



IPO Details:

Stanley Lifestyles Ltd is coming out with an IPO of about Rs. 537.02 cr consisting of 1,45,53,508 shares of face value of Rs. 2 each in a price band of Rs. 351 – Rs. 369. The IPO comprises of Fresh Issue of Rs. 200.00 cr and Offer for Sale of Rs. 337.02 cr by the promoters and existing individual and institutional shareholders. The IPO opens on 21st June' 2024 and closes on 25th June' 2024.

Company Details:

- A **super-premium and luxury furniture brand** in India which offers products across various price points, i.e. super-premium, luxury and ultra-luxury segment through its various brands.
- **Offers wide range of home solutions** offerings such as sofas, arm chairs, kitchen cabinets, beds, mattresses and pillows amongst others.
- Retail furniture products under the **“Stanley”** brand through its network of **38 COCO** (company owned company operated) and **24 FOFO** (franchisee owned and franchisee operated) stores in **21** cities across **11** states and Union Territories in the country.
- Offers Ultra-Luxury products (**above Rs. 5.0 lacs**), Luxury products (**Rs. 3.0 lacs – Rs. 5.0 lacs**) and Super Premium products (**Rs. 1.5 lacs – Rs. 3.0 lacs**) across its Stanley Level Next, Stanley Boutique, and Sofas & More by Stanley outlets respectively.

Strength:

- **4th largest player** in the home furniture segment in India in terms of revenue in fiscal 2023.
- **In-house manufacturing** operations coupled with its retailing model, differentiate its from other Indian and foreign furniture brands.
- **Integrated model** enables the Company to have complete control over its processes which includes procurement of raw materials, designing products, manufacturing, quality control, marketing and ultimately selling the products.
- **Ability to offer customized products** to customers on the back of in-house employees (craftsmen) who possess expertise across various processes viz. leather marking, cutting, carpentry, sewing and stitching, metal work and polishing.
- **Long standing relationships with vendors** allows it to source quality raw materials, including leather and Forest Stewardship Council (FSC) certified timber used in its operations.



Growth Drivers:

- Increase in sales of luxury and premium housing categories is expected to see continued increase in demand for high-end furniture.
- No significant direct competition from local brands that operate at same level and longer delivery times (4 – 6 months) for imported furniture makes Stanley Lifestyles Ltd **well positioned** to capture the emerging premiumization of the Indian housing market.
- Government is in discussion with major players in the industry to implement production linked incentives for the furniture industry.

Objectives of Fund Raise – Fresh Issue of Rs. 200.00 cr:

- **Rs. 140.16** cr will be invested in certain subsidiaries which in turn will utilize the funds to open new stores and for renovation of existing stores.
- Rs. 6.66 cr will be utilized towards funding the capex requirements for purchase of new machinery and equipment.
- Balance funds will be utilized towards general corporate purposes.

Key Financial Highlights:

Stanley Lifestyles Ltd (Rs. Cr)

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY21	195.78	29.78	15.2%	1.03	0.20	5.5%	1.0%
FY22	292.20	59.01	20.2%	21.35	4.14	12.9%	11.8%
FY23	419.00	82.72	19.7%	32.88	6.37	16.6%	16.3%
9M FY24	313.31	57.77	18.4%	19.78	3.83	8.6%	7.9%

- Operating Revenue has grown at a CAGR of 46.3% between FY21 – FY23 to reach Rs. 419.00 cr in FY23. FY21 and FY22 were impacted due to Covid-19 pandemic and thus the growth looks higher.
- Reported Ebitda has grown at a CAGR of 66.7% between FY21 – FY23 to touch Rs. 82.72 cr in FY23. Reported Ebitda margins have inched up from 15.2% in FY21 to 19.7% in FY23.



- However, Adjusted Ebitda margins (after adjustment of payments towards lease liabilities) stood at 6.9% in FY21, 13.9% in FY22 and 13.7% in FY23.
- Profits after Tax has grown from Rs. 1.03 cr in FY21 (impacted due to Covid-19 pandemic) to Rs. 32.88 cr in FY23.
- Capital Efficiency in the business has been good with RoCE and RoE in FY23 at 16.6% and 16.3% respectively.

Valuations:

- At Upper end of the IPO price band of Rs. 369, Stanley Lifestyles Ltd will be valued at about Rs. 2,103.94 cr.
- On PE basis, Company will be valued at 57.93x its FY23 EPS 6.37 while on M-Cap/Adj. Operating Cash Flow basis, it will be valued at 49.42x.
- **Investments should be avoided in Stanley Lifestyles Ltd, despite long runway of growth for organized furniture manufacturer like Stanley on the back of urbanization, positive outlook for real – estate sector, higher disposable income of customers; as valuations look very expensive.**

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*Long Term Investments could range from 3-5 years.