



STANLEY LIFESTYLES LIMITED

IPO Note

Recommendation – **APPLY**



IPO Details		Company Background				
Opening Date	June 21, 2024	<ul style="list-style-type: none"> ○ Founded in 2007, Stanley Lifestyles Limited was established as a partnership firm with its erstwhile name Stanley Seating. The company has its registered office in Bengaluru, Karnataka. ○ The company is a super-premium and luxury furniture brand. They design, manufacture and retail products through their own network of 'company-owned and company-operated' and 'franchisee-owned and franchisee-operated' stores with a pan-India presence. ○ They have three different store formats - "Stanley Level Next", "Sofas & More by Stanley" and Stanley Boutique. ○ The Company employs 778 people at various levels on its payroll as of Dec 31, 2023. 				
Closing Date	June 25, 2024					
Stock Exchange	BSE, NSE					
Lot Size	40 Shares					
Issue Price	₹351 to ₹369 per share					
Issue Size	Aggregating up to ₹537.02 Cr.					
Fresh Issue	Aggregating up to ₹200.00 Cr.					
Offer for Sale	Aggregating up to ₹337.02 Cr.					
Application	Min. Inv. - ₹14,760 (40 shares)					
Amount (Price at Upper Band)	Max. Inv. - ₹1,91,880 (520 shares)					
IPO Objective						
1. Investment in certain Subsidiaries for opening up of stores						
2. Funding the capital expenditure requirements for purchase of new machinery and equipment by their Company and their Material Subsidiary, Stanley OEM Sofas Limited;						
3. General Corporate Purposes						
Pre-Issue Shareholding		Market Capitalization		(In Cr.)		
Category	No. of Shares	Pre-Issue	Post-Issue			
Promoter & Promoter Group	3,47,55,280	₹ 1,904	₹ 2,104			
Public	1,68,41,888					
		% of Total Shares				
Promoter & Promoter Group		67.35%				
Public		32.65%				
Promoter of the Company		Financial Summary				
1. Sunil Suresh		For the Period Ended	Mar-21	Mar-22	Mar-23	Dec-23
2. Shubha Sunil		Total Assets	346.52	422.15	458.19	581.54
		Net Assets	182.93	199.76	216.50	237.21
		Total Borrowings	0.25	6.09	9.37	30.90
		Total Revenue	201.71	297.76	425.62	322.29
		Profit After Tax	1.03	21.35	32.88	19.78
Competitive Strengths		Tentative Timeline				
1. Pan-India presence with strategically located stores		Opening Date	June 21, 2024			
2. Comprehensive home solutions provider with offerings across categories and price points		Closing Date	June 25, 2024			
3. Vertically integrated manufacturer with skilled craftsmanship capabilities		Basis of Allotment	June 26, 2024			
4. Efficient business model with track record of delivering financial growth		Initiation of Refunds	June 27, 2024			
5. Promoter-led company with experienced professional and senior management team		Credit of Shares to Demat	June 27, 2024			
		Listing Date	June 28, 2024			



Company Background and Analysis

Business Overview –

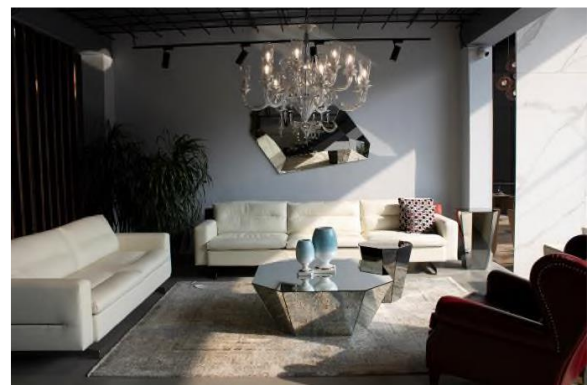
The company operates in India's luxury furniture sector, primarily under the "Stanley" brand. Established by entrepreneurs who initially focused on automotive upholstery, the company transitioned to luxury furniture in 2011. This shift leveraged their expertise in craftsmanship and quality. They maintain vertical integration, operating manufacturing facilities in Bengaluru. These facilities facilitate control over raw material sourcing, including high-quality leather and certified timber, and enable customised furniture production, enhancing operational flexibility.

The company's retail strategy involves a network of 'company owned and company operated' (COCO) and 'franchisee-owned and franchisee-operated' (FOFO) stores across major cities. Store formats cater to different market segments—Stanley Level Next (ultra-luxury), Stanley Boutique (luxury), and Sofas & More by Stanley (super-premium)—supporting market presence and customer accessibility.

Store Interiors



Stanley Level Next



Stanley Boutique



Sofas & More By Stanley



The table below sets forth details of the revenue generated from sales for the periods indicated:

(Amt in Cr)

Store Category	Fiscal						December 31, 2023	
	2021		2022		2023		Revenue	%
	Revenue	%	Revenue	%	Revenue	%		
COCO	121.64	62.13%	175.95	60.21%	264.31	63.08%	194.75	62.16%
FOFO	14.38	7.35%	25.88	8.86%	46.70	11.15%	40.85	13.04%
Others ⁽¹⁾	59.74	30.52%	90.37	30.93%	107.99	25.77%	77.70	24.80%
Total	195.78	100%	292.20	100%	419.00	100%	313.31	100%

1) Other include revenue from operations generated from contract manufacturing, leather automotive interiors, other B2B sales, trading of raw materials.

2) COCO - Company-owned and company operated

3) FOFO - Franchisee-owned and franchisee-operated

The company employs 58 artisans and craftsmen in their new product development division, underscoring their commitment to craftsmanship. This team contributes to the production of intricately designed furniture pieces, aligning with customer preferences and quality standards.

Strategically, the company aims to capitalize on market trends, expanding its product portfolio to include sofas, armchairs, kitchen cabinets, beds, mattresses, and more, addressing diverse customer needs.

The company is led by a management team experienced in manufacturing, retail operations, marketing, and customer service, ensuring strategic alignment across functions.

In summary, the company's evolution is marked by innovation, quality focus, and strategic expansion in India's luxury furniture market. Their capabilities in craftsmanship and operational excellence position them for continued growth and market leadership.



Business Strategies

1. Expand Retail Presence:

The company plans to open 24 new stores and renovate existing ones in metro cities and luxury home markets in India, funded through a fresh issue of funds. Internationally, they aim to enhance presence in the Middle East and Southeast Asia by acquiring subsidiaries and converting franchise stores to company-owned.

2. Increase Brand Awareness:

Focus on targeted traditional and digital media campaigns for products like "Stanley Level Next" and "Sofas and More by Stanley." Omni-channel retailing and staff training will strengthen customer engagement. Collaborations with designers and trade exhibitions will boost brand visibility.

3. B2B Expansion and Distribution:

Expanding into luxury furniture installations in airports, corporate offices, and hospitals using the "Stanley" brand. Exploring distribution partnerships with foreign brands and expanding contract manufacturing aims to diversify product offerings and increase market reach.

4. Product Portfolio Diversification:

Investment in new manufacturing machinery to introduce trendy lifestyle products and new store formats like "Stanley Personal." Diversifying into non-furniture items such as perfumes targets a broader consumer base.

5. Segment Expansion:

Targeting super-premium, luxury, and mid-high price points with specific store formats for products like beds and mattresses to optimize retail operations and increase market penetration.

6. Technology Integration:

Strategic investments in technology to enhance customer experience and operational efficiency. Optimization of nationwide operations, data analytics for customer insights, and integration of online and offline experiences aim to streamline operations and reduce costs.

Competitive Scenario and Peer Mapping

Competition

In the luxury/super-premium furniture and home goods market, competition is fiercely competitive. New entrants encounter significant barriers, including the challenge of establishing credibility in a market where brand heritage and trust are paramount. Distribution channels pose another hurdle, with established brands already occupying prime retail locations and online platforms. To compete effectively, newcomers often focus on niche segments or disruptive business models that offer unique value propositions, such as sustainability-focused practices or direct-to-consumer sales. Differentiation in this market revolves around product innovation and the ability to offer bespoke, personalized experiences that cater to individual customer preferences. Pricing strategies range from high-margin exclusivity targeting ultra-affluent clientele to mid-high price points appealing to a broader luxury consumer base.

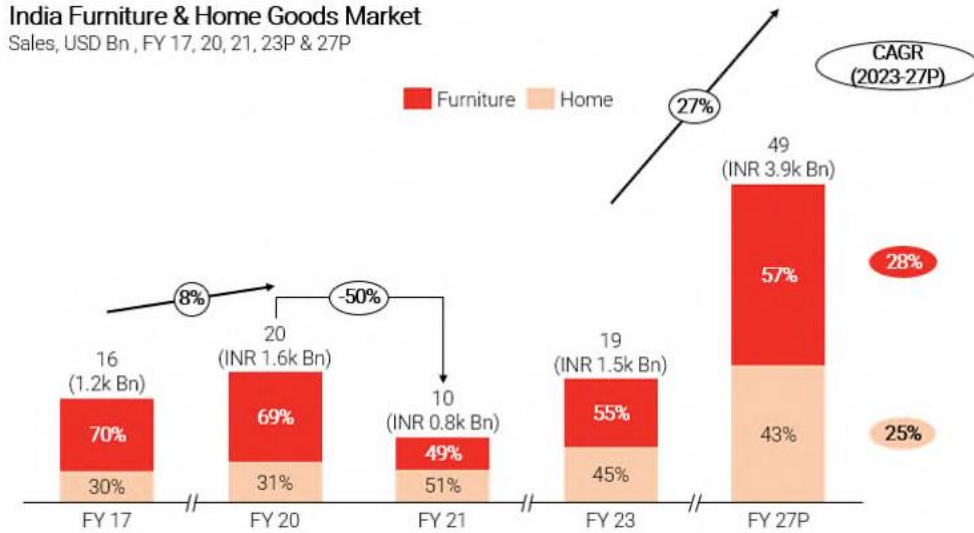
Peer Analysis

According to the company, it has no listed peers with which a comparison can be done.



Industry Overview

Exhibit 1: India Furniture & Home Goods Market

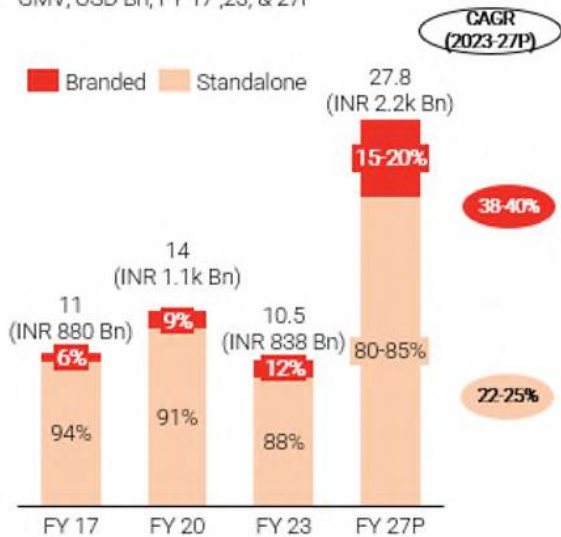


Notes: Drop in the sales in FY21 is due to covid. Furniture Includes beds, cabinets, dining tables, sofas, chairs & others. Home goods includes home furnishings (Includes bath linens, kitchenery, cushions & covers, bed linen, curtains, flooring & mattress), home décor (Includes table décor, tableware, spiritual & wall decors), Lighting (Includes lamps, wall lights, ceiling lights, smart lights, festive lights & LED lights) & others.

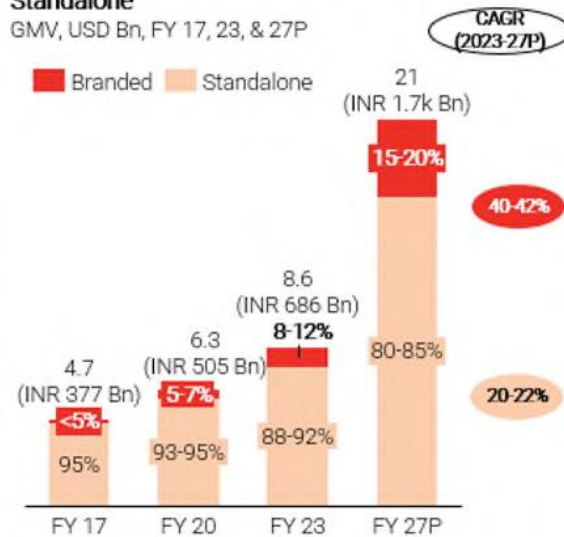
Source: Redseer analysis & estimates

Exhibit 2: Comparison of Branded Vs Standalone – Furniture and India Home Goods Market

India Furniture Market – Branded Vs Standalone
GMV, USD Bn, FY 17, 23, & 27P



India Home Goods Market – Branded Vs Standalone
GMV, USD Bn, FY 17, 23, & 27P



Notes(s): Branded are considered stores with more than one retail outlet or sell their products online. Standalone are stores with single retail outlet.

Source: Redseer analysis

(Source: Prospectus)



LUXURY/SUPER-PREMIUM FURNITURE AND HOME GOODS MARKET

The luxury and super-premium furniture market in India is highly competitive and segmented, with both unbranded and branded players competing for market share. Other than local players like us, there are many European brands present in the luxury and super-premium furniture industry who design and manufacture and then import their products into India.

Market Growth and Trends:

The luxury/super-premium furniture and home goods market in India is gradually maturing, marked by increasing consumer disposable income and evolving lifestyle preferences towards luxury living. Urbanization and the rise of nuclear families are driving demand for high-end furniture solutions that combine aesthetics with functionality. Trends indicate a preference for bespoke, customizable pieces that reflect individual taste and status.

Key Demand Drivers:

Demand is fueled by urbanization, growing aspirations for premium living standards, and the desire for unique home decor solutions. The shift towards branded luxury furniture, influenced by global design trends, is bolstered by rising awareness and exposure to international lifestyles through digital platforms and travel.

Industry Leaders and Growth Forecast:

Key players like XYZ and ABC dominate the market with their established brand equity and extensive retail networks across metro cities. The market is projected to expand steadily, driven by strategic expansions into tier II cities and increasing penetration in Southeast Asian markets.

Future Outlook:

The future outlook for the luxury furniture market in India remains optimistic, buoyed by ongoing urbanization, a burgeoning middle class, and increasing consumer sophistication. Strategic collaborations, innovative product offerings, and sustainability initiatives will likely shape competitive dynamics in the coming years, with digital integration playing a crucial role in enhancing customer engagement and operational efficiency.

(Source: Prospectus)



Key Managerial Personnel

Sunil Suresh, aged 58, Managing Director of the company, joined as a promoter and director since October 11, 2007. Before the company's inception, he worked at Stanley Seating, specializing in manufacturing car seat leather upholstery. He holds an SSLC certification from the Karnataka Secondary Education Examination Board.

Shubha Sunil, aged 49, Whole Time Director, holds a bachelor's degree from Bangalore University and has completed the INSEAD leadership programme. She has been a promoter and director since October 11, 2007, with prior experience at Stanley Seating, specializing in car seat leather upholstery manufacturing.

Vishal Verma, aged 43, a Non-Executive Nominee Director, holds an MBA from the Indian Institute of Foreign Trade, New Delhi. With over 18 years of experience, including 15 years in private equity funds, he currently serves as Investment Director at Oman India Joint Investment Fund Management Company Private Limited since December 3, 2012. Previously, he held roles at ICICI Bank Limited before joining his current organization.

Girish Shrikrishna Nadkarni, aged 56, an Independent Director, holds a bachelor's degree in commerce from the University of Mumbai and a postgraduate diploma in management from the Indian Institute of Management, Ahmedabad. He is a qualified cost accountant and has over 16 years of experience, having worked with IL&FS Investsmart Limited, Avendus Capital Private Limited, and Motilal Oswal Investment Advisors Private Limited. Currently, he serves as a director at Clair Advisors Private Limited.

Ramanujam Venkat Raghavan, aged 56, an Independent Director, holds a bachelor's degree in commerce from Bangalore University. With over 18 years of experience, he currently serves as the CEO and Director at Shahi Exports Private Limited.

Anusha Shetty, aged 54, an Independent Director, holds a postgraduate diploma in management from T. A. Pai Management Institute, Manipal. With over 17 years of experience, she currently serves as the Chairperson and Group CEO at Grey Group India.

To conclude, the company's management team displays a blend of extensive industry experience however their educational background is not that great. Key leaders bring significant tenure and expertise from prior roles in related sectors, enhancing the company's strategic depth and operational capability.



Financial Snapshot

Profit and Loss Statement				
(In Cr.)				
Particulars	FY 21	FY 22	FY 23	Dec-23
Revenue from Operations	195.78	292.20	419.00	313.31
Other Income	5.93	5.55	6.62	8.98
Total Income	201.71	297.76	425.62	322.29
Expenses				
Cost of Materials Consumed	90.20	145.61	204.26	138.38
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	2.05	-21.69	-10.78	-14.91
Purchases of Traded Goods	5.29	20.13	10.81	23.94
Employee Benefit Expenses	27.04	33.74	49.46	42.16
Finance Costs	8.77	10.88	14.69	14.27
Depreciation and amortisation expenses	20.71	21.75	28.25	27.75
Other expenses	41.43	55.41	82.54	65.98
Total Expenses	195.49	265.82	379.22	297.57
Earnings Before Interest, Taxes, Depreciation & Amortization	28.88	57.14	80.62	58.85
EBITDA Margin	14.75%	19.55%	19.24%	18.78%
Profit before profit/ loss from joint venture, exceptional and extraordinary items and tax	6.22	31.94	46.40	24.73
Add : Share in profit/(loss) of jointly controlled Entity	0.89	1.87	2.10	-1.08
Profit/(Loss) before tax	5.33	30.07	44.30	25.81
Tax Expense				
Current Tax	4.86	10.35	14.40	8.63
Deferred Tax Expense / (credit)	-3.40	-1.88	-2.59	-2.50
Income tax for earlier years	2.84	0.24	-0.38	-0.10
Total Tax Expense	4.30	8.72	11.42	6.03
Restated Profit for the Period/Year	1.03	21.35	32.88	19.78
Net Profit Margin	0.51%	7.17%	7.72%	6.14%

Balance Sheet				
(In Cr.)				
Particulars	FY 21	FY 22	FY 23	Dec-23
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	36.63	51.26	70.53	75.45
Capital Work-in-Progress	-	0.79	1.16	42.47
Right of Use Assets	77.47	110.68	124.51	162.48
Goodwill	2.56	2.71	3.73	3.73
Intangible assets	0.87	0.80	2.86	4.41
Intangible assets under development	-	-	1.12	1.19
Financial Assets				
(i) Other Financial Assets	8.80	10.89	11.57	13.56
Deferred Tax Assets (Net)	6.41	8.13	10.66	13.23
Current tax assets (net)	3.52	6.29	2.63	3.52
Other non-current Assets	0.72	0.77	2.45	3.57
Total Non-Current assets	136.97	192.32	231.23	323.62
Current Assets				
Inventories	95.29	118.17	121.39	147.36
Financial Assets				
(i) Trade Receivables	13.95	18.95	16.54	24.79
(ii) Cash and Cash Equivalents	12.12	10.26	9.67	5.70
(iii) Bank Balances other than (ii) above	74.37	64.37	63.73	47.36
(iv) Other financial assets	3.18	3.35	4.51	2.32
Other current assets	10.63	14.73	11.12	30.40
Total Current assets	209.54	229.83	226.96	257.92

**STANLEY LIFESTYLES LIMITED**

IPO Note

Recommendation – **APPLY**

Balance Sheet				(In Cr.)
Particulars	FY 21	FY 22	FY 23	Dec-23
Total Assets	346.52	422.15	458.19	581.54
EQUITY AND LIABILITIES				
Equity				
Equity share capital	7.37	7.37	7.37	10.32
Other Equity	175.56	192.38	209.13	226.89
Total equity attributable to equity holders of the company	182.93	199.76	216.50	237.21
Non-controlling interests (NCI)	4.66	5.85	7.30	10.98
Total Equity	187.59	205.60	223.80	248.19
Liabilities				
Non-current liabilities				
Financial Liabilities				
(i) Long term borrowings	0.11	0.56	0.23	1.01
(ii) Lease Liabilities	78.46	109.02	125.11	161.02
(iii) Asset retirement obligations	2.11	3.07	3.87	4.76
Provisions	1.40	1.02	1.06	1.63
Total non-current liabilities	82.08	113.66	130.26	168.42
Current liabilities				
Financial Liabilities				
(i) Short term borrowings	0.14	5.53	9.14	29.89
(ii) Lease Liabilities	8.81	14.61	16.79	21.09
(iii) Trade Payables				
-total outstanding dues of micro enterprises and small enterprises	0.58	4.64	7.90	5.81
-total outstanding dues of creditors other than micro enterprises and small enterprises	41.78	43.91	35.89	55.51
(iv) Other Financial Liabilities	0.05	0.04	0.04	22.11
Other current liabilities	20.87	27.05	29.74	26.17
Short term provisions	1.52	2.08	2.74	3.88
Current tax liabilities (Net)	3.10	5.03	1.88	0.48
Total Current liabilities	76.85	102.88	104.13	164.93
Total Liabilities	158.92	216.54	234.39	333.35
Total Equity and Liabilities	346.52	422.15	458.19	581.54

Cash Flow Statement				(In Cr.)
Particulars	FY 21	FY 22	FY 23	Dec-23
Net Cash Flow from Operating Activities	32.98	28.52	67.97	12.57
Net Cash Flow from Investing Activities	-3.17	-11.62	-27.39	-17.48
Net Cash Flow from Financing Activities	-23.88	-18.77	-41.17	0.95

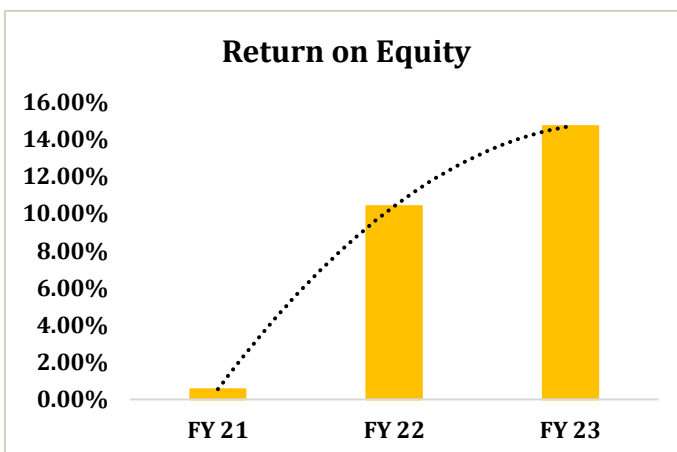
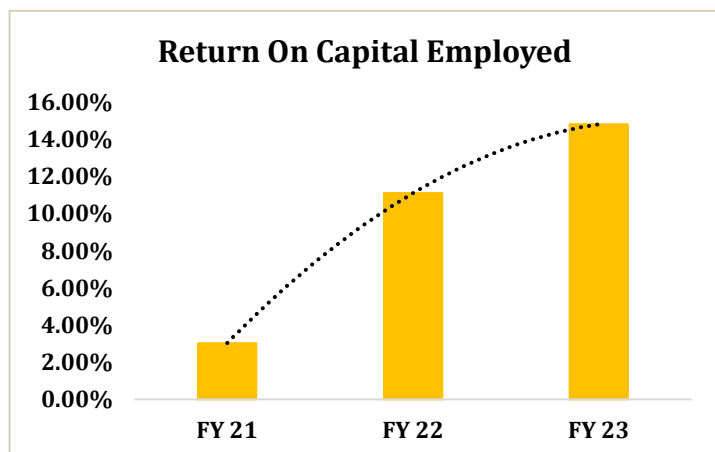
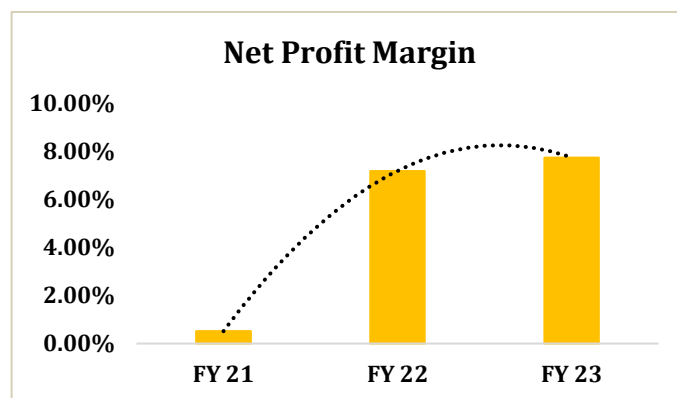
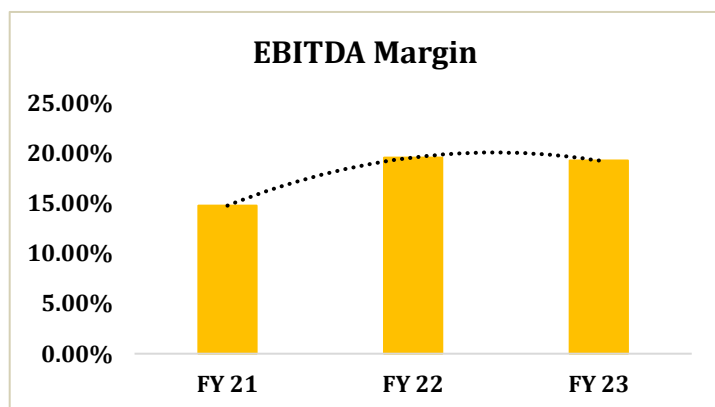


Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Dec-23*
Per Share Data				
Diluted EPS	0.20	4.14	6.37	4.45
BV per share	67.98	71.14	74.33	108.85
Operating Ratios				
EBITDA Margins	14.75%	19.55%	19.24%	18.09%
PAT Margins	0.51%	7.17%	7.72%	5.91%
Inventory days	177.65	147.61	105.74	129.34
Debtor days	26.01	23.67	14.41	21.76
Creditor days	145.98	106.18	77.05	97.26
Return Ratios				
RoCE	3.03%	11.09%	14.79%	9.15%
RoE	0.55%	10.38%	14.69%	6.04%
Valuation Ratios (x)**				
EV/EBITDA	6.08	3.53	2.77	5.90
Market Cap / Sales	10.75	7.20	5.02	5.04
P/E	1,845.00	89.13	57.93	82.84
Price to Book Value	5.43	5.19	4.96	3.39
Solvency Ratios				
Debt / Equity	-	0.03	0.04	0.07
Current Ratio	2.73	2.23	2.18	1.56
Quick Ratio	1.49	1.09	1.01	0.67
Asset Turnover	0.56	0.69	0.91	0.54
Interest Coverage Ratio	0.93	3.25	3.56	2.03

*Annualized Figures

**Valuation Ratios are calculated using the current Issue Price.

Financial Charts



**Key Risk Factors**

1. The company, its promoters, directors, and its subsidiaries are involved in a total of 41 Financial Litigations under various matters, which have an aggregate amount involved of Rs. 7.127 Crores. The company has been involved in cases like the illegal termination of employees during the course of her pregnancy. Authorities had directed the company to pay roughly Rs. 37 lakhs as compensation but the company has filed an appeal, and the matter is pending in the court as of date.
2. The company has failed to make payments to MSMEs on time which amounts to Rs. 5.81 Crores. The total number of MSMEs to whom money is overdue is 91. There are other material creditors to whom money is overdue which amounts to Rs. 55.51 Crores. This could have a material effect on the financial as well as operational aspects of the company.

Track Record of Lead Manager(s)

The lead managers to the issue are SBI Capital Markets Limited, JM Financial Limited, ICICI Securities Limited, and Axis Capital Limited. A table has been set below highlighting the details of the IPO of recent companies handled by the lead manager(s) in recent times –

SBI Capital Markets Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Aadhar Housing Finance Limited	3,000.00	315.00	May 15, 2024	397
2.	Vodafone Idea Limited	18,000.00	11.00	Apr 25, 2024	16.5
3.	Bharti Hexacom Limited	4,275.00	570.00	Apr 12, 2024	1133
4.	R K SWAMY Limited	423.56	288.00	Mar 12, 2024	270
5.	Entero Healthcare Solutions Limited	1,600.00	1,258.00	Feb 16, 2024	1057

JM Financial Limited-

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Le Travenues Technology Ltd	740.10	93.00	Jun 18, 2024	168
2.	TBO Tek Limited	1550.81	920.00	May 15, 2024	1600
3.	Gopal Snacks Limited	650.00	401.00	Mar 14, 2024	337
4.	GPT Healthcare Limited	525.14	186.00	Feb 29, 2024	151
5.	Juniper Hotels Limited	1800.00	360.00	Feb 28, 2024	465

ICICI Securities Limited-

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Awfis Space Solutions Limited	598.93	383.00	May 30, 2024	505
2.	Go Digit General Insurance Limited	2614.65	272.00	May 23, 2024	321
3.	Aadhar Housing Finance Limited	3,000.00	315.00	May 15, 2024	397
4.	JNK India Limited	649.47	415.00	Apr 30, 2024	882
5.	Bharti Hexacom Limited	4275.00	570.00	Apr 12, 2024	1133

**Axis Capital Limited–**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Le Travenues Technology Ltd	740.10	93.00	Jun 18, 2024	168
2.	Awfis Space Solutions Limited	598.93	383.00	May 30, 2024	505
3.	Go Digit General Insurance Limited	2,614.65	272.00	May 23, 2024	321
4.	TBO Tek Limited	1,550.81	920.00	May 15, 2024	1600
5.	Vodafone Idea Limited	18,000.00	11.00	Apr 25, 2024	16.5

*CMP for the above-mentioned dates is taken as of 20th June 2024.

The four Lead Managers associated with the offer have handled 72 public issues in the past three fiscals, out of which 19 issues closed below the offer price on the listing date.



Recommendation

The company has been in the industry since 2007 and thus has vast experience in the industry. The company's management is satisfactory. The lack of superior educational qualifications of promoters is compensated by their experience in this industry.

The P/E on a post-IPO and annualized basis is around 82.84 times which makes it aggressively priced.

The company operates in a competitive but growing segment. Financially, the company is growing at a sustainable rate. The company has high inventory days and a low Asset Turnover ratio which means that the company is not utilizing its assets efficiently. The seriousness of the litigations filed against the company can hamper the company's growth potential and its operations.

The company has shown good results in the past with a slight downfall for 9-month ended Dec-23 period. Future outlook for this company looks good with good management, growing industry and growing purchasing power of Indian consumers. Despite the slightly higher price point, we **RECOMMEND APPLYING** to this IPO issue.



STANLEY LIFESTYLES LIMITED

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TIARE 
Enabling Your Path To Success

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