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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 Prospectus dated June 25, 2024 filed with the RoC ("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

THE PROMOTERS OF OUR COMPANY ARE SUNIL SURESH AND SHUBHA SUNIL

Our Company has filed the Prospectus with the RoC, and the Equity Shares are proposed to be listed on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE") and trading is expected to commence on June 28, 2024.

BASIS OF ALLOTMENT

INITIAL PUBLIC OFFER OF 14,553,508 EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH ("EQUITY SHARES") OF STANLEY LIFESTYLES LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ 369 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 367 PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ 5,370.24 MILLION COMPRISING A FRESH ISSUE OF 5,420,054 EQUITY SHARES AGGREGATING UP TO ₹ 2,000.00 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF 9,133,454 EQUITY SHARES AGGREGATING UP TO ₹ 3,370.24 MILLION ("OFFERED SHARES") BY THE SELLING SHAREHOLDERS, COMPRISING 1,182,000 EQUITY SHARES AGGREGATING TO ₹ 436.16 MILLION BY SUNIL SURESH AND 1,182,000 EQUITY SHARES AGGREGATING TO ₹ 436.16 MILLION BY SHUBHA SUNIL (COLLECTIVELY THE "PROMOTER SELLING SHAREHOLDERS"), UP TO 5,544,454 EQUITY SHARES AGGREGATING TO ₹ 2,045.90 MILLION BY OMAN INDIA JOINT INVESTMENT FUND II, ACTING THROUGH ITS TRUSTEE OMAN INDIA JOINT INVESTMENT FUND TRUSTEE COMPANY PRIVATE LIMITED, REPRESENTED BY ITS INVESTMENT MANAGER, OMAN INDIA JOINT INVESTMENT FUND – MANAGEMENT COMPANY PRIVATE LIMITED ("OMAN INDIA JOINT INVESTMENT FUND II") (THE "INVESTOR SELLING SHAREHOLDER"), AND 1,000,000 EQUITY SHARES AGGREGATING TO ₹ 369.00 MILLION BY KIRAN BHANU VUPPALAPATI, AND 225,000 EQUITY SHARES AGGREGATING TO ₹ 83.03 MILLION BY SRIDEVI VENKATA VUPPALAPATI (COLLECTIVELY "INDIVIDUAL SELLING SHAREHOLDERS") (THE PROMOTER SELLING SHAREHOLDERS, THE INVESTOR SELLING SHAREHOLDER AND THE INDIVIDUAL SELLING SHAREHOLDERS, COLLECTIVELY REFERRED TO AS THE "SELLING SHAREHOLDERS") ("OFFER FOR SALE", TOGETHER WITH THE FRESH ISSUE, THE "OFFER").

ANCHOR INVESTOR OFFER PRICE: ₹ 369 PER EQUITY SHARE OF FACE VALUE OF ₹ 2 EACH

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THE OFFER PRICE IS 184.50 TIMES THE FACE VALUE OF THE EQUITY SHARES

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
79.84%	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 73 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	42	13
Total	73	19

*Issues handled where there were no common BRLMs

BID/ OFFER PROGRAMME

ANCHOR INVESTOR BIDDING DATE OPENED AND CLOSED ON THURSDAY, JUNE 20, 2024

BID/ OFFER OPENED ON FRIDAY, JUNE 21, 2024 | BID/ OFFER CLOSED ON TUESDAY, JUNE 25, 2024

