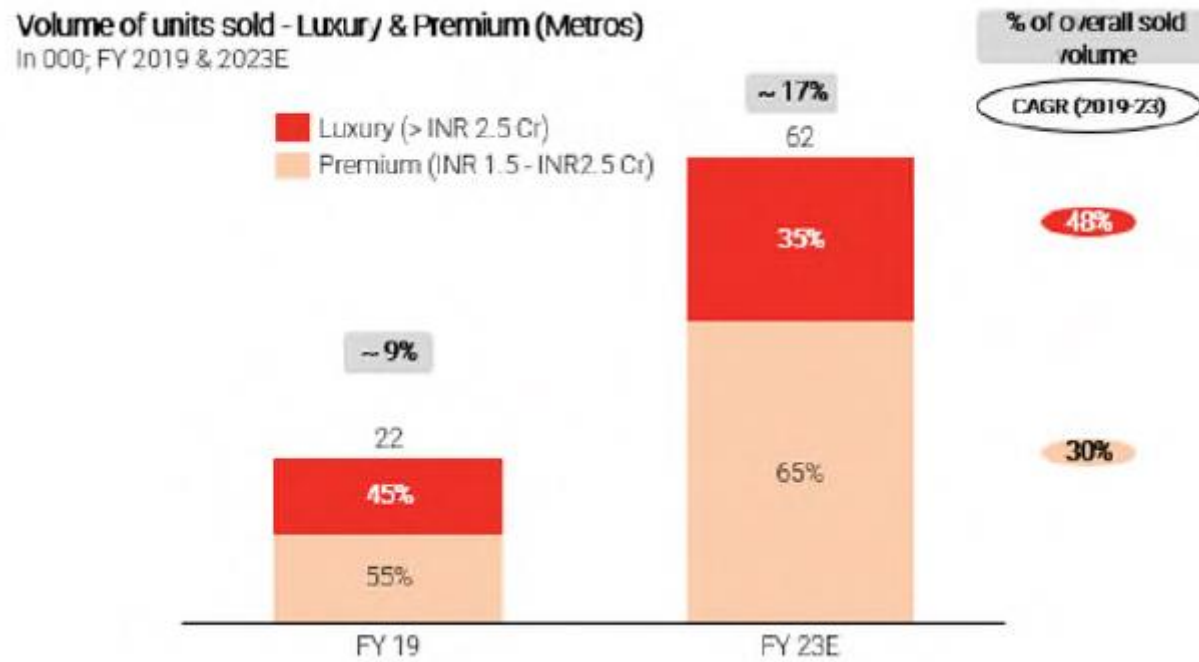


Notes: Volume of residential units includes flats/ residential units/ self-construction across rural and urban India. A large share of luxury real estates in non-metro cities happens via cash transactions and is unreported.  
Source: Redseer analysis & estimates

Pent-up demand has compelled suppliers to increase the supply of ready-to-live luxury/premium housing units that surround different amenities and feature beautiful designs. Moreover, these suppliers have started opting for land parcels which were either a part of their land banks or being acquired for residential developments. As a result, HNIs, UHNIs, and NRIs have shown bullish attitude toward investing in the luxury/premium real estate market. Additionally, builders/developers further drive the growth of the luxury/premium real estate market through exceptional service and discounts offered, acting as an impetus.

Metro cities are witnessing a tremendous increase in the number of luxury/premium residential units, despite good growth being observed in tier 1 and tier 2+ cities due to factors such as better connectivity, and improved infrastructure. The changing mindsets of consumers towards home aesthetics, where they now demand larger spaces with technologically advanced facilities, are driving the rise in luxury/premium residential units

in the metro cities. Between Fiscal 2019 and Fiscal 2023, luxury/premium unit sales within metro cities experienced a growth rate of 48% and 30%, respectively.



In Fiscal 2023, luxury/premium real estate experienced a growth of up to approximately 10 times in the seven metro cities. Among these cities, Mumbai witnessed the highest sales of luxury/premium real estate, with approximately 31 thousand units sold. NCR (National Capital Region) and Bengaluru followed with sales of 9,163 thousand and 6.5 thousand units, respectively. Mumbai and NCR are the top 2 metro cities which have the highest number of inventories

#### Luxury/super-premium brands - Revenue and market share for FY23

Brands	Revenue In INR Cr (USD Mn)	Luxury market share (In %)	PAT (In %)	ROCE (In %)
Stanley Lifestyles	419.0 (36.5)	6.25%	8.4%	16.63%
Roche bobois	NA	NA	NA	NA
SCASA	NA	NA	NA	NA
Boconcept	45.6 (5.7)	0.68%	7.6%	53.4%
Poltrona Frau	21.6 (2.7)	0.32%	0.8%	2.6%
Royal zig	1.6 (0.2)	0.02%	1.8%	NA
West elm	NA	NA	NA	NA
Vivono	42.6 (5.3)	0.64%	2.3%	NA
Natuzzi	NA	NA	NA	NA
Dash square	NA	NA	NA	NA
Mor décor	NA	NA	NA	NA
Ashley Furniture	12.6 (1.6)	0.19%	10.3%	74.6%
Sarita Handa	NA	NA	NA	NA
Simply Sofas	0.03 (0.004)	0.0004%	10.8%	0.7%
Mobel Grace	11.6 (1.5)	0.17%	0.1%	3.5%

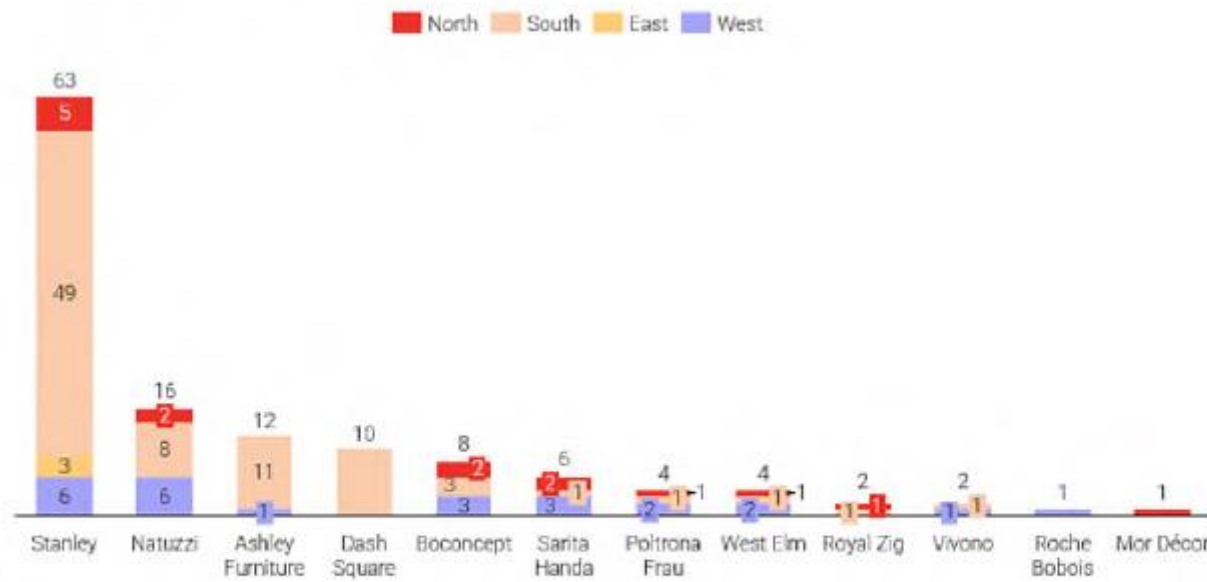
Notes: Companies whose revenues are not listed from last 2-3 years/unavailability of company name are indicated as NA. Stanley lifestyles overall revenue for FY 23 stands at 419 Cr. of which OEM and IKEA represent a share of 23.12%.

Source: MCA, Redseer analysis

Stanley Lifestyles is India's largest super-premium and luxury furniture brand with a market share of 6.25% in terms of revenue in Fiscal 2023. Furthermore, Stanley Lifestyles have one of the highest PAT margins among major Indian furniture companies. This makes them unique in being the only company in the segment operating at a significant scale while maintaining such a high level of profitability. Stanley Lifestyles are also the 4th largest player in India when they consider only the home furniture segment in terms of revenue in Fiscal 2023.

#### Luxury/Super-Premium Brands - Region wise presence

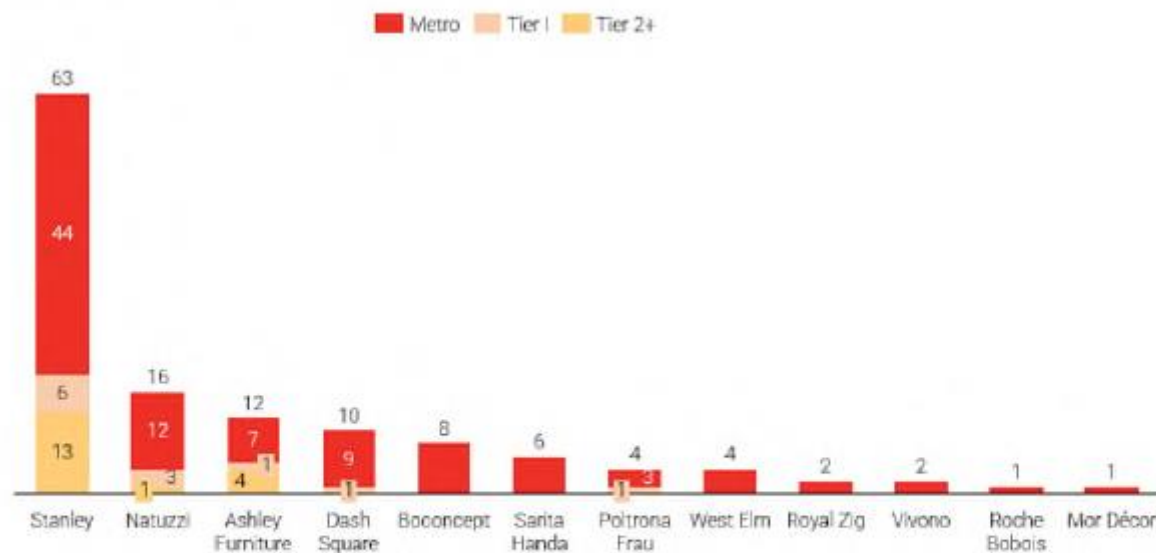




Note: North region includes Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, Chhattisgarh, Madhya Pradesh & Uttar Pradesh. Eastern region includes Bihar, Jharkhand, West Bengal, Orissa, Sikkim, Assam. Western region includes Goa, Gujarat & Maharashtra. Southern region includes Andhra Pradesh, Karnataka, Kerala & Tamil Nadu.  
Source: Redseer research, Data as of Jan 2024, brand list is non-exhaustive

The luxury/super-premium furniture stores across the country are largely concentrated in metro cities. All the major brands have a skewed presence towards metro cities as these cities provide a larger affluent customer base. These cities also have well developed infrastructure, high street retail destinations. While metros remain the primary focus for luxury retail, opportunities also exist to explore tier 2 and tier 3 cities as they exhibit growing potential and evolving consumer aspirations. As of January 31, 2024, Stanley Lifestyles’ s retail presence was thrice the size of its nearest competitor in the luxury/super-premium furniture industry giving them market advantage.

**Luxury/super-premium brands - Tier wise presence**



Note: Metro cities (8 cities) includes Mumbai, Delhi, Bangalore, Chennai, Hyderabad, Kolkata, Pune, and Ahmedabad, Tier 1 cities (20 cities) include non-metro cities with population more than 1 Mn. Tier 2+ cities (4400+ cities) includes non-metro cities with population less than 1 Mn.  
Source: Redseer research, Data as of Jan 2024, brand list is non-exhaustive

**Accounting ratios**

Particulars	9MFY24	FY23	FY22	FY21
Revenue from Operations	3,133	4,190	2,922	1,958
Growth in revenue from operations (%)	NA	43.39	49.25	NA
Adj EBITDA	578	827	590	298
Adj EBITDA Margin (%)	13.79	19.74	20.19	15.21
Profit before tax	247	464	319	62
PAT/Net loss	187	350	232	19
PAT Margin (%)	4.46	8.35	7.95	0.98
ROE (%)	7.9	16.3	11.9	1.0

**Comparison with listed entity - NA****Key Risks**

- The company generates a substantial portion of sales from stores located in southern regions of India and any adverse developments affecting operations in these regions could have an adverse impact on revenue and results of operations.
- The company is dependent on limited suppliers for the supply of leather, one of primary raw materials. The loss of one or more such suppliers could adversely affect business, results of operations, financial condition and cash flows
- The brand name "Stanley" is not yet registered in the company's name but is owned by promoter Sunil Suresh. Any delays in transferring these intellectual property rights or breaches in the co-existence agreement with Stanley Furniture Company, Inc. could negatively impact the business.
- The Company's financial health is heavily reliant on the sales of sofas and recliners. Fluctuations in demand or shifts in consumer preferences for these products could adversely affect business performance.
- All of COCO stores are operated by their Subsidiaries. Any issues with the operations of the COCO stores will have an adverse impact on business, cash flows and business operations.

**Valuation & Outlook**

Stanley Lifestyles ("Stanley") is 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. They are the 4th largest player in the home furniture segment in India in terms of revenue in Fiscal 2023.

On the valuation front, at an upper band, company is richly priced at P/E of 60x post issue of equity shares on FY23 earning basis, the company has no listed peers. We believe that the company has a scope of business improvement on the back of industry tailwinds, brand recall and business scalability.

Thus, we recommend an "**SUBSCRIBE – long term**" rating to the IPO.

**DISCLAIMER:****Analyst Certification**

- ❑ The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter “SEBI”) and the analysts’ compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

**Ratings Methodology**

- ❑ Analysts’ ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid-Caps & Small Caps as described in the Ratings Table below:

	Buy	Hold	Sell
<b>Large Caps (Top 100 companies)</b>	>15%	0%-15%	Below 0%
<b>Mid-Caps (101st-250th company)</b>	>20%	0%-20%	Below 0%
<b>Small Caps (251st company onwards)</b>	>25%	0%-25%	Below 0%

**Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014**

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues.

**General Disclaimer:** - This Research Report (hereinafter called “Report”) is meant solely for use by the recipient and is not for circulation. 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 for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers.No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL 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. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL’s RAs and/ or ARSSBL’s associate companies 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 ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i. e. [www.rathi.com](http://www.rathi.com)

**Disclaimers in respect of jurisdiction:** This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

**Copyright:** - This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

**Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates**

Sr. No.	Statement	Answers to the Best of the knowledge and belief of the ARSSBL/ its Associates/ Research Analyst who is preparing this report
1	ARSSBL/its Associates/ Research Analyst/ his Relative have any financial interest in the subject company? Nature of Interest (if applicable), is given against the company's name?.	NO
2	ARSSBL/its Associates/ Research Analyst/ his Relative have actual/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 or date of the public appearance?.	NO
3	ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report or at the time of public appearance?.	NO
4	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months.	NO
5	ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months.	NO
6	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
7	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months.	NO
8	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report.	NO
9	ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	NO
10	ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	NO

**Other Disclosures pertaining to distribution of research in the United States of America**

The research report is a product of Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) under Marco Polo Securities 15a6 chaperone service which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution by only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into a chaperoning agreement with a U.S. registered broker dealer, Marco Polo Securities Inc. ("Marco Polo").

- ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
- ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
- ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
- However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
- As of the publication of this report, ARSSBL does not make a market in the subject securities.
- ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

- As of the publication of this report, ARSSBL does not make a market in the subject securities.
- Additional information on recommended securities/instruments is available on request.
- Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000.
- Grievance officer-Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191
- ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097. Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.