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STANLEY LIFESTYLES LIMITED

Our Company was originally formed as a partnership firm under the Partnership Act, 1932, as amended, in the name of Stanley Seating pursuant to a deed of partnership dated February 1, 2007. Our Company was thereafter incorporated as a public limited company as 'Stanley Lifestyles Limited' upon its conversion from a partnership firm in accordance with the provisions of Part IX of the Companies Act, 1956 and received a fresh certificate of incorporation dated October 11, 2007 and a certificate for commencement of business dated December 14, 2007 from the RoC. For details in relation to changes in the registered office of our Company, see 'History and Certain Corporate Matters' on page 234 of the red herring prospectus dated June 13, 2024 filed with the RoC ('RHP' or 'Red Herring Prospectus').

Registered and Corporate Office: SY No. 16/2 and 16/3 Part, Hosur Road, Veeravandara Village, Atkole Hobli, Andol Taluk, Bengaluru 560 100, Karnataka, India. Telephone: + 91-80 6895 7200. Contact person: Akash Shetty, Company Secretary and Compliance Officer
E-mail: investors@stanleylifestyles.com; Website: www.stanleylifestyles.com; Corporate Identity Number: U19115KA2007PLC04490



(Please scan the QR code to view the RHP)

THE PROMOTERS OF OUR COMPANY ARE SUNIL SURESH AND SHUBHA SUNIL

INITIAL PUBLIC OFFER OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH ("EQUITY SHARES") OF STANLEY LIFESTYLES LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [•] MILLION COMPRISING A FRESH ISSUE OF UP TO [•] EQUITY SHARES AGGREGATING UP TO ₹ 2,000.00 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 9,133,454 EQUITY SHARES AGGREGATING UP TO ₹ [•] MILLION ("OFFERED SHARES") BY THE SELLING SHAREHOLDERS AS PER THE TABLE PROVIDED BELOW:

| | | DETAILS OF THE OFFER FOR SALE | | |
|-------------------------------------|--------------------------------|---|---|--|
| NAME OF THE SELLING SHAREHOLDER | TYPE | NUMBER OF EQUITY SHARES OFFERED | WEIGHTED AVERAGE COST OF ACQUISITION (IN ₹ PER EQUITY SHARE)* | |
| Sunil Suresh | Promoter Selling Shareholder | Up to 1,182,000 Equity Shares aggregating up to ₹ [•] million | 3.05 | |
| Shubha Sunil | Promoter Selling Shareholder | Up to 1,182,000 Equity Shares aggregating up to ₹ [•] million | 3.05 | |
| Oman India Joint Investment Fund II | Investor Selling Shareholder | Up to 5,544,454 Equity Shares aggregating up to ₹ [•] million | 108.22 | |
| Kiran Bhanu Vuppallapati | Individual Selling Shareholder | Up to 1,000,000 Equity Shares aggregating up to ₹ [•] million | 5.73 | |
| Sridevi Venkata Vuppallapati | Individual Selling Shareholder | Up to 225,000 Equity Shares aggregating up to ₹ [•] million | 27.86 | |

* As certified by N B T and Co, Chartered Accountants, by way of their certificate dated June 13, 2024.

We are a luxury furniture brand in India retailing our furniture products under the "Stanley" brand.

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

• QIB Portion: Not more than 50% of the Offer • Non-Institutional Portion: Not less than 15% of the Offer • Retail Portion: Not less than 35% of the Offer

PRICE BAND: ₹351 TO ₹369 PER EQUITY SHARE OF FACE VALUE OF ₹2 EACH

WEIGHTED AVERAGE COST OF ACQUISITION FOR ALL EQUITY SHARES TRANSACTED DURING FOR LAST EIGHTEEN MONTHS IS ₹350.00.

THE FLOOR PRICE IS 175.50 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 184.50 TIMES THE FACE VALUE OF THE EQUITY SHARES

BIDS CAN BE MADE FOR A MINIMUM OF 40 EQUITY SHARES AND IN MULTIPLES OF 40 EQUITY SHARES THEREAFTER

In accordance with the recommendation of Independent Directors of our Company, pursuant to their resolution dated June 13, 2024, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the "Basis for Offer Price" section on pages 130-136 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in the "Basis for Offer Price" section on pages 130-136 of the RHP.

In making an investment decision, potential investors must only rely on the information included in the RHP and the terms of the Offer, including the risks involved and not rely on any other external sources of information about the Offer available in any manner.

RISKS TO INVESTORS:

- Our business is highly dependent on the sale of sofas and recliners. Variations in demand and changes in consumer preference for our sofa and recliner products could have an adverse effect on our business and financial condition. The contribution of the sale of sofas and recliners, as a percentage of revenue from operations is as provided below:

| Nine months ended December 31, 2023 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|--|-------------|-------------|-------------|
| 56.22% | 57.35% | 56.40% | 55.62% |

- We generated a substantial portion of our sales from our stores located in the states of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Telangana ("South Region"). As of December 31, 2023, we operated 31 out of 38 "company owned and company operated" or "COCO" stores and 17 out of 24 "franchisee-owned and franchisee-operated" or "FOFO" stores out of South Region. The contribution of the revenue from operations from South Region, as a percentage of revenue from operations is as provided below:

| Nine months ended December 31, 2023 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|--|-------------|-------------|-------------|
| 79.77% | 82.22% | 82.80% | 80.98% |

- We market and sell our products through our network of stores. As of December 31, 2023, we operated 38 "company owned and company operated" or "COCO" stores and 24 "franchisee-owned and franchisee-operated" or "FOFO" stores. If we are unable to effectively manage or expand our retail network and operations or pursue our growth strategy, our new stores as well as our existing stores may not achieve our expected level of profitability. The Company closed 1, nil, 1 and 3 stores in December 31, 2023, Fiscal 2023, 2022 and 2021, respectively. Further, post December 31, 2023, we have closed 2 stores and are in process of closing one more store.

- Majority of our raw materials used in the manufacture of our products are imported, including leather which is the primary raw material used in our products, which we import from suppliers located in Europe.

| Particulars | Nine months ended December 31, 2023 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|--|--|-------------|-------------|-------------|
| Cost of imported raw materials as a percentage of cost of materials consumed | 67.94% | 54.33% | 58.34% | 78.76% |
| Percentage of amount of total leather imported from our top five suppliers | 97.94% | 89.01% | 89.37% | 91.90% |

- We are reliant on our company owned company operated stores for a majority of our sales. The contribution of the sale "company owned and company operated" or "COCO" stores, as a percentage of revenue from operations is as provided below:

| Nine months ended December 31, 2023 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|--|-------------|-------------|-------------|
| 62.16% | 63.08% | 60.21% | 62.13% |

- Our business involves prolonged inventory days and extended cash conversion cycle.

| Particulars | Nine months ended December 31, 2023 | Fiscal 2023 | Fiscal 2022 |
|-----------------------|--|-------------|-------------|
| Inventory Days | 251 days | 214 days | 270 days |
| Cash Conversion Cycle | 185 days | 148 days | 192 days |

- Our Company does not have any listed industry peers in India or abroad and it may be difficult to benchmark and evaluate our financial performance against other operators who operate in the same industry as us.

- Our Company will not receive any proceeds from the Offer for Sale.

- We do not own the brand name "Stanley" which is registered in the name of one of our Promoters, Sunil Suresh. While we have entered into the Assignment Deeds with Sunil Suresh, however, the trademarks are yet to be registered in our name. A total of 192 trademarks and copyrights were transferred to our Company, of which 75 are pending registration, out of which 49 are objected and opposed to. Further, one of our Promoters, Sunil Suresh has entered into a co-existence agreement with Stanley Furniture Company, Inc to limit and restrict the use of the term "Stanley" as a trademark in a composite manner in respect of products.

- The Price to Earnings ratio based on basic and diluted EPS for Fiscal 2023 at the upper end of the Price band is as high as 57.93 as compared to the Price to Earnings Ratio of Nifty 50 index as on June 12, 2024 is 22.18.

- The average cost of acquisition of Equity Shares held by the Selling Shareholders ranges from ₹3.05 to ₹108.22 per Equity Share, and the Offer Price at upper end of the Price Band is ₹369.

- Weighted Average Return on Net Worth for Fiscals 2023, 2022 and 2021 is 11.25%.

- Weighted average cost of acquisition of all shares transacted in the last eighteen months as on the date of the Red Herring Prospectus:

| Period | Weighted Average Cost of Acquisition (in ₹) | Cap Price is 'X' times the Weighted Average Cost of Acquisition* | Range of acquisition price: Lowest Price – Highest Price (in ₹)* |
|----------------|---|--|--|
| Last 18 months | 350.00 | 1.05 | 350.00-350.00 |

*As certified by N B T and Co, Chartered Accountants, pursuant to their certificate dated June 13, 2024.

- The four BRLMs associated with the Offer have handled 72 public issues in the past three Financial Years, out of which 19 issues closed below the Offer price on the listing date.

| Name of the BRLMs | Total Issues | Issues closed below IPO Price on listing date |
|------------------------------|--------------|---|
| Axis Capital Limited* | 5 | - |
| ICICI Securities Limited* | 12 | 2 |
| JM Financial Limited* | 9 | 1 |
| SBI Capital Markets Limited* | 5 | 3 |
| Common issues of above BRLMs | 41 | 13 |
| Total | 72 | 19 |

*Issues handled where there were no common BRLMs

BID/ OFFER PROGRAMME

* The UPI mandate time and date shall be at 5:00 p.m. on Bid/Offer Closing Day.
An Indicative timetable in respect of the Offer is set out below. Submission of Bids (other than Bids from Anchor Investors):

| Bid/ Offer Period (except the Bid/ Offer Closing Date) | |
|--|--|
| Submission and Revision in Bids | Only between 10:00 am and 5:00 pm (Indian Standard Time ("IST")) |
| Bid/ Offer Closing Date* | |
| Submission of Electronic Applications (Online ASBA through 3-in-1 accounts) - For RRs other than QIBs and Non-Institutional Investors | Only between 10:00 am and 5:00 pm IST |
| Submission of Electronic Applications (Bank ASBA through Online channels like Internet Banking, Mobile Banking and Syndicate ASBA applications made through UPI) | Only between 10:00 am and 4:00 pm IST |
| Submission of Electronic Applications (Syndicate Non-Retail, Non-Individual Applications) | Only between 10:00 am and 3:00 pm IST |
| Submission of Physical Applications (Bank ASBA) | Only between 10:00 am and 1:00 pm IST |
| Submission of Physical Applications (Syndicate Non-Retail, Non-Individual Applications of QIBs and Non-Institutional Investors) | Only between 10:00 am and 12:00 pm IST |

BID/ OFFER CLOSES TODAY*

| Modification/ Revision/cancellation of Bids | |
|--|---|
| Upward Revision of Bids by QIBs and Non-Institutional Bidders categories* | Only between 10:00 a.m. on the Bid/Offer Opening Date and up to 4:00 p.m. IST on Bid/Offer Closing Date |
| Upward or downward Revision of Bids or cancellation of Bids by RRs | Only between 10:00 a.m. on the Bid/Offer Opening Date and up to 5:00 p.m. IST on Bid/Offer Closing Date |
| * UPI mandate time and date shall be at 5:00 pm on Bid/Offer Closing Date. * QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids. Post Offer Schedule: | |
| Event | Indicative Date |
| Bid/ Offer Closing Date | Tuesday, June 25, 2024 |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | on or about Wednesday, June 26, 2024 |
| Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account | on or about Thursday, June 27, 2024 |
| Allotment of Equity Shares/Credit of the Equity Shares to demat accounts of Allottees | on or about Thursday, June 27, 2024 |
| Commencement of trading of the Equity Shares on the Stock Exchanges | on or about Friday, June 28, 2024 |

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