

One Stop Investment Avenue



GEPL
CAPITAL

IPO Note

STANLEY LIFESTYLE LTD

Jun 21, 2024





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Details of the Issue

Price Band	₹ 351 - ₹ 369
Issue Size	₹ 537.02 Cr
Face Value	₹ 2
Bid Lot	40
Listing on	BSE, NSE
Post Issue Mcap	₹ 2,103.94 Cr
Investment Range	₹ 14,040 - ₹ 14,760

Important Indicative Dates (2024)

Opening	21 - Jun
Closing	25 - Jun
Basis of Allotment	26 - Jun
Refund Initiation	27 - Jun
Credit to Demat	27 - Jun
Listing Date	28 - Jun

Lead Manager

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

Offer Details

Offer Size	₹ 537.02 Cr
Fresh Issue	₹ 200 Cr
OFS	₹ 337.02 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	268.5	7.28	7.65	50
NIB	80.5	2.18	2.29	15
Retail	187.9	5.09	5.35	35
Em- ploy.	-	-	-	-
Total	537	14.55	15.30	100

Invest Now**Company Profile**

Stanley Lifestyles Limited, established in 2007, specializes in crafting and marketing super-premium, luxury, and ultra-luxury furniture under the "Stanley" brand. Their offerings are categorized as:

1. Seating: Designing and selling seating furniture like sofas, sofa beds, recliners, dining chairs, poufs, bar stools, and cushions.
2. Cased goods: Crafting solid-cased items such as coffee tables, dining tables, end tables, and consoles, primarily using wood.
3. Kitchens and cabinets: Producing a diverse range of kitchens, wardrobes, laundry/utility cupboards, bar cabinets, shoe racks, prayer cupboards, and bedside tables in various materials and finishes.
4. Mattresses and beds: Manufacturing bed frames, mattresses, pillows, and related accessories.
5. Automotive and other: Customizable shoe designs and leather car seat covers are also part of their portfolio. They also offer imported lighting, switches, and locally sourced carpets under private labels.

By the end of 2023, the company managed 38 "company-owned and company-operated" stores in major cities and 24 "franchisee-owned and franchisee-operated" stores across 21 cities in India. Their product development hub, spanning 15,000 square feet in Bengaluru, houses their dedicated team, supporting their 778 employees as of the same period.

Business Highlights & Services

SSL is a leading luxury furniture brand in India, known for their superior quality, innovative designs, and extensive retail presence. Company revenue has grown significantly, reaching ₹4,189.98 million in Fiscal 2023 with a CAGR of 46.29%. The Stanley brand is highly recognized, backed by targeted marketing campaigns like Beautiful Living and Design Glamour. Their integrated model encompasses manufacturing, retailing, and customer service, ensuring top-notch quality control and timely deliveries. With 38 company-owned and franchisee-operated stores across major Indian cities, it provides a luxurious furniture experience for every home. It focuses on craftsmanship, premium materials like FSC-certified timber and European leather, and a customer-centric approach that makes them a preferred choice in the luxury furniture segment.

In recent fiscal years, it has allocated substantial resources to advertising and business promotion, emphasizing both traditional and digital media. Looking ahead, the company is planning to ramp up these efforts by launching targeted campaigns such as Stanley Level Next, utilizing strategies customized for various formats. Given the industry's emphasis on brand awareness as a key driver of growth and success, it recognizes the importance of these initiatives. The company's goal is to offer customers an omni-channel experience, leveraging search engine algorithms for targeted marketing. Additionally, it invests in training its sales and design teams, aiming to enhance customer experience, drive repeat business, and increase wallet share.

Collaborations with designers and architects will continue to bolster their brand visibility, while participation in trade exhibitions will expand their market presence and facilitate future expansion opportunities. The approach is centered on effective marketing, customer relationships, and strategic partnerships to drive revenue growth and establish a competitive edge for Stanley in the market.

Additionally, it is also expanding into luxury furniture for airports, offices, and hospitals, leveraging the Stanley brand and B2B partnerships. SLL is also exploring distribution deals with foreign brands and manufacturing for global players, while increasing their market



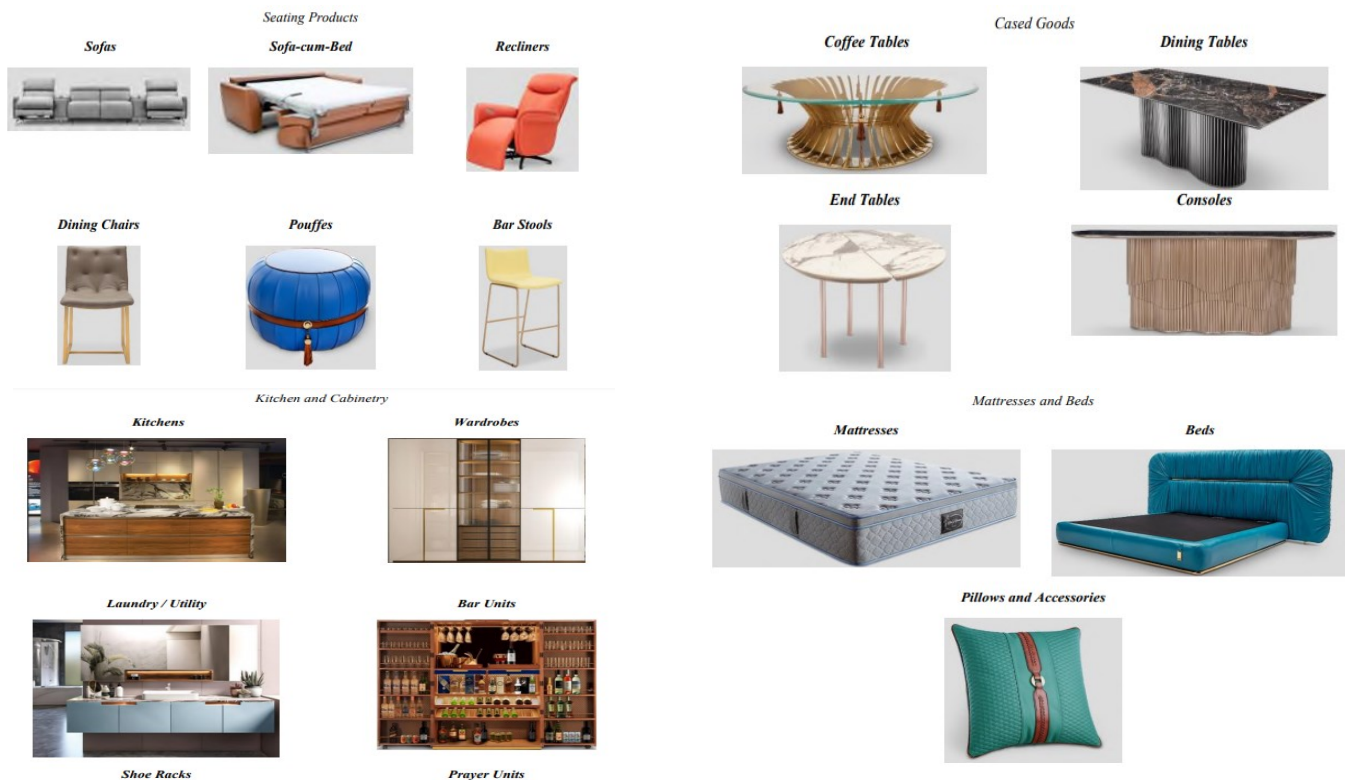
presence through third-party distributors like our recent partnership in SAARC countries.

The company plans to meet increasing customer demands by expanding product categories and portfolios to capture a larger market share. SLL plan to invest ₹ 81.85 million in new machinery for designing and manufacturing new products at their facilities in Bengaluru. This includes civil works at their Electronic City location and machinery procurement for both their own operations and Stanley OEM Sofas Limited at Bommasandra Jigani Link Road. They aim to become a comprehensive "one-stop" home solutions destination, launching trendy, affordable lifestyle products, like "Stanley Personal" for a younger demographic, and introducing perfumes to diversify their offerings. By leveraging their market position and past successes, they aim to cross-sell products across their different store formats, maintaining the "Stanley" brand's distinctiveness. They've been pioneers in the super-premium and luxury furniture segments and plan to continue entering new segments based on customer demand, possibly launching new store formats or establishing product-specific stores to optimize operations and market presence.

SSL committed to innovating and investing in technology for a seamless customer experience nationwide. It's data-driven approach spans sales, supply, revenue management, technology, and operations, optimizing processes and decision-making. It will enhance integration across products using data analytics to understand preferences, boost sales, and scale operations. Automation will improve design processes, and their platform will offer a complete home experience with inventory updates and customization options, reducing costs and boosting margins over time.

Product Portfolio

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



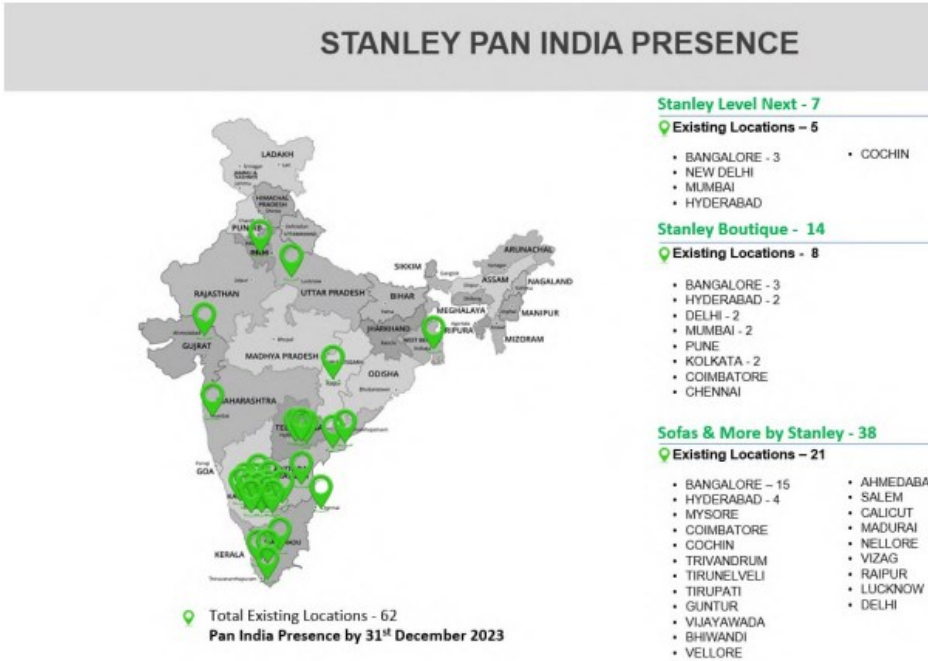
Product wise revenue and category-wise revenue

Product Category (INR in Cr)	9MFY24	FY23	FY22	FY21
Seating	176	240	165	109
Automotive & other	23	29	23	20
Beds & Matteress	15	20	15	11
Case Goods	50	55	32	19
Kitchen & Cabinetry	14	24	9	7
Leather Automotive Interiors	35	50	48	29
Total	313	419	292	196



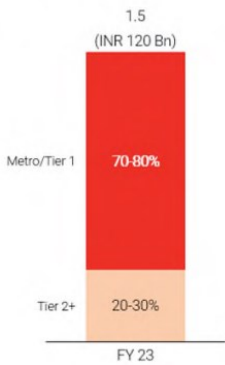
Store Category (INR in Cr)	9MFY24	FY23	FY22	FY21
COCO	195	264	176	122
FOFO	41	48	26	14
Others	78	108	90	60
Total	313	419	292	196

Geographical Footprint

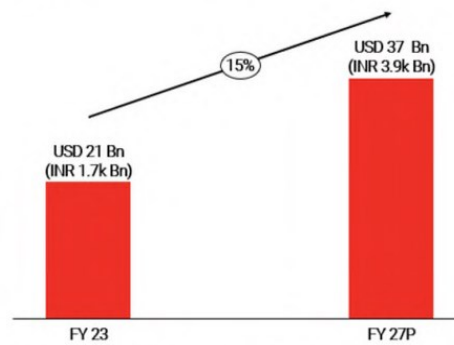


Industry Outlook

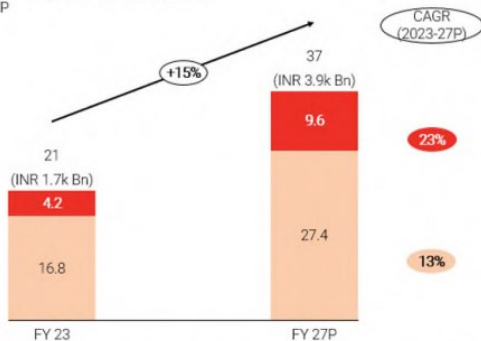
India Luxur//Super-Premium Furniture & Home Goods Market- split by city/ tier wise
 Sales, USD Bn, FY 23



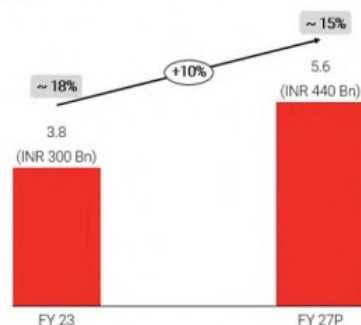
India Home Interiors Market
 Sales, USD Bn, FY 23 & FY 27P



India Interior Market – Organised vs Unorganised
 Sales, FY 23, & FY 27P



India Luxur//Super-Premium Interior Market
 Sales, USD Bn, FY 23, & FY 27P



% of overall home interiors market



Companies Competitive Strength :

- Largest and the fastest growing brand in the luxury/super-premium furniture segment.
- Comprehensive home solutions provider with offerings across categories and price points.
- Pan-India presence with strategically located stores.
- Focus on design-led product innovation.
- Vertically integrated manufacturer with skilled Craftsmanship capabilities.
- Efficient business model with track record of delivering financial growth.
- Promoter-led company with experienced professional and senior management team.

Key Strategies Implemented by Company

- Continue to expand their retail presence within India and abroad by leveraging the Stanley brand appeal.
- Continue to increase brand awareness.
- To evaluate and increase their presence in the B2B segment as well as enter into distribution arrangements.
- Further expand their product portfolio.
- To enter and expand into additional segments.
- Leverage technology to enhance customer experience and grow their operations

Particular (INR in Cr)	9MFY24	FY23	FY22	FY21
Equity Capital	11	9	9	8
Reserves and Surplus	226	208	191	175
Net Worth	237	217	200	183
Revenue	322	426	298	202
Growth (%)		43%	48%	
EBITDA	58	82.00	59.00	15
EBITDAM (%)	18%	19%	20%	7%
PAT	18.7	34.98	23.22	1.92
PATM (%)	6%	8%	8%	1%
ROCE (%)	8.20%	20.80%	27%	14.50%
ROE (%)	0.60%	10.70%	15.20%	8.30%

Valuations and Recommendation:

- Based on annualized FY24 earnings to post-IPO paid-up equity capital of the company, The issue is priced at a P/E of 84X. Thus the issue appears to be fairly priced compared to peers.
- Stanley Lifestyles Ltd stands out as a top-tier luxury brand in India, excelling in both manufacturing and retail on a significant scale. Its evolution in product offerings, spanning mass to ultra-luxury segments, has ensured remarkable profitability. The company anticipates sustained growth driven by improved lifestyles, increased household numbers, and the trend of second homes. With a strategic focus on expanding market share and customer base, SLL is poised for continued growth opportunities in the coming years. Hence, we recommend an "Subscribe" rating for the issue.



Notes

GEPL Capital Pvt. Ltd

Head Office: D-21/22 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400001

Reg. Office: 922-C, P.J. Towers, Dalal Street, Fort, Mumbai 400001

Research Analyst – Mr. Dibandu Maji | + 022-6618 2689 | Dibandumaji@geplcapital.com

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