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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, Veerasandra Village, Attibele Hobli, Anekal 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: U19116KA2007PLC044090



(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 Vuppapapati	Individual Selling Shareholder	Up to 1,000,000 Equity Shares aggregating up to ₹ [●] million	5.73
Sridevi Venkata Vuppapapati	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%

Particulars	Nine months ended December 31, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
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.

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- 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.

BID/ OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE THURSDAY, JUNE 20, 2024*

BID/ OFFER OPENS ON FRIDAY, JUNE 21, 2024

BID/ OFFER CLOSES ON TUESDAY, JUNE 25, 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

*Our Company, the Promoter Selling Shareholders and the Investor Selling Shareholder may in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations.

**The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Offer Closing Day.

BASIS FOR OFFER PRICE

The Price Band and the Offer Price will be determined in compliance with the SEBI ICDR Regulations, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹2 each and the Offer Price is [●], and Floor Price is 171.50 times the face value and the Cap Price is 184.50 times the face value. Investors should also see "Risk Factors", "Summary of Financial Information", "Our Business", "Restated Consolidated Financial Information", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 27, 74, 193, 266 and 349 of the RHP, respectively, to have an informed view before making an investment decision.

Qualitative factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are as follows:

- Largest and the fastest growing brand in the luxury/super-premium furniture segment;
- Comprehensive home furniture 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; and
- Promoter-led company with experienced professional and senior management team.

For details, see "Our Business – Competitive Strengths" on page 197 of the RHP.

Quantitative factors

Some of the information presented below relating to our Company is derived from the Restated Consolidated Financial Information. For details, see "Restated Consolidated Financial Information" beginning on page 266 of the RHP.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

A. Basic and Diluted Earnings Per Equity Share ("EPS") (face value of each Equity Share is ₹2):

Fiscal/Period Ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2023	6.37	6.37	3
March 31, 2022	4.14	4.14	2
March 31, 2021	0.20	0.20	1
Weighted Average	4.60	4.60	
Nine months ended December 31, 2023*	3.83	3.83	N.A

*Not annualised

Notes:

- 1) Earnings per Equity Share = Profit attributable to owners of our Company for the year / period / Weighted average number of equity shares outstanding during the year/period.
- 2) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each year] / [Total of weights]
- 3) Basic and diluted earnings per equity share: Basic and diluted earnings per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended), read with the requirements of the SEBI ICDR Regulations.
- 4) Pursuant to a resolution passed by our Board on June 16, 2023 and a resolution passed by the Shareholders on June 19, 2023, each equity share of face value of ₹10 each has been split into 5 Equity Shares of face value of ₹2 each. Accordingly, the issued, subscribed and paid up capital of our Company was sub-divided from 7,371,024 equity shares of face value of ₹10 each to 36,855,120 equity shares of face value of ₹2 each.
- 5) On June 23, 2023, our Company allotted 14,742,048 Equity Shares pursuant to bonus issuance, in the ratio of 2 Equity Share for every 5 existing fully paid up Equity Shares.
- 6) The figures disclosed above are derived from the Restated Consolidated Financial Information of our Company.

B. Price/Earning ("P/E") ratio in relation to Price Band of ₹351 to ₹369 per Equity Share:

Particulars	P/E at the Floor Price (number of times)	P/E at the Cap Price (number of times)
Based on basic EPS for year ended March 31, 2023	55.10	57.93
Based on diluted EPS for year ended March 31, 2023	55.10	57.93

Notes:

- 1) P/E ratio = Price per equity share / Earnings per equity share.

C. Industry Peer Group P/E ratio

There are no listed companies in India and globally that engage in a business that is similar to that of our Company. Accordingly, we have not provided an industry comparison in relation to our Company.

D. Return on Net worth ("RoNW")

Fiscal/Period Ended	RoNW (%)	Weight
March 31, 2023	15.18%	3
March 31, 2022	10.69%	2
March 31, 2021	0.56%	1
Weighted Average	11.25%	
Nine months ended December 31, 2023*	8.34%	N.A.

*Not annualised

Notes:

- 1) Return on Net Worth (%) = Restated profit/(loss) attributable to the owners of the Company divided by total equity attributable to equity shareholders of the Company (excluding non controlling interests).
- 2) Net Worth represents equity attributable to the equity holders of our Company (excluding non controlling interests).
- 3) Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(RoNW x Weight).

E. Net Asset Value ("NAV") per Equity Share

Particulars	Amount (₹)
As on December 31, 2023	45.97
As on March 31, 2023	41.96
After the completion of the Offer*	
- At the Floor Price	76.31
- At the Cap Price	76.68
Offer Price	[●]

*Net Asset Value per Equity Share after the Offer has been derived by dividing total equity as on December 31, 2023 (as adjusted for change in equity share capital and securities premium on account of fresh issue) by potential number of equity shares outstanding post offer, respectively at the Floor Price and Cap Price.

Notes:

- 1) Net Asset Value per Equity Share = Net Worth at the end of the year / period / Weighted number of equity shares outstanding at the end of the year/ period.
- 2) Net Worth represents equity attributable to the equity holders of our Company (excluding non controlling interests).
- 3) Pursuant to a resolution passed by our Board on June 16, 2023 and a resolution passed by the Shareholders on June 19, 2023, each equity share of face value of ₹10 each has been split into 5 Equity Shares of face value of ₹2 each. Accordingly, the issued, subscribed and paid up capital of our Company was sub-divided from 7,371,024 equity shares of face value of ₹10 each to 36,855,120 equity shares of face value of ₹2 each.
- 4) On June 23, 2023, our Company allotted 14,742,048 Equity Shares pursuant to bonus issuance, in the ratio of 2 Equity Share for every 5 existing fully paid up Equity Shares.
- 5) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

F. Key Performance Indicators

The tables below set forth the details of our certain financial data based on our Restated Consolidated Financial Information, certain non-GAAP measures and KPIs that our Company considers have a bearing for arriving at the basis for Offer Price. All the financial data based on our Restated Consolidated Financial Information, certain non-GAAP measures and the operational KPIs verified and audited (as certified by the Independent Chartered Accountant, by way of their certificate dated June 13, 2024), disclosed below have been approved and confirmed by a resolution of our Audit Committee dated June 7, 2024. The KPIs that have been consistently used by the management to analyse, track and monitor the operational and financial performance of the Company and were presented in the past meetings of the Board and Audit Committee or shared with the shareholders during the three years preceding the date of the Red Herring Prospectus, which have been consequently identified as relevant and material KPIs and are disclosed in this "Basis for Offer Price" section, have been identified and verified by the management of our Company and have been certified by the Independent Chartered Accountant. All the financial data based on our Restated Consolidated Financial Information, certain non-GAAP measures and the operational KPIs have been certified by the Independent Chartered Accountant by way of their certificate dated June 13, 2024, which has been included in "Material Contracts and Documents for Inspection – Material Documents" on page 448 of the RHP.

A list of certain financial data, based on our Restated Consolidated Financial Information is set out below for the indicated period:

Particulars	Nine months ended December 31, 2023*	As at/for the Fiscals ended March 31		
		2023	2022	2021
		2023	2022	2021
Revenue from Operations ⁽ⁱ⁾	3,133.11	4,189.98	2,922.04	1,957.80
Revenue from Operations Growth (%) ⁽ⁱⁱ⁾	-**	43.39	49.25	-*
Profit for the year/period ⁽ⁱⁱⁱ⁾	186.97	349.77	232.19	19.23
PAT Growth (%) ⁽ⁱⁱⁱ⁾	-**	50.64	1,107.60	-*
Trade Receivables days ^(iv)	18	15	21	-*
Inventory days ^(v)	251	214	270	-*
Trade Payable days ^(vi)	83	81	99	-*
Cash Conversion Cycle ^(v)	185	148	192	-*

*Not included as the comparative period figures under Ind-AS for FY 2020 / as on March 31, 2020 are not available.

**Revenue from operations growth and PAT growth for nine months ended December 31, 2023, has not been included as the comparative period financial information has not been included in the Red Herring Prospectus.

*Not annualized

Notes:

- 1) Revenue from Operations means Revenue from sale of products, other operating revenue, and contract balances.
- 2) Revenue growth (year on year) means the annual growth in Revenue from Operations.
- 3) Profit for the year/period means the profit for the year/period as appearing in the Restated Financial Information.
- 4) PAT Growth (year on year) means the annual growth in Profit for the year.
- 5) Trade Receivables Days is calculated as 365/183 divided by (Revenue from operations / average trade receivables).
- 6) Inventory Days is calculated as 365/183 divided by (cost of goods sold / average inventory). Cost of goods sold is the sum of Cost of materials consumed, Purchases of stock-in-trade and Change in inventories.
- 7) Trade Payable Days is calculated as 365/183 divided by (total purchase of raw material and stock in trade / average trade payables).
- 8) Cash Conversion Cycle is sum of Trade Receivable Days and Inventory Days as reduced by Trade Payable Days.

A list of our certain non-GAAP measures, is set out below for the indicated period:

Particulars	Nine months ended December 31, 2023*	As at/for the Fiscals ended March 31		
		2023	2022	2021
		2023	2022	2021
Gross Profit ⁽ⁱ⁾	1,659.05	2,147.11	1,481.52	982.40
Gross Margin ⁽ⁱⁱ⁾ (%)	52.95	51.24	50.70	50.18
EBITDA ⁽ⁱⁱⁱ⁾	577.65	827.17	590.08	297.75
EBITDA Growth ^(iv) (%)	-**	40.18	98.18	-*
EBITDA Margin ^(v) (%)	18.44	19.74	20.19	15.21
PAT Margin ^(vi) (%)	5.97	8.35	7.95	0.98
Return on Equity ^(vii) (%)	7.92	16.29	11.81	1.03
Return on Capital Employed ^(viii) (%)	8.63	16.63	12.90	5.52

*Not included as the comparative period figures under Ind-AS for FY 2020 / as on March 31, 2020, are not available.

**EBITDA growth for nine months ended December 31, 2023 has not been included as the comparative period financial information has not been included in the Red Herring Prospectus.

*Not annualized

Notes:

- 1) Gross Profit is calculated as Revenue from Operations less Cost of Goods Sold. Cost of goods sold is the sum of Cost of materials consumed, Purchases of stock-in-trade and increase/decrease in inventories.
- 2) Gross Margin is calculated as Gross Profit divided by Revenue from Operations.
- 3) EBITDA is calculated as restated profit before tax plus finance costs, depreciation and amortisation expense less other income
- 4) EBITDA Growth (year on year) means the annual growth in EBITDA.
- 5) EBITDA Margin is calculated as EBITDA divided by Revenue from Operations.
- 6) PAT Margin is calculated as restated profit for the year/period divided by Revenue from Operations.
- 7) Return on Equity (%) is calculated as restated profit for the year/period divided by average total equity.
- 8) Return on Capital Employed (%) is calculated as EBIT divided by Capital Employed. EBIT is calculated as restated profit for the year/period plus total tax expense plus finance costs and Capital employed is calculated as the sum of Total Equity, Current Borrowings, Non-Current Borrowings, Non-Current & Current Lease Liabilities and as reduced by Goodwill on consolidation, intangible assets and intangible assets under development.

For reconciliation of certain non-GAAP financial measures, see "Other Financial Information – Reconciliation of Non-GAAP Financial Measures" on page 341 of the RHP.

A list of our certain operational KPIs, is set out below for the indicated period:

Format*	2021		As of March 31, 2022		2023		As of December 31, 2023	
	Stores	Cities	Stores	Cities	Stores	Cities	Stores	Cities
	Stores	Cities	Stores	Cities	Stores	Cities	Stores	Cities
Company Owned and Company Operated Stores								
Stanley Level Next	3	1	4	2	5	3	6	4
Stanley Boutique	7	5	7	5	9	5	10	5
Sofas & More by Stanley	8	1	14	2	17	2	19	3
Others*	1	1	2	2	3	2	3	2
Total (A)	19	5	27	5	34	5	38*	5
Franchisee Owned Franchisee Operated Stores								
Stanley Level Next	-	-	1	1	1	1	1	1
Stanley Boutique	3	3	3	3	4	3	4	3
Sofas & More by Stanley	3	3	9	9	15	15	19	19
Total (B)	6	5	13	11	20	17	24	21
Total (A+B)	25	9	40	15	54	21	62	25

* Includes stores under renovation

⁽ⁱ⁾ Others includes Design Eight and Stanley Personal stores.

For details of our other operating metrics disclosed elsewhere in the Red Herring Prospectus, see "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 193 and 349 of the RHP, respectively.

Subject to applicable law, our Company confirms that it shall continue to disclose all the above financial data based on the Restated Consolidated Financial Information, certain non-GAAP measures and KPIs included in this "Basis for Offer Price" section, on a periodic basis, at least once in a year (or for any lesser period as determined by our Board), for a duration that is at least the later of (i) one year after the date of listing of the Equity Shares on the Stock Exchanges; or (ii) till the utilization of the Net Proceeds as disclosed under "Objects of the Offer" section on page 102 of the RHP.

G. Description on the historic use of the KPIs by our Company to analyze, track or monitor the operational and/or financial performance of our Company

In evaluating our business, we consider and use certain KPIs, as presented above, as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs are not intended to be considered in isolation or as a substitute for the Restated Consolidated Financial Information. We use these KPIs to evaluate our financial and operating performance. Some of these KPIs are not defined under Ind AS and are not presented in accordance with Ind AS. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS.

Investors are encouraged to review the Ind AS financial measures and to not rely on any single financial or operational metric to evaluate our business. See "Risk Factors – Internal Risks – Internal Risks relating to the Financials of the Company – We have in this Red Herring Prospectus included certain Non-GAAP Measures and certain other industry measures related to our operations and financial performance. These Non-GAAP Measures and industry measures may vary from any standard methodology that is applicable across the industry, and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies" on page 56 of the RHP.

Explanations for the certain financial data based on Restated Consolidated Financial Information

Certain financial data	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and size of our business.
Revenue from Operations Growth	Revenue from Operations growth provides information regarding the growth of our business for the respective period.
Restated profit for the year/ period	Restated profit for the year/period provides information regarding the overall profitability of the business.
PAT Growth	PAT growth provides information regarding the growth of our operational performance for the respective period.
Trade Receivables days	Trade Receivables days is the average number of days required for a company to receive payments from its customers.
Inventory days	Inventory days is the average number of days required for a company to convert its inventory into sales.
Trade Payable days	Trade Payable days is the average number of days required for a company to pay its suppliers.
Cash Conversion Cycle	Cash Conversion Cycle is the time it takes to convert net current assets and current liabilities into cash.

Explanations for certain non-GAAP measures

Certain non-GAAP measures	Explanations
Gross Profit	Gross Profit assesses the Company's operational efficiency at using its labour and costs in producing goods or services.
Gross Margin	Gross Margin is an indicator of the operational efficiency and financial performance of the business.
EBITDA	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Growth	EBITDA growth provides information regarding the growth of our operational performance for the respective period.
EBITDA Margin	EBITDA Margin is an indicator of the operational profitability and financial performance of our business.
PAT Margin	PAT Margin is an indicator of the overall profitability and financial performance of our business.
Return on Equity	Return on equity provides how efficiently the Company generates profits from shareholders' funds.
Return on Capital Employed	Return on capital employed provides how efficiently the Company generates earnings from the capital employed in the business.

Explanations for operational KPIs

Operational KPIs	Explanations
Stores	Stores data is a key metric used to assess the performance and growth of our business. Our Company markets and sells products through their network of stores under multiple formats. Our Company operates through "company owned and company operated" or "COCO" stores and "franchisee-owned and franchisee-operated" or "FOFO" stores. Sales and profit can be achieved by increasing stores across various formats and multiple cities.

H. Comparison with Listed Industry Peers

We are one of the few Indian companies present across various price points, i.e., super-premium, luxury and ultra-luxury segment, through our various brands (Source: RedSeer Report). According to the RedSeer Report, as of January 31, 2024, our retail presence in India was three times the size of our nearest competitor in the luxury/super-premium furniture industry. Over the years, we have developed a vertically integrated model that gives us control over our processes, right from procurement of raw materials, design, production, marketing and retail. Further, we are one of the few organized vertically integrated furniture manufacturers with infrastructure capable of manufacturing and producing furniture for every room (Source: RedSeer Report). Given the size of our manufacturing as well as retail, there are no direct listed companies in India or internationally with whom our business model can be compared that matches the size and scale of our business operations. Accordingly, it is not possible to provide an industry comparison to our Company.

Weighted average cost of acquisition ("WACA"), floor price and cap price

1. Price per share of our Company (as adjusted for corporate actions, including split, bonus issuances) based on primary issuances of Equity Shares or convertible securities (excluding Equity Shares issued under the ESOP 2022 and issuance of Equity Shares pursuant to a bonus issue) during the 18 months preceding the date of the Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of our Company in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Primary Issuances")

Our Company has not issued any Equity Shares, including issuance of bonus shares, during the 18 months preceding the date of the Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of our Company, in a single transaction or multiple transactions combined together over a span of rolling 30 days.

2. Price per share of our Company (as adjusted for corporate actions, including split, bonus issuances) based on secondary sale or acquisition of equity shares or convertible securities (excluding gifts) involving any of the Promoters, members of the Promoter Group, Selling Shareholders or other shareholders with rights to nominate directors during the 18 months preceding the date of filing of the Draft Red Herring Prospectus / the Red Herring Prospectus, where the acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company, in a single transaction or multiple transactions combined together over a span of rolling 30 days ("Secondary Transactions")

Continued on next page...

For further details, please see the chapter titled "BASIS FOR OFFER PRICE" beginning on page 130 of the RHP.

The Offer Price of ₹ [■] has been determined in compliance with the SEBI ICDR Regulations, on the basis of the demand from investors for the Equity Shares through the Book Building process. Investors should read the abovementioned information along with "Risk Factors", "Our Business" and "Restated Consolidated Financial Information" beginning on pages 27, 193 and 266 of the RHP, respectively, to have a more informed view.

CONCEPT

Figure 6