



## Industry Report “Deep Dive into Luxury and Super-Premium Furniture Industry”

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Project Special

September 2023

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## Chapter 1: Overview of Indian Economy








India's macroeconomic elements foster a favourable environment for robust growth.

The Indian economy has witnessed an average real GDP growth of approximately 7% and is one of the consistently fast-growing economies. The year 2020 and 2021 witnessed some headwinds concerning consumption and GDP growth, impacting all economies and India was no exception. Post Covid-19, India observed resilient V-shaped recovery outpacing other developing and developed nations in terms of GDP growth.

### Exhibit 1.1

#### Real GDP growth – Global Benchmarks

Y-O-Y growth (%), CY 2019-2027P

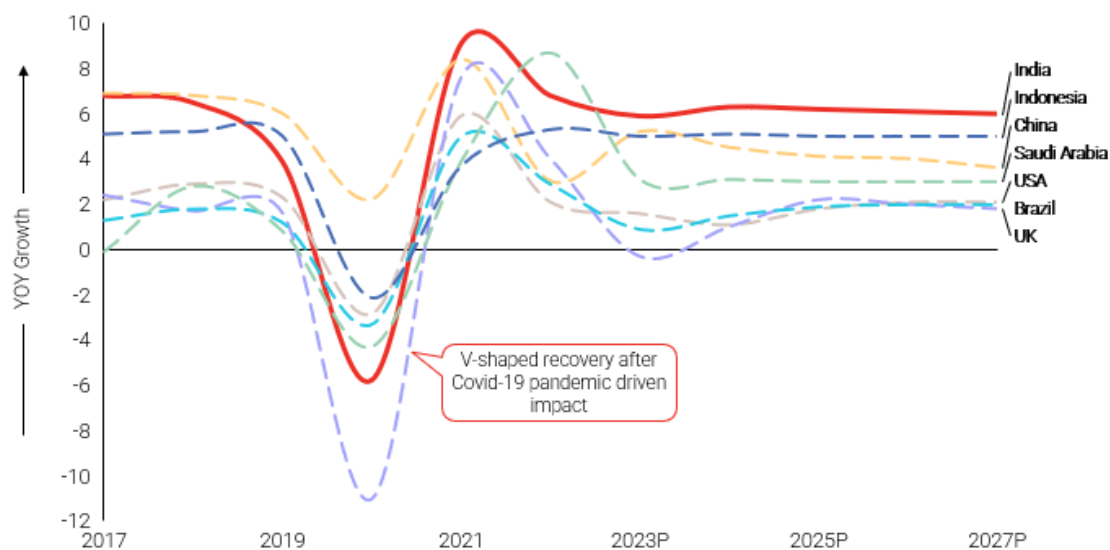
Country	2019	2020	2021	2022	2023P	2024P	2025P	2026P	2027P
 India	3.9%	-5.8%	9.1%	6.8%	5.9%	6.3%	6.2%	6.1%	6.0%
 China	6.0%	2.2%	8.4%	3.0%	5.2%	4.5%	4.1%	4.0%	3.6%
 USA	2.3%	-2.8%	5.9%	2.1%	1.6%	1.1%	1.8%	2.1%	2.1%
 Indonesia	5%	-2.1%	3.7%	5.3%	5%	5.1%	5%	5%	5%
 UK	1.6%	-11%	7.6%	4%	-0.3%	1%	2.2%	2%	1.8%
 Saudi Arabia	0.8%	-4.3%	3.9%	8.7%	3.1%	3.1%	3%	3%	3%
 Brazil	1.2%	-3.3%	5%	2.9%	0.9%	1.5%	1.9%	2%	2%

Source: IMF

### Exhibit 1.2

#### Real GDP growth- Global Benchmarks

Y-O-Y growth (%), CY 2017 - 2027P



Notes: Real GDP is inflation adjusted calculation reflecting the value of economic output. GDP at current price/ nominal GDP is the GDP unadjusted for the effects of inflation and is at current market price.  
Source: IMF

The current year observes global challenges like rising inflation led by the European countries, the depreciating rupee, and the Russian-Ukraine conflict. India, along with other economies, faced challenges due to various global headwinds, making its impact unavoidable. However, the government rapidly took measures along with the support of RBI to combat inflation. The collaboration helped in curtailing the inflation and bringing it below the RBI upper tolerance target in November 2022. The World Bank's latest update on India's development said that India is highly resilient to global shocks and is expected to grow faster than other economies.

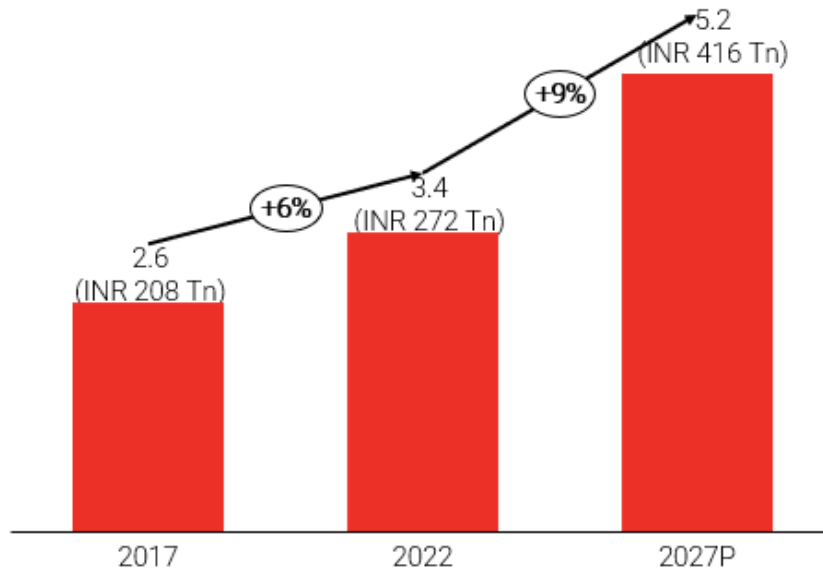
As per Indian economic survey 2022-23, many worldwide agencies such as World Bank, IMF, S&P, Moody etc. have projected India to grow at a rate of 6.5 – 7.5% in the current year. Rebound of private consumption due to rising domestic demand is one of the major reasons for the robust growth. The implementation of vaccination campaign in India too propelled people to return to normalcy, leading to an increase in the demand for goods and services and contributing to the uptick in private consumption.

India is now primed for a strong growth, with an estimated growth rate of approximately 9% at current prices to become approximately USD 5.2 trillion by 2027. According to the Centre for Economics and Business Research (CEBR), India currently holds the position of the fifth-largest economy and is projected to attain the status of the third-largest country by 2030.

## Exhibit 2

### GDP at Current prices – India

In USD Tn, CY 2017, 2022, & 2027P



Notes: Real GDP is inflation adjusted calculation reflecting the value of economic output. GDP at current price/ nominal GDP is the GDP unadjusted for the effects of inflation and is at current market price.  
Source: IMF

### Key underlying growth drivers of Indian economy:

- **Favourable demographics:** According to 2023 UN estimates, India possesses a median age of 27.9 years, positioning it as considerably younger in comparison to other major

economies like China (38.5 years) and US (37.9 years). Moreover, India actively contributes a significant number of working-age individuals (between 20 to 59 years) to the global workforce. The large working-age population in India offers opportunities for economic growth, productivity, innovation, and consumption.

- **Increasing nuclearisation:** The average size of Indian household is shrinking. According to National Family Health Survey The size of an average household in India has shrunk from 4.8 in FY12 to 4.4 in FY20. The number of nuclear families is rising with increasing migration to urban areas in search of employment. This has led to increased consumption as nuclear families demand for individual consumer goods and allocate more of their disposable income to discretionary spends.

### Exhibit 3

#### Number of households in India and average size of household

Year	No. of households (In Mn)	Average size of households
2012	248	4.8
2017	300	4.6
2022	324	4.4

Source: Indian Census Report, National Family Health Survey, Redseer analysis





- **Rapid urbanization:** As per United Nations (UN) estimates, the share of urban population increased from 33.18% to 35.39% between 2016 -2021. India possesses one of the largest urban populations in the world. An increasing number of people are actively seeking good employment opportunities and relocating to big cities. Such trend has become prevalent among the population. Migrants, too, exhibit a willingness to invest in quality homes and establish their families in the city, which was not as common in the past. Individuals have developed a heightened awareness of their lifestyle, leading to a spiral effect of increased spending.

Rapid urbanization is expected to accelerate the economic growth by increasing economic opportunities, fostering infrastructure development, and attracting investments. As per Niti Aayog, urban population contribute a massive 60% to the Indian GDP and it is likely to increase to 75% by 2030.

### Exhibit 4

#### Urban population

% of total population, CY 2011, 2016 & 2021

Country	2011	2016	2021	2022
 India	31%	33%	35%	36%
 China	50%	57%	63%	64%
 USA	81%	82%	83%	83%
 Indonesia	51%	54%	57%	58%

Source: World Bank, Redseer analysis

- **Regulatory reforms:** Government launched "Make in India" campaign, with an aim to attract foreign investment and promote domestic manufacturing. The campaign primarily focused on initiatives such as relaxation of foreign direct investment (FDI) norms, improving infrastructure, and implementation of ease of doing business reforms.

These efforts have accelerated the growth of manufacturing sector in general and stimulated job creation in the country.

- Government of India announced an outlay of INR 1,970 billion for the **Production Linked Incentive (PLI)** scheme across 14 key sectors (including manufacturing of electronics, medical devices, automobiles, and auto components among others) to develop manufacturing infrastructure which can compete with global markets and generate employment opportunities. The government is also considering including certain types of furniture in the PLI scheme to boost domestic manufacturing, exports, and foster job creation within the industry.

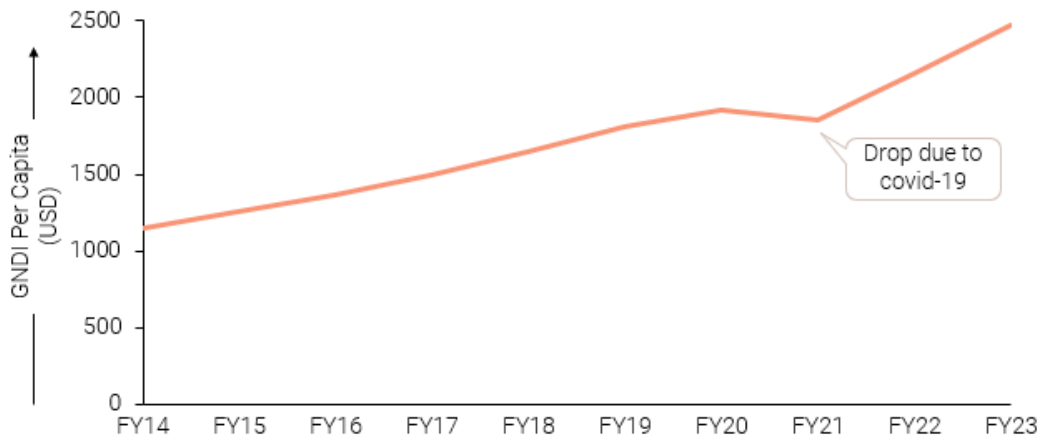
Overall, these regulatory reforms, along with various other initiatives (GST, IBC, RERA, etc.), have played a crucial role in driving India's economic growth. India's ongoing transformation into a global economic powerhouse and its positioning as an attractive destination for domestic and international investors are the direct results of the contributions made by these initiatives and reforms.

- **Rise in per capita Gross National Disposable Income (GNDI):** As per Ministry of Statistics & Programme Implementation (MOSPI), India's GNDI grew at CAGR of approximately 9% between FY14 and FY23 to reach USD 2468. The reduction in economic activity due to outbreak of covid 19 dropped the per capita GNDI to USD 1855 in FY21. However, it recovered fast in FY22 to reach USD 2156. Going forward it is projected to increase as economy grows and demand picks up.

## Exhibit 5

### Gross National Disposable Income Per Capita

USD, FY14 –FY23



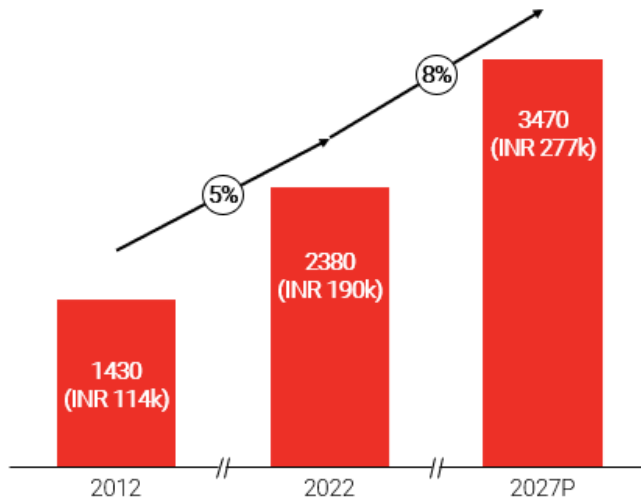
Source: RBI, MoSPI

**Indian households actively engage in discretionary spending, especially luxury spending, fuelled by the surge in GDP per capita.**

According to the IMF, India's GDP per capita was USD 2,380 in 2022, which is currently lower than that of other developed economies like the US (USD 76,350) and China (USD 12,810). However, the IMF has projected a potential growth of 8% annually, which could result in India's GDP per capita reaching USD 3,470 by 2027.

## Exhibit 6

### GDP Per Capita – India In USD, CY 2012, 2022 & 2027P



### GDP Per Capita Comparison – US, China, Indonesia & India In USD, CY 2022

Country	GDP per Capita
USA	76,350 (INR 6108k)
China	12,810 (INR 1024k)
Indonesia	4,800 (INR 384k)
India	2,380 (INR 190k)

Notes: GDP per capita refers to the country's economic output per person  
Source: IMF

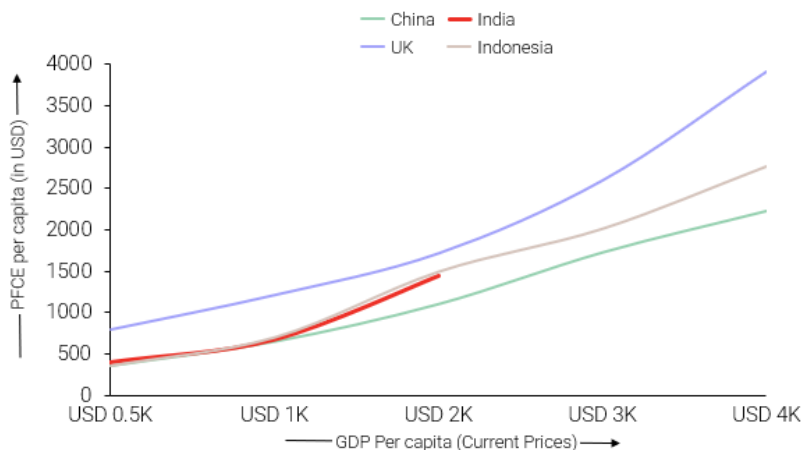
In mature economies, crossing the GDP per capita mark of approximately USD 2,000 has historically signalled an inflection point that indicates an increase in discretionary expenditure. For instance, when China surpassed the USD 2,000 mark in 2006, it witnessed significant growth in its Private Final Consumption Expenditure (PFCE is defined as the expenditure incurred by the resident households on final consumption of goods and services, whether made within or outside the economic territory).

The Gross domestic product (GDP) comprises of household final consumption expenditure, general government final consumption expenditure, gross capital formation, and net exports. To estimate the PFCE, all other components are subtracted. Such expenditures are recorded in purchaser prices and include net taxes on products. Deflators for household consumption are usually calculated based on the consumer price index.

India is bound to witness a similar trend, with the current GDP per capita ranging from USD 2,200 to 2,400.

## Exhibit 7

### GDP per Capita (Current Prices) vs Consumption expenditure per capita GDP per capita, China, UK, Indonesia, India







Notes: The PFCE has been represented respective to the GDP per capita for the first time that the respective economy breached that level. Data for PFCE per capita has been extrapolated when GDP per capita crossed 0.5k  
Source: World Bank, Redseer analysis

The consumption of luxury/super-premium goods correlates with GDP per capita. Notably, between 2012 and 2017, China experienced an expansion in its personal luxury goods market, witnessing a growth from USD 10-12 billion to USD 20-25 billion, while its GDP per capita increased from USD 6.3 thousand to USD 8.8 thousand. Considering the potential for India's GDP per capita to surpass USD 2,000, there is a possibility for India to emerge as a significant contributor in the global luxury/super-premium market.

## Exhibit 8

### Comparison of personal luxury market vs GDP per capita among emerging markets

Country	2012		2017		2023	
	Personal luxury goods USD Bn (INR Bn)	GDP per capita USD (INR)	Personal luxury goods USD Bn (INR Bn)	GDP per capita USD (INR)	Personal luxury goods USD Bn (INR Bn)	GDP per capita USD (INR)
 China <sup>1</sup>	10-12 (800-960)	6.3k (504k)	20-25 (1600-2000)	8.8k (704k)	60-65 (4800-5200)	13.7k (1096k)
 Indonesia <sup>2</sup>	0.7-0.8 (56-64)	3.7k (296k)	1-1.1 (80-88)	3.9k (312k)	1.2-1.3 (96-104)	5.0k (400K)

Notes:

1. China crossed GDP per capita of USD 2000 in 2006

2. Indonesia crossed GDP per capita of USD 2000 in 2008

3. Personal luxury goods include designer apparel & footwear; jewelry, eyewear; leather goods, wearables etc.

Source: World Bank, IMF, Redseer analysis

According to the World Bank, India's PFCE still remains below that of developed nations such as the USA (USD 16.7 trillion) and China (USD 7.5 trillion). However, the Indian Budget Report FY23 states that PFCE experienced a growth rate of 10% and is projected to reach USD 2.1 trillion by 2022, constituting approximately 60% of the country's GDP. This highlights the substantial contribution of PFCE to India's overall economic activity.

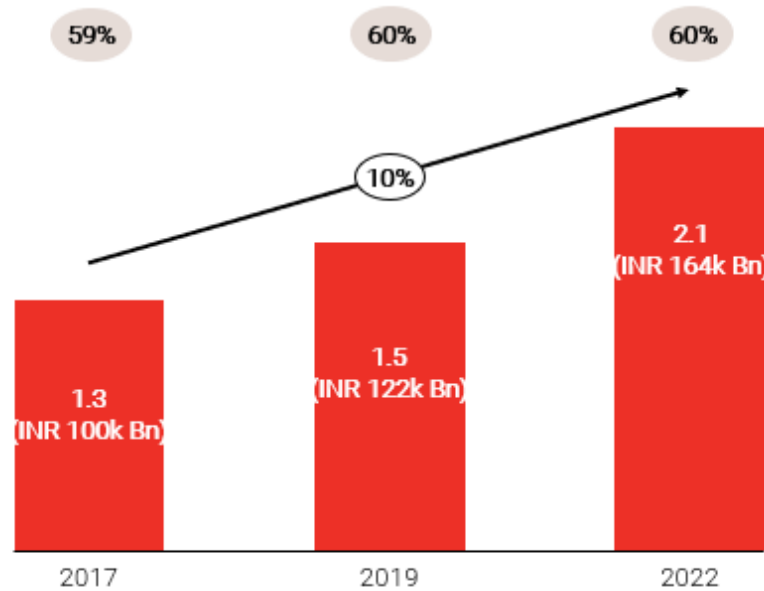
The growth in PFCE indicates that households have a higher propensity to consume goods and services, reflecting positive consumer sentiment, increasing purchasing power, and rising incomes.

## Exhibit 9

### Private Final Consumption Expenditure (PFCE)- India

USD Trn, CY 2017, 2019 & 2022

PFCE as a % of GDP



Source: World Bank, Indian budget report

### The growing number of affluent households' fuels rising consumption and drive luxury/super-premium spending

The total number of Indian households can be broadly divided into four cohorts: affluent, well-off, aspirational, and low-income households.

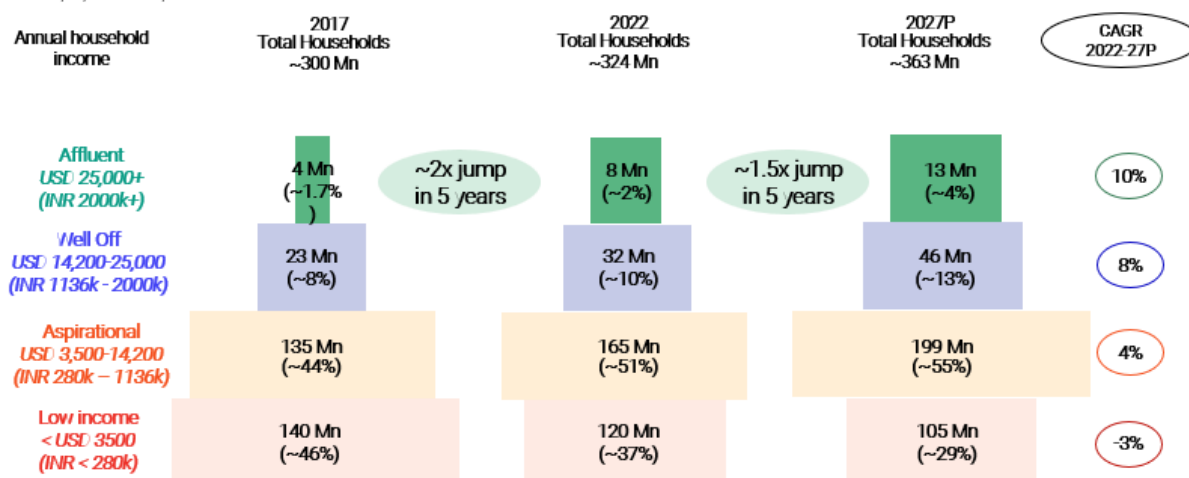
While aspirational households (households with an annual income of USD 3,500/INR 2.8 lakhs to USD 14,200/INR 11.3 lakhs) form the largest chunk of the population, affluent households (households with an annual income of more than USD 25,000/INR 20 lakhs) which currently represents ~2% of the total households is projected to grow fastest, at 10% annually between 2022-27.

During 2017-22, the total number of affluent households has grown ~2x from 4 million to 8 million which depicts a significant jump when compared to other household categories.

## Exhibit 10

### # Households segmented by income

Mn, %, CY 2017, 2022 & 2027P



Notes: Annual household income is defined at 2021 prices. Household are split as Affluent, well-off, aspirational, and low Income.  
Source: Redseer analysis

With the rise in household incomes and upward shift in the household pyramid, there is an anticipated increase in discretionary spending as well. This observation is further supported by the growth of discretionary spending in PFCE over the past decade, which has outpaced non-discretionary spending growth. This suggests consumers are spending a large portion of their budgets towards discretionary items and experiences.

## Exhibit 11.1

### PFCE-Discretionary vs non-discretionary spends

Y-O-Y growth (%), FY 2012-2017 & 2017-2022

Category	2012-17 (CAGR)	2017-22 (CAGR)
Discretionary spends	9.8%	5.4%
Non-discretionary spends	5.2%	4.1%
Overall PFCE	7.1%	4.5%

Notes: Discretionary spending includes spends on meat & gourmet foods, clothing & footwear, furniture & furnishings, households' textiles & others. Non-discretionary spending includes food items & beverages, fuels, electricity, housing rentals, health, education & others.

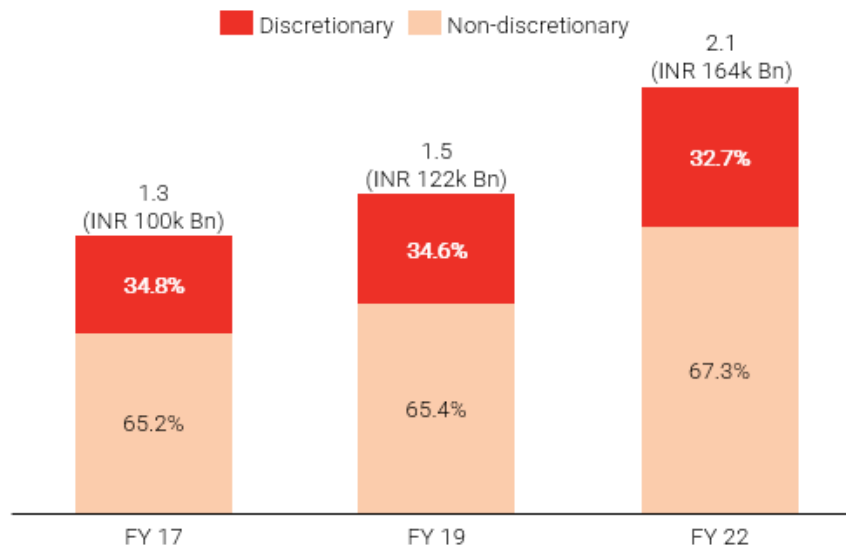
Y-o-y growth % has been calculated for discretionary and non-discretionary spends of Private Final Consumption Expenditure (PFCE) at constant prices and does not include inflation related adjustments.

Source: MoSPI, Redseer analysis

## Exhibit 11.2

### PFCE: Discretionary vs Non-discretionary spends

USD Tn, FY 17, 19 & 22



Notes: Discretionary spending includes spends on fruits, sugar, jam, honey, chocolate & confectionary, non-alcoholic beverages, alcoholic beverages, tobacco & narcotics, clothing & footwear, furniture & furnishings, households' equipment, purchase of vehicles, recreation, restaurant & hotels, personal care & others. Non-discretionary spending includes food items (Bread, cereals & pulses, meat, fish & seafoods, oil & fats, vegetables & others), fuels, electricity, housing rentals, health, education, transport services, insurance & others.

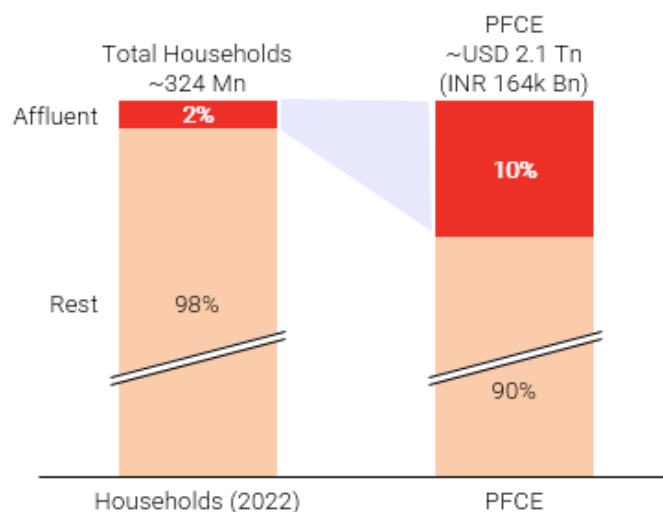
Source: MoSPI, Redseer analysis

Although, affluent households make up only 2% of the total households, they contribute 10% of the total PFCE. This signifies that affluent households have high purchasing power and engage in a substantial amount of discretionary spending. This reflects their ability to indulge in luxury/super-premium goods and services.

## Exhibit 12

### Affluent household contribution to PFCE

Mn Households, USD Tn, CY 2022



Notes: HNI form 11% of the affluent households and are defined as individuals owing assets worth more than USD 1 Mn

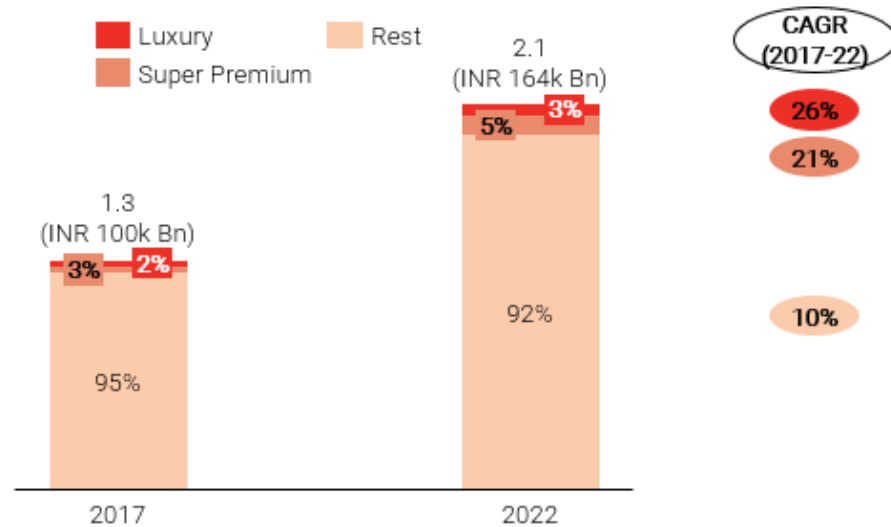
Source Redseer analysis

Luxury/super-premium consumption in 2022 accounted for 3% and 5% of the PFCE respectively. Luxury consumption grew at a CAGR of 26% over the last 5 years whereas super-premium consumption grew at CAGR of 21% over the same time.

### Exhibit 13

#### PFCE: Luxury/Super-Premium vs Rest consumption

USD Tn, CY 2017 & 2022



#### Notes:

- *Luxury encompasses various categories, including gourmet cuisine (INR 4500+), fine wines and spirits (INR 10K+), luxury personal goods (Apparels – INR 30K+), high-end furniture and home décor (Sofas – INR 300K+), luxury automobiles (INR 1 Cr +), exclusive travel and hospitality experiences (first class or above), fine arts, and luxury real estate (INR 2.5 Cr of more)*
- *Super premium encompasses various categories, including gourmet cuisine (INR 3000+), fine wines and spirits (INR 4K+), luxury personal goods (Apparels – INR 10K+), high-end furniture and home décor (Sofas – INR 150K+), luxury automobiles (INR 50 lakhs +), exclusive travel and hospitality experiences (Business travel or equivalent), fine arts, and luxury real estate (INR 1.5 - 2.5 Cr)*

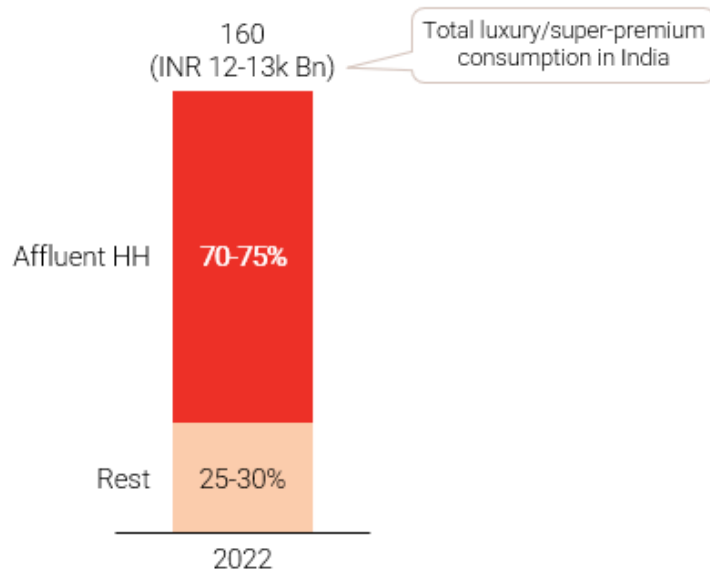
Source Redseer analysis

Additionally, affluent households are the drivers of luxury/super-premium consumption in India. These households characterised by their high levels of disposable income & wealth often seek exclusivity luxurious experiences. Affluent households accounted for approximately 70-75% of the total luxury/super-premium consumption in 2022.

## Exhibit 14

### PFCE: Luxury/Super-Premium consumption (Affluent households)

USD Bn, CY 2022



Source Redseer estimates

### Drivers of luxury/super-premium consumption: Rising income and aspirational lifestyle

- **Growing number of affluent households**

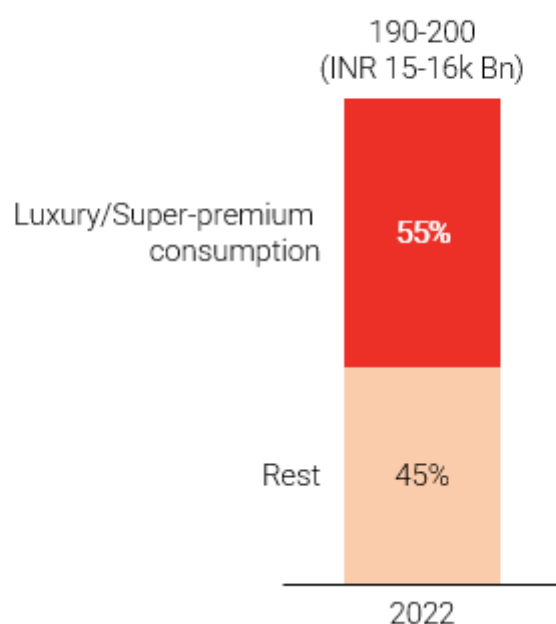
Affluent households are projected to experience a growth rate of 10% annually between 2022-27, reaching a total of 13 million by 2027. This growth is attributed to various factors, including rising income, access to quality education, increased opportunities, and significant investments. As per Redseer estimates, affluent households drive approximately 55% of the consumption towards luxury/super-premium goods and services, estimated to be USD 130-140 billion.

Furthermore, the number of ultra-high net worth individuals (UHNWIs) (individuals with a net worth over USD 30 million) over the next 5 years, reaching approximately 19,000 individuals by 2027, up from 12,000 individuals in 2022. The population of high-net-worth individuals (HNIs) (with asset values over 1 million) in India rose from around 7.9 lakhs to 8.3 lakhs between 2021 and 2022, whereas the global HNI population experienced a decline of 3.3% in the same year.

## Exhibit 15

### Affluent household consumption break-up

USD Bn, CY 2022



Source Redseer estimates

- **Rising disposable income**

As the income increases, upward mobility towards higher income group is witnessed among the households, which indicates high consumption. As per Redseer estimates, well-off households increased from 23 million in 2017 to 32 million in 2022 and is further expected to increase to 46 million by 2027. Similarly, affluent households are expected to increase from 8 million (2022) to 13 million by 2027.

As income rises, these households tend to indulge more in discretionary expenditure on high-end products and services.

- **Exposure to global trends and lifestyles**

With the onset of social media and international travel becoming accessible, there has been a rich exposure among the population towards global trends and lifestyle goods. This trend has boosted the awareness among households among luxury/super-premium lifestyle and products, which has also positively impacted the overall luxury/super-premium market.

- **Strong affinity towards personalised luxury/super-premium goods**

Individuals have developed a high affinity for luxury/super-premium brands due to its ability to customise products and provide a sense of exclusivity, esteem, and prestige to the consumers. Personalised luxury/super-premium goods also serve as status symbols and help affluent showcase their wealth & social status.

- **Transition in customer segmentation**

There has been a rapid increase in the millennial population (anyone born between 1981 and 1996 ages 25 to 40 in 2021) and Gen Z population (anyone born between 1996 and 2010). These group of population embrace luxury/super-premium products as they prioritise value offered by the products. Also, the rise of accessible luxury/super-premium brands and entry level luxury/super-premium products has made luxury attainable for millennials & Gen Z. Millennials and Gen Z populations are also digital natives and continuously engage with online content and are expecting highly sophisticated digital experiences. Luxury/super-premium brands have been able to rise

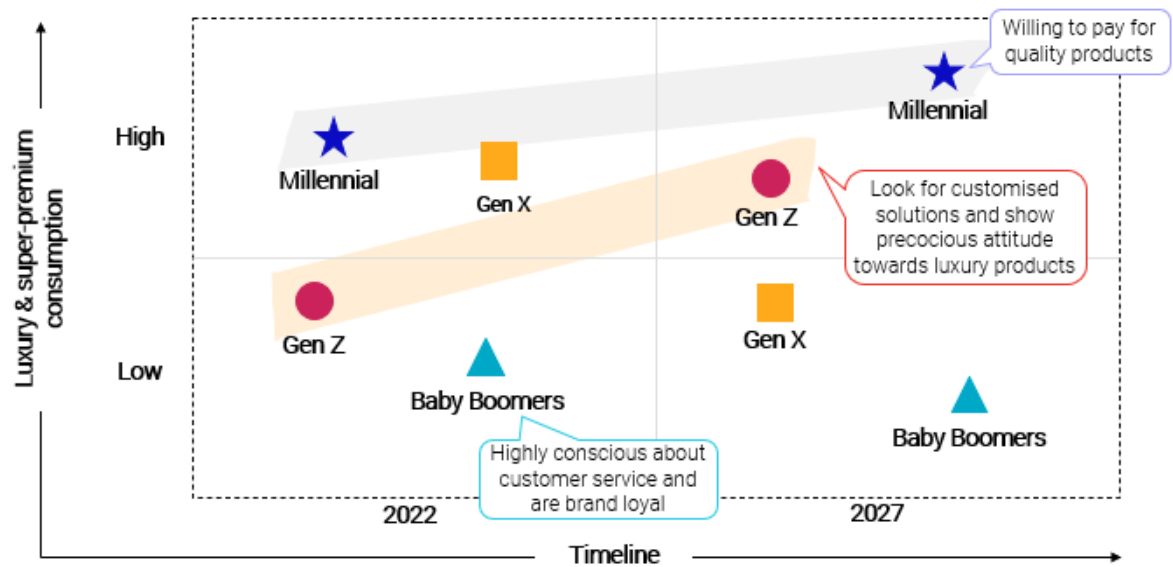
to their expectations and always offer experiences that are worth the costs that are associated with the products.

India has the largest population base of Generation Z and Millennials in the world. They offer unprecedented opportunities for brands. They will significantly drive the luxury/super-premium market in the country.

## Exhibit 16

### Contribution to luxury/super-premium consumption by generation

Descriptive



Notes: Baby boomer (born between 1946 to 1964), Gen X (born between 1965 to 1980), Millennials (born between 1981 to 1996) and Gen Z (born between 1996 to 2012)

Source Redseer research

- **Move towards premiumisation**

Consumer landscape has witnessed a notable trend of purchasing premium products with greater frequency. Consumers place a greater emphasis on quality, durability, and the overall value proposition of their purchases. They are increasingly inclined to invest in premium products that offer superior craftsmanship, advanced features, and enhanced performance. By opting for premium offerings, consumers aim to derive long-term satisfaction and value, often outweighing the higher initial cost. As consumers seek to elevate their lifestyles and express their individuality, the demand for premium offerings will continue to grow, shaping the consumer landscape and presenting opportunities for businesses to cater to this evolving trend.

### Consumers are embracing luxury/super-premium brands, demonstrating growing acceptance in the market

With the growth of the organised retail market, Indian retail is moving towards premiumisation. The discretionary (excluding the essential categories like food, grocery, and pharma) portion of the retail market was sized at approximately USD 220 billion in 2017. The discretionary retail market saw a sharp decline in 2020 due to covid as spending decreased on non-essential goods. However, discretionary retail has already begun recovering and is projected to grow at a rate of 18%, reaching approximately USD 381 billion by 2025.

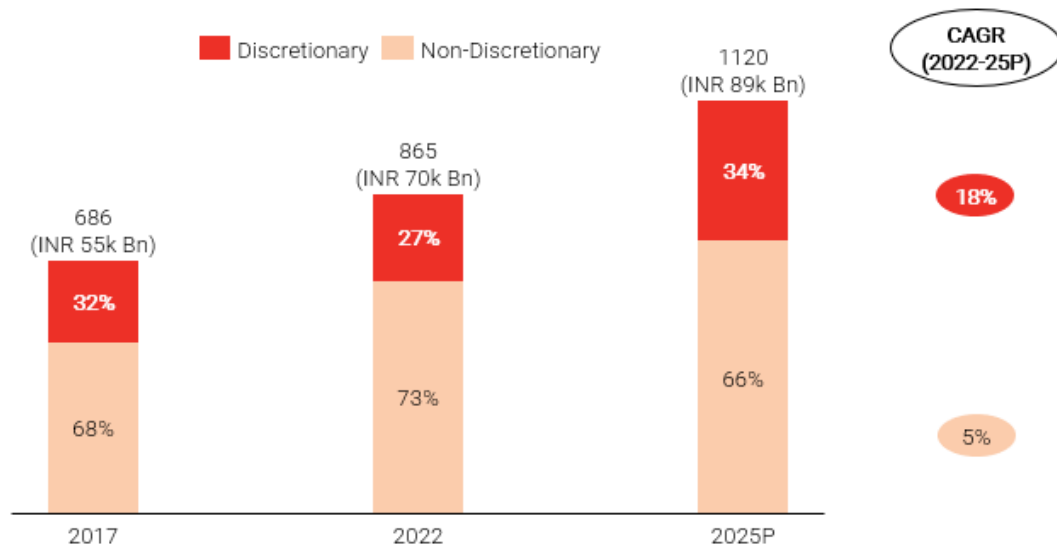


With the rise in discretionary spending, consumers will exhibit a shift towards luxury/super-premium goods. This shift will be driven by several factors, including the need for high-quality products, an affinity for well-established brands, and a desire for personalized and customized goods. As consumers seek enhanced product experiences and exclusivity, the demand for luxury/super-premium items is expected to further grow.

### Exhibit 17

#### Indian retail market split (Discretionary vs Non-discretionary split)

USD Bn, CY 2017, 2022 & 2025P



Notes: Non-discretionary spending includes food & non-alcoholic beverages, housing, water, electricity, gas & other fuels

Source: Redseer analysis

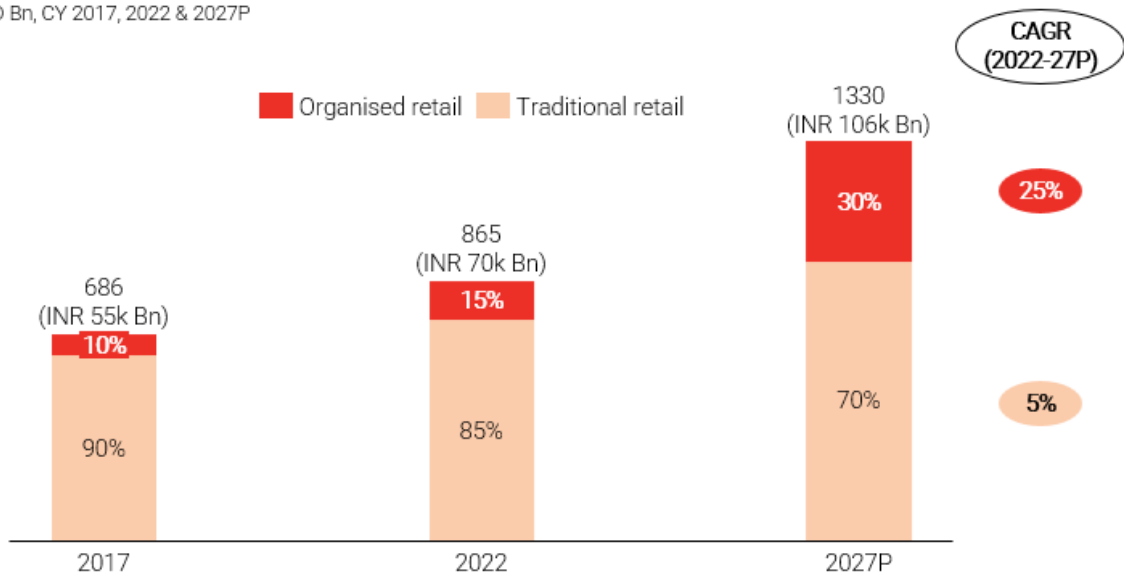
#### Luxury organised retail to grow at 37% within 2022-2027

The organised retail market is expected to grow at an expanding rate of 25% annually over the period of 2022-27. By 2027, it is projected to capture 30% of the retail market share, which is twice the market share it held in 2022. This shift is being driven by a rise in disposable incomes and consumers demanding a better shopping experience.

## Exhibit 18

### Split of Organized and Traditional Retail Market in India

USD Bn, CY 2017, 2022 & 2027P



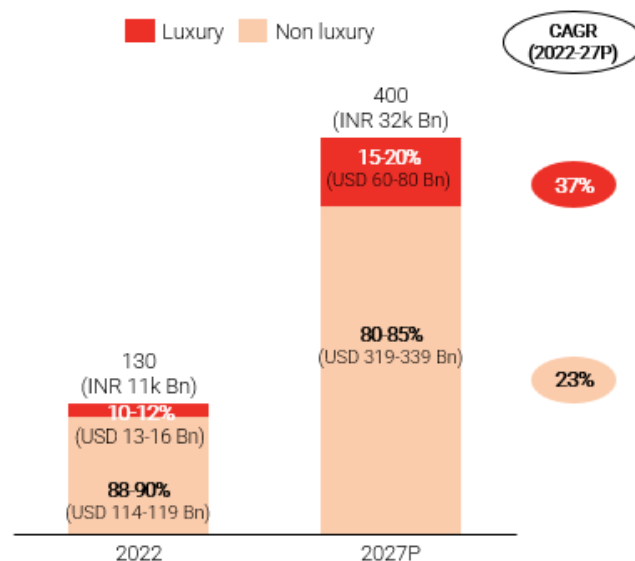
Notes: Organised retail includes sales happening through modern trade, organized brick & mortar, and online marketplace/platforms. Traditional Retail includes sales happening through general trade stores or unorganised kirana stores.  
Source Redseer analysis

The luxury market in 2022 represented approximately 10-12% of the organised retail market and is estimated to grow at a rate of 37% over the next 5 years. The emergence of a newly affluent consumer base, a growing desire to consume high-quality products along with increased availability of top-end choices within the country are driving significant growth in the luxury sector in India. Consequently, the luxury sector is also experiencing a surge in activity and investment.

## Exhibit 19

### Luxury and Non-luxury organised retail market in India

USD Bn, CY 2022 & 2027P








Note(s): Luxury encompasses various categories, including gourmet food (INR 4500+), fine wines and spirits (INR 10K+), luxury personal goods (Apparels – INR 30K+), high-end furniture and home décor (Sofas – INR 300K+), luxury automobiles (INR 1 Cr +) among others.

Source Redseer analysis

## Discovery of luxury/super-premium products

In recent years, consumers have experienced an increased ease in discovering luxury/super-premium products, resulting in higher levels of interaction with these offerings.

Exhibit 20

Aspects	Description	Examples
 <p>Enhanced brand experience</p>	<p><b>Storytelling and brand identity:</b> Communicating brand values through digital platforms</p>	<p>Luxury/super-premium brands showcasing craftsmanship and heritage. (e.g., Dior in collaboration with Chanakya School of Craft showcased its Fall 2023 collection at the gateway of India showcasing India's craftsmanship and embroidery.)</p>
	<p><b>Exclusive content and events:</b> Providing unique experiences and content</p>	<p>Virtual luxury/super-premium product launches and exclusive online events (e.g., Time Vallee launched its first digital boutique in India in partnership with Tata Cliq Luxury)</p>
 <p>Personalization and tailored experiences</p>	<p><b>Subscription services:</b> Personalised luxury/super-premium product curation</p>	<p>Luxury/super-premium subscription boxes tailored to consumer preferences</p>
	<p><b>Customisation options:</b> Personalising luxury/super-premium products to match consumer preferences</p>	<p>Luxury/super-premium handbags with customisable colours and details (e.g., Louis Vuitton, Gucci)</p>
 <p>Global reach and accessibility</p>	<p><b>Global shipping and delivery:</b> Worldwide accessibility of luxury/super-premium products</p>	<p>Luxury/super-premium brands offering international shipping and delivery. (e.g., Manish Malhotra, Rohit Bal)</p>
	<p><b>Localization efforts:</b> Adapting luxury/super-premium brands to different markets</p>	<p>Luxury/super-premium brands creating localised marketing campaigns</p>
 <p>Access to Information</p>	<p><b>Product reviews and ratings:</b> Consumer insights aid decision-making</p>	<p>Accessing luxury/super-premium product's reviews and ratings online</p>
	<p><b>Curated platforms:</b> Centralised platforms feature luxury/super-premium products from multiple brands</p>	<p>Luxury/super-premium fashion curation websites (e.g., Darveys, Luxepolis)</p>
 <p>Technological advancements</p>	<p><b>Online shopping:</b> E-commerce platforms revolutionize shopping by providing convenience and wider selection</p>	<p>Luxury/super-premium fashion brands' own e-commerce platforms (e.g., Sabyasachi, Manish Malhotra)</p>
	<p><b>Social media and influencer marketing:</b> Influencers promote luxury/super-premium products, increasing accessibility</p>	<p>Instagram collaborations between luxury/super-premium brands and influencers (e.g., Masoom Minawala, luxury fashion and lifestyle blogger and has clients like Louis Vuitton, Dior, Bvlgari, etc.)</p>

	<b>Virtual reality and augmented reality:</b> Immersive technologies enhance discovery of luxury/super-premium products	Virtual try-on experiences for luxury/super-premium eyewear (e.g., Oakley glasses)
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Source: Redseer analysis

As a result of these factors, luxury/super-premium retail is also bound to experience significant growth. As India creates a favourable environment for luxury/super-premium products, Indian consumers are also re-aligning their shopping choices. Furthermore, improved infrastructure and effective distribution channels have enabled organised retail to promote a luxurious shopping experience among the population, increasing awareness and expanding the scope of luxury/super-premium products in the Indian diaspora.

The luxury market's growth in India has pushed brands to increase their efforts and time in building their legacy and expanding their market across the country. A few examples of such investments are:

- Recently Aditya Birla Fashion Retail (ABFRL) partnered with Galeries Lafayette to open French luxury high-end retail stores in India and bring more than 200 luxury and designer brands at a single place. The Aditya Birla Group (ABG) also plans to foray into branded jewellery retail by investing INR 5 thousand crore owing to the surging demand of high quality, design led and bespoke jewellery in India.
- Luxury watch retailer Ethos has revised its growth plans to enhance expansion by opening 40 new stores in the next 24 months, representing a significant increase from their initial plan of opening only 13 stores within the same timeframe.
- Reliance Brands Ltd. Also signed a deal to bring the luxury brand Balenciaga to India. They plan to open their first mono-brand store. They are already partnership with 15+ luxury brands like Versace, Burberry, Hugo Boss, Tiffany & Co. etc. to retail their products in India.

Several other factors that are driving the growth of luxury/super-premium brands in India as follows:

- **Collaboration with top celebrities**  
More & more luxury/super-premium brands are also forging relationships with celebrities to enhance brand appeal and drive consumer engagement. With these collaborations luxury/super-premium brands can tap into its aspirational appeal and create a sense of exclusivity among consumers. For e.g., Dior collaborated with Bollywood actress Sonam Kapoor to promote their exclusive collections.
- **Focus on Innovation**  
Luxury/super-premium brands actively invest a significant amount in research and development to expand the customer experience and enhance how they offer products and services. They prioritize the development of innovative products and technologies that cater to the evolving demands and preferences of Indian luxury/super-premium consumers. For instance, Chanel recently inaugurated a new store featuring a dedicated space for personal shopping.
- **Seamless tech-integration**  
Luxury/super-premium brands have substantial funds to invest in modern technology and thereby enhance customer experience. A tech-enabled brand offers full-suite services to its customers, a seamless payment mechanism, and an enhanced product customisation option, adding significant value to its customers. This has helped brand reach to a wider audience and provide a more personalised shopping experience and

enhance the overall customer journey. For example, Louis Vuitton has created an augmented reality app that allows customers to try on its products. Similarly, Indian furniture company Mobel Grace utilizes new-age software like AutoCAD and IMOS to create detailed 3D drawings that capture even the minutest last-minute details with accuracy. As a result, it enables faultless manufacturing, ensuring a seamless and satisfying purchase experience for customers.

## The tier 2+ market is also exhibiting noteworthy capacity to consume and is still largely untapped

Luxury/super-premium brands are experiencing a significant shift in consumption patterns within the Indian tier II+ market as well. High-Net-Worth Individuals (HNIs) and Ultra High Net Worth Individuals (UHNIs), previously concentrated in metros, are now emerging in tier I and tier II cities nationwide, resulting in a substantial increase in luxury/super-premium expenditures. Luxury/super-premium brands recognise India as a vast market and are witnessing promising outcomes. Despite being in its nascent stage, the market holds immense potential for these brands.

Lamborghini India, the Italian car manufacturer, is actively focusing on customers from smaller Indian cities to boost its sales in the country. The company has initiated multiple programs and actively engaged with customers in over 100 cities nationwide. Among the 50 cities where Lamborghini cars are present, 25% of them are from tier II and tier III cities. Audi India has also experienced a similar trend of sales growth, with a significant emphasis on pre-owned luxury/super-premium cars in tier I and tier II cities.

Few more examples of luxury/super-premium brands in tier 2+ cities can further highlight scope of its growth:

### Exhibit 21.1

Luxury/super-premium consumer brands: No. of showrooms across city tiers

Brand	Metro	Tier 1	Tier 2+
BMW	24	21	4
Mercedes-Benz	18	27	9
Ethos	40	9	1

Source Redseer analysis, Redseer research as on 05 July 2023 for showrooms which only sells new cars.

### Exhibit 21.2

Manyavar sales (in %) across city tiers

Brand	Metro/Tier 1	Tier 2	Tier 3
Manyavar	44%	42%	12%

Source Redseer research as of July 2023

According to experts, luxury/super-premium spending in tier 2 cities in India has grown 30 times more compared to tier 1 cities. The luxury/super-premium market has expanded beyond the major metros such as Delhi, Mumbai, and Bangalore. Automobiles, fashion apparels, and

jewellery are the prominent categories witnessing significant luxury/super-premium spending in tier II and tier III cities.

## Luxury/super-premium consumption has experienced a significant increase across various categories

Indian consumers are continuously being exposed to global trends and lifestyles. This exposure has heightened the awareness among Indian consumers regarding luxury/super-premium lifestyles and products. The increase in sales of luxury/super-premium goods such as fashion, watches, and cars further substantiate this trend. These luxury/super-premium goods act as precursors to true luxury spending and indicate the growing interest and demand among Indian consumers for luxury/super-premium products.

### 1)Luxury/super-premium car market

India witnessed an upsurge in the growth of luxury car sales in CY 2022 when compared to CY 2021. Approximately 35 thousand units of premium cars (cars costing above INR 40 lakhs ex-showroom) were sold in 2022. The sale of true luxury cars (cars costing INR 2 crore and above) also experienced a 50% increase over four years. In 2022 approximately 450 units were sold, compared to 300 units in 2021 and 325 units in 2018.

Despite the rise in inflation and recessionary concerns, luxury cars have observed an increase in the units sold in the first quarter of 2023, indicating extensive demand in the market. According to industry experts, approximately 9500 luxury cars were sold in the first quarter, representing a 10% increase compared to the same quarter of the previous year.

### 2) Luxury/super-premium watch market

Demand for luxury/super-premium watches also soared in India in 2022. As per Federation of Swiss Watch Industry, Watch distributors in India imported luxury watches worth USD 200 million rising from USD 105 million in 2020. Kapoor Watch Co., the Indian retailer of Audemars Piguet, Rolex, Bvlgari, Cartier, Omega, and Tag Heuer brands, among others also saw 50% jump in revenue from pre covid days in 2022. The company reported revenue of INR 340 Cr in FY22 compared to INR 246 Cr in FY20.

### 3) Luxury/super-premium fashion market

India's fashion retail sector witnessed healthy sales growth in FY23 driven by an increase in discretionary spending and the normalisation of the pre-covid in-store shopping experience.

Out of the overall growth in the fashion market, the luxury/super-premium fashion segment has seen the most rapid growth, with the entry of newer brands in the Indian market, partnerships and collaborations happening across the value chain and the brands expanding continuously in both online and offline mediums.

## Exhibit 23

### Luxury Brand: Operating revenue USD Mn (In INR Cr)

Brand	FY 2021	FY 2022
Louis Vuitton	39.8 (318)	67.5 (540)
Burberry	13.5 (108)	16.5 (132)
Omega watches	50.6 (405)	84.1 (673)
BMW	358.1 (2865)	545.8 (4366)
Canali	3.4 (27.5)	4.8 (38.2)


Source MCA

#### 4) Air travel

Post pandemic, the airline industry in India experienced a significant rise owing to reasons like changing demographics, transition towards high income category. The number of passengers travelling outside India, witnessed a rebound, almost returning to pre-covid level, reaching 57 million in FY 23. With airports proliferating across India at a high rate, airline industry has become more convenient and easier to access. The count of airports in India also rose from 74 in 2014 to 148 in 2023.

#### Exhibit 24.1


##### No. of international travellers in India

No. of passengers (In Mn)	FY 17	FY 19	FY 21	FY 22	FY 23
 International travel	60	70	10	22	57

Source Airport Authority of India

Recently, Air India, the Tata Group-owned airline placed an order of 470 aircraft with plane makers Airbus and Boeing. Similarly, Indigo too placed an order of 500 airbus A320 aircrafts as it expects to see 100 million customers on board. Additionally, Vistara, a premium airline, actively added 12 aircraft to its fleet to cater to the growing demand of passengers over the period of time.

#### Exhibit 24.2

Vistara	FY 20	FY 22	FY 23
 No. of aircrafts	38	50	61

Source: Redseer research

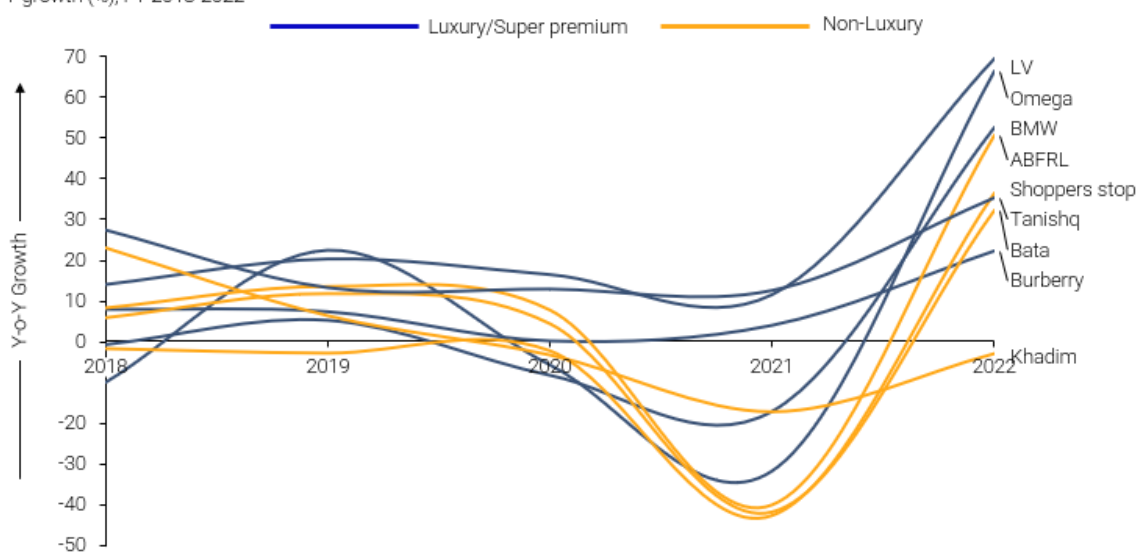
#### Luxury consumption demonstrates prominent resilience in fast-growing economies like India

Luxury/super-premium brands showed great signs of recovery following the impact of covid-19. While the pandemic disrupted the retail industry and consumer spending patterns, the luxury/super-premium sector has demonstrated resilience and adaptability. Non-luxury/super-premium brands experienced a more pronounced decline during the COVID-19 pandemic, and their recovery has been comparatively sluggish when contrasted with luxury/super-premium brands.

## Exhibit 25

### Luxury vs Non-luxury brands (non-exhaustive) revenue – India

Y-O-Y growth (%), FY 2018-2022



Source: Redseer analysis

### The process of building a luxury/super-premium retail brand differs from a mass brand

Luxury/super-premium brand focuses on meticulously curated offerings with a greater scope of customisation in a limited range of products in visually aesthetic stores and high-quality ambiance whereas non-luxury/super-premium brands prioritise encompassing a larger variety of products to cater to a broader range of customers.

## Exhibit 26.1

Stores are- Luxury/super-premium, premium, masstige and mass brand

Categories	Fashion brands	Avg. store area (In sq. ft)	SKU's	Area for 1 SKU (In sq. ft)
Luxury/super-premium	Sabyasachi	15,000-18,000	100-150	120
Premium	H&M	15,000-17,000	250-300	62
Masstige	Zudio	8,000-10,000	2100	3.8
Mass	V-Mart	8,000-12,000	6300	1.3

Source: Redseer analysis








Luxury/super-premium brands actively prioritize exceptional customer experience and service by providing personalized shopping experiences in every customer transaction. They place a strong emphasis on craftsmanship to ensure the delivery of superior products. These brands actively establish experiential stores that engage customers' senses and provide a tactile experience.

Regarding after-sales service, luxury/super-premium brands majorly focus on offering personal assistance to customers, including extended warranties. They also provide access to loyalty programs and exclusive events to keep customers updated on upcoming trends and products.



## Exhibit 26.2

### Retail format- Luxury/super-premium vs non-luxury brands

Category	Luxury/super-premium brands	Non-luxury brands
 <b>Product assortment</b>	Curated & limited selection	Large variety of products
 <b>Display</b>	Visually appealing & high-quality presentation	Functional & cost effective
 <b>Retail store layout</b>	Physical stores with aesthetic appeal & elegant store layout	Prioritising efficiency to keep more products in limited space
 <b>Shopping experience</b>	Personalisation & sense of exclusivity	Casual & relaxed
 <b>Customer service</b>	Attentive & dedicated focus on customer	Helps in navigation across store and Q&A
 <b>After-sales service</b>	Personalised assistance, extended warranties, access to loyalty programs or exclusive events	Standard warranties & return policies
 <b>Marketing</b>	High end magazine & exclusive events	Digital platform & mass media

Source: Redseer analysis

## Chapter 2: Indian real estate market: A tailwind opportunity

### Luxury/premium real estate has rebounded and is demonstrating robust growth

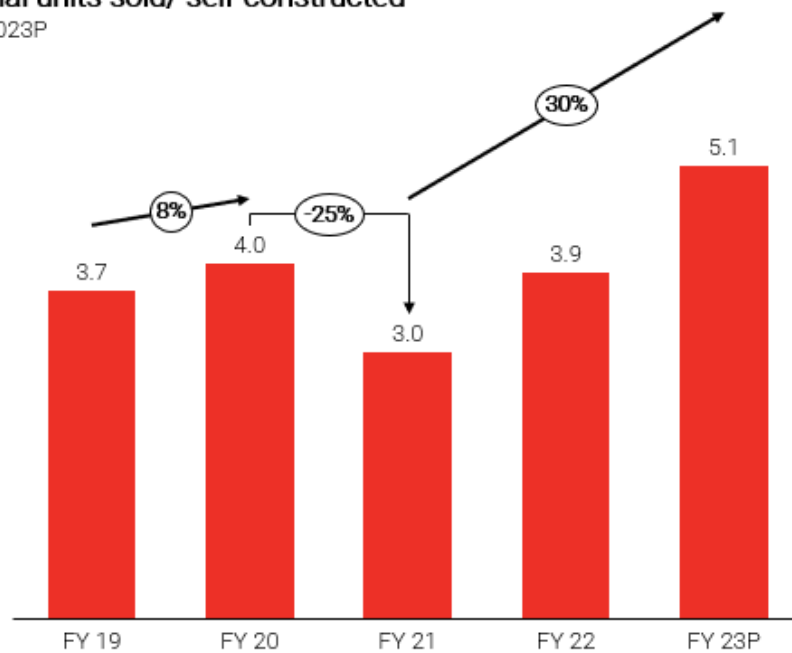
The real estate market in India is one of the fastest-growing segments. While China and the US experienced a significant dip due to high mortgage prices and unaffordability caused by Covid-19, India recovered from the fall in a very short span, much before the global economy. The rise in affordability has significantly impacted the residential real estate market, with Indian cities experiencing a continuous increase in the affordability ratio, which measures the income-to-cost ratio for purchasing residential properties. The pent-up demand among potential homebuyers also acted as a catalyst in the recovery of the Indian real estate market.

India is expected to witness an increase in the number of residential units sold/self-constructed, growing at a rate of 30% during the period FY 2021-23. As per Redseer estimates, India saw 5.1 million units sold or self-constructed in FY23. This growth represents a compound annual growth rate (CAGR) of around 30% following the post-COVID-19 period.

Exhibit 27

Volume of residential units sold/ self-constructed

In Mn; FY 2019-2021 & 2023P



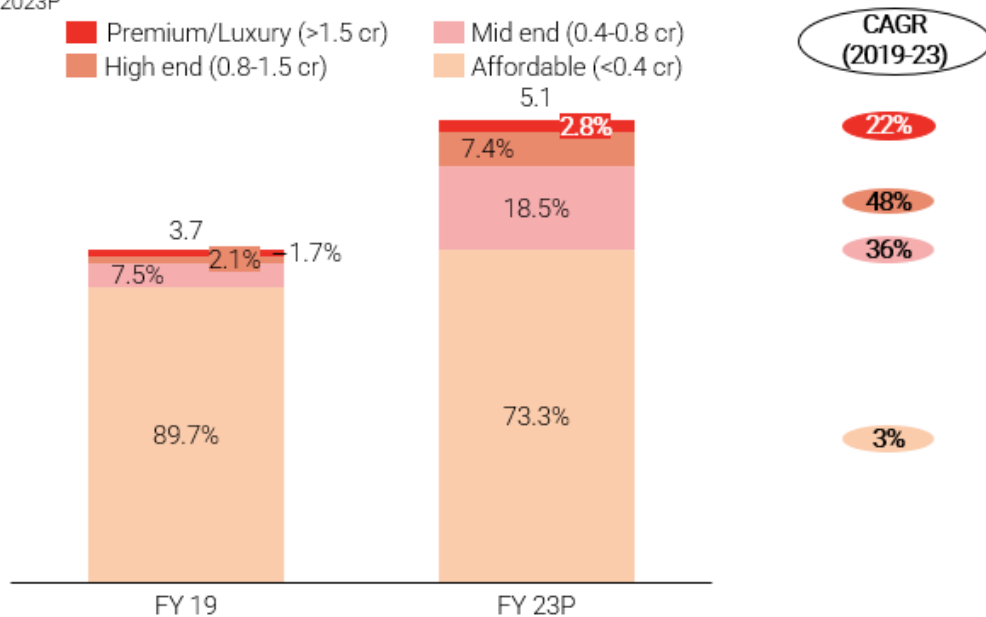
Notes: Volume of residential units includes flats/ residential units/ self-construction across rural and urban India  
 Source: Redseer estimates

India has witnessed significant growth in residential properties, especially mid end, high end, and luxury/premium properties, which clearly indicates a higher demand for holistic living among buyers. Share of luxury/premium properties has increased from 1.7% of the total housing sales/construction to 2.8% from FY 19 to FY 23 with a growth rate of 22%.

Exhibit 28

Volume of residential units sold/ self-constructed – Ticket size

In Mn; FY 2019 & 2023P



Source: Redseer estimates

## Government of India (GOI) initiatives have boosted Indian real estate market

India has implemented various reforms to address various challenges in the real estate market and promote transparency in the industry and help grow the market further. These changes aim to make positive changes and instil confidence among stakeholders.

- **Real Estate Regulatory Authority (RERA) Act 2016**

By regulating the real estate sector, RERA brought transparency into the system and protected home buyers, building confidence and trust in the minds of various stakeholders, including NRIs, FIIs, first-time buyers, and frequent buyers, which in turn led to increased investments in the real estate segment.

It mandates the registration of all real estate projects and ensure transparency in project timelines, pricing and quality standards thereby increasing consumer confidence. It also mandates the developers to stop the practise of diversion of funds received from the homebuyers and restricts its usage to construction activities only. And under RERA, both developers and homebuyers are of equal importance and treat both equally as far as interests and penalties are concerned.

- **Insolvency & Bankruptcy Code (IBC)**

The insolvency & Bankruptcy Code has brought significant changes in the real estate sector. It facilitates a streamlined and time bound resolution process for stressed real estate projects. It enables completion of unfinished projects and safeguards the interests of homebuyers and investors. Currently developers are required to provide regular updates regarding the progress on the project.

- **Benami Transaction Prohibition Act**

The Benami Transaction Prohibition act aims to curb anonymous transaction in the real estate. It has strengthened the legal framework to prevent holding of property under fictitious names.

- **Goods and Services Tax (GST)**

The implementation of GST has brought enormous relief to the real estate sector by introducing a single tax in place of multiple taxes such as service tax, VAT, and many more. Such a move has boosted the growth of the real estate industry by lowering the cost of residential and commercial properties. The tax system allows the developers to claim the input tax credit on items like cement, labour, bricks, etc. used in the construction of the property.

- **Pradhan Mantri Awas Yojana (PMAY)**

The Pradhan Mantri Awas Yojana (PMAY) is a government-led initiative actively providing affordable housing to the masses. The scheme has significantly bolstered the real estate sector, leading to a substantial increase in the demand for housing and generating employment opportunities in the construction industry. PMAY has effectively made homeownership more affordable, resulting in heightened housing demand and increased home sales.

Moreover, PMAY has played a crucial role in job creation within allied sectors, contributing to a boost in the economy and positively impacting the job market. The initiative has also fostered overall infrastructure development in the country, including the construction of new roads, schools, and hospitals, thereby enhancing the attractiveness of these areas for residential living. Additionally, PMAY has simplified access to home financing, offering subsidies and interest rate reductions to eligible borrowers, ultimately making homeownership more financially feasible.

- **Land ownership digitisation initiative**

The land ownership digitisation initiative in India is a flagship programme of the Digital India Land Records Modernisation Programme (DILRMP). The DILRMP was launched in 2016 with the aim of digitizing land records across the country. The programme has

three main components: digitization of land records, computerization of land records, and integration of land records. The land ownership digitisation initiative has a number of benefits, including improved transparency and accountability, reduced transaction costs, increased access to credit, and improved land management. The programme has been implemented in all states and union territories of India and is expected to be completed by March 2026. Despite some challenges, such as lack of funding and technical expertise, the land ownership digitisation initiative is making progress. The programme has been implemented in all states and union territories, and the digitization of land records is ongoing. The benefits of the programme are already being realized, and the programme is expected to bring about significant further benefits in the future.

- **FDI reforms**

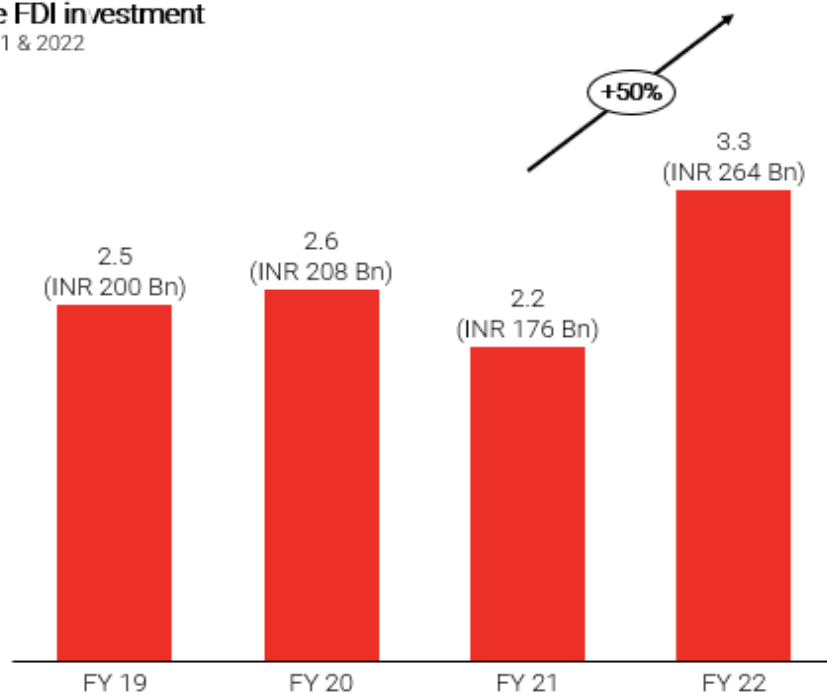
The government has also relaxed FDI norms in the real estate sector to attract foreign investments. This has allowed increased FDI inflows into the country and relaxed exit norms. A surge in Foreign Direct Investments (FDI) was seen in 2022 due to the depreciation of the Indian rupee (approximately 12% fall in the year 2022). This increased savings of the NRIs thereby propelling them to invest in mid-income to high-end real estate properties. However, one should not undermine the contribution of the parallel income received from renting properties as a factor that contributes to the growth in the investments.

RBI estimates that FDI grew at a rate of more than 50% during FY22, reaching USD 3.3 billion. Among the total investments of USD 10.6 billion during FY 2019-22, the office sector, followed by the industrial & logistics, and residential sectors, claims the largest share in terms of overall investments.

**Exhibit 29**

**Indian real estate FDI investment**

USD Bn, FY 2019-2021 & 2022



Source: RBI

## Growth of the luxury/premium real estate market

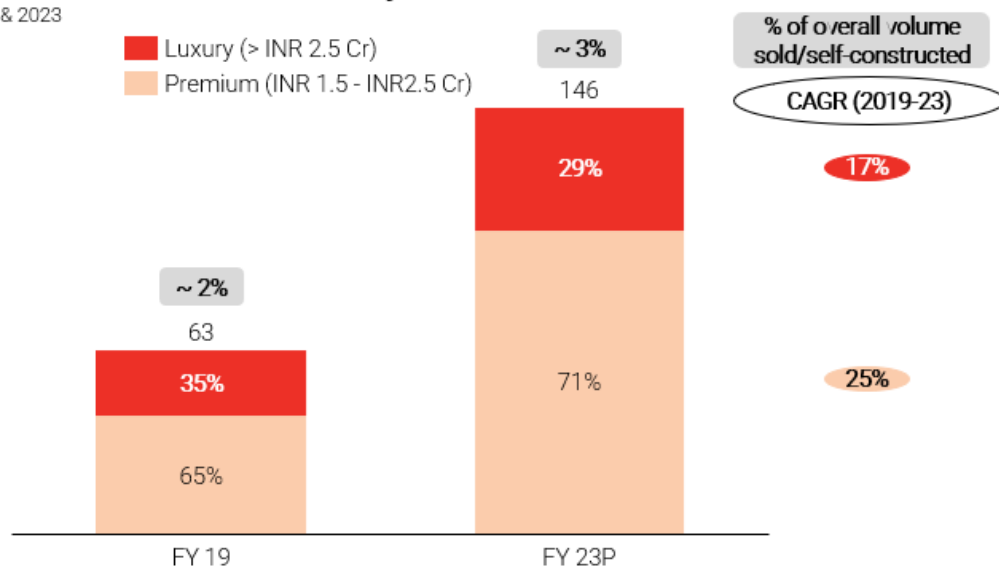
Despite high house loan rates, there is a surge in home sales. Furthermore, the Indian economy is witnessing a rise in disposable income and an increasing number of HNIs and UHNIs, thereby paving way to housing upcycle. As a result, there is an observable trend towards luxury/premium housing properties.

Since 2019, significant growth is witnessed in luxury/premium properties compared to affordable properties which grew at a CAGR of 3% from FY19 to FY23, clearly indicating a higher demand for holistic living among buyers. Luxury/premium housing units witnessed a growth rate of 17% and 25% respectively between FY19 and FY23. Luxury/premium housing units' contribution to total number of units sold or self-constructed also increased from ~2% in FY19 to ~3% in FY23.

### Exhibit 30

#### Volume of units sold/ self-constructed - Luxury & Premium

In 000; FY 2019 & 2023



*Notes: Volume of residential units includes flats/ residential units/ self-construction across rural and urban India. A large share of luxury real estates in non-metro cities happens via cash transactions and is unreported.  
Source: Redseer estimates*

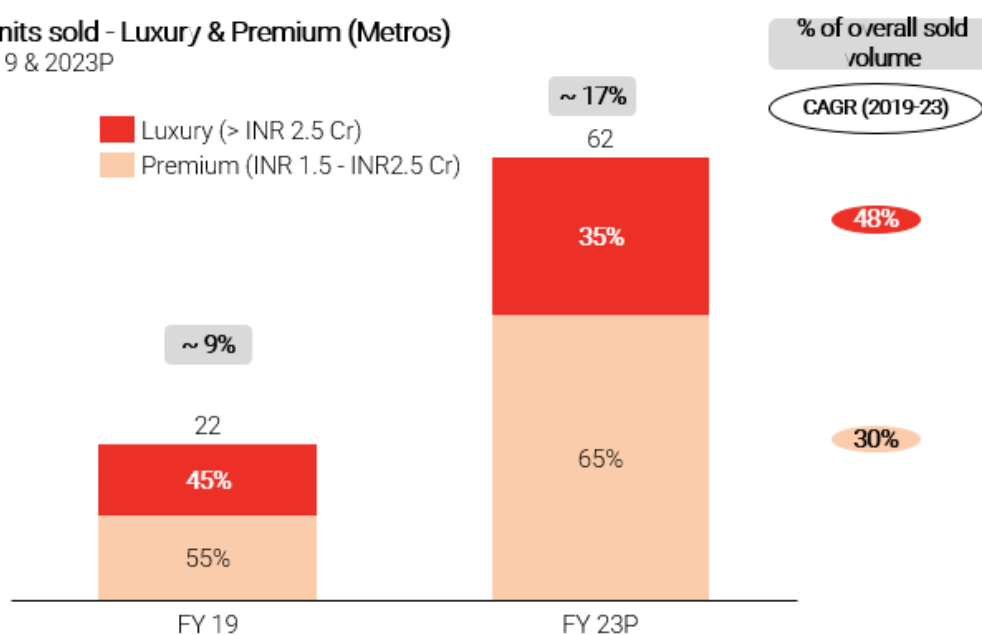
Pent-up demand has compelled suppliers to increase the supply of ready-to-live luxury/premium housing units that surround different amenities and feature beautiful designs. Moreover, these suppliers have started opting for land parcels which were either a part of their land banks or being acquired for residential developments. As a result, HNIs, UHNIs, and NRIs have shown bullish attitude toward investing in the luxury/premium real estate market. Additionally, builders/developers further drive the growth of the luxury/premium real estate market through exceptional service and discounts offered, acting as an impetus.

Metro cities are witnessing a tremendous increase in the number of luxury/premium residential units, despite good growth being observed in tier 1 and tier 2+ cities due to factors such as better connectivity, and improved infrastructure. The changing mindsets of consumers towards home aesthetics, where they now demand larger spaces with technologically advanced facilities, are driving the rise in luxury/premium residential units in the metro cities. Between FY 2019 and FY 2023, luxury/premium unit sales within metro cities experienced a growth rate of 48% and 30%, respectively.

## Exhibit 31

### Volume of units sold - Luxury & Premium (Metros)

In '000; FY 2019 & 2023P



Source: Redseer analysis, Anarock

In FY23, luxury/premium real estate experienced a growth of up to ~10x in the seven metro cities. Among these cities, Mumbai witnessed the highest sales of luxury/premium real estate, with approximately 31 thousand units sold. NCR (National Capital Region) and Bengaluru followed with sales of 9 thousand and 6.5 thousand units, respectively. Mumbai and NCR are the top 2 metro cities which have the highest number of inventories.

## Exhibit 32

### Luxury & premium real estate pipeline and inventory- Metros

Volume in '000, FY 19 & 23

Cities	FY 19		FY 23		FY 19	FY 23
	Sales	Inventory	Sales	Inventory	# Sales + Inventory	# Sales + Inventory
Mumbai	12.9	52.0	31.1	53.9	64.9	85
NCR	2.3	20.0	9.0	22.2	22.3	31.2
Bengaluru	3.7	15.2	6.5	14.3	18.9	20.8
Hyderabad	2.0	0.9	7.2	7.8	2.9	15
Pune	0.5	2.9	4.8	3.4	3.4	8.2
Kolkata	0.5	2.5	1.6	1.5	3	3.1
Chennai	0.3	2.4	1.8	2.7	2.7	4.5

Notes: Metro cities include Mumbai, NCR, Bengaluru, Hyderabad, Pune, Kolkata, and Chennai

Source: Redseer analysis, Anarock

Developers recognize India as a highly promising luxury/premium real estate market and have been actively engaged in developing upscale properties to cater to the growing demand. One notable example is the collaboration between Lodha Group, one of India's leading real estate developers, and Trump Organization, the renowned global luxury/premium real estate brand.

## Exhibit 33

### Real estate developers – Value and unit sold snapshots

Builder	City	Context	Value (in Cr.)	Units	Article snapshot
Emaar	Gurgaon	Project Digi homes with apartments above 1.5 Cr	1.7-4.05	526	<b>Emaar introducing Digi Homes, A Luxury Living Homes in Sector 62 Gurgaon</b> <small>Last Updated – February 28th, 2023</small>
Oasis Realty (Oberoi)	Mumbai	Apartments worth more than 50 Cr	50-75	284	<b>India's biggest apartment deal? 23 luxury homes in Mumbai sold for Rs 1,200 crore</b> <small>Neuzer @harucha / TNN / Updated: Feb 5, 2023, 11:01 IST</small>
DLF	Gurgaon	1137 apartments sold (received 3000 applications) at \$869000 (INR 7 Cr)	6.9+	1137	<b>DLF sells 1,137 flats for over Rs 8,000 crore within three days in Gurugram</b> <small>ET Online - Last updated Mar 16, 2023, 10:42 PM IST</small>
Sugee Developers	Mumbai	Residences worth more than \$1.7 Mn (INR 13.6 Cr)	11.5-22.3	135	In Mumbai, Sugee Developers last week published front-page advertisements offering sea-view residences starting at US\$1.7 million in a development that will have an amphitheatre, landscape gardens and a sky deck lobby.
Godrej	Delhi	Project in Connaught place, 17 out of 46 sold (Apartments worth \$2-3.3 Mn (INR 16 to INR 26.4 Cr)	16-30	46	Godrej's "Connaught One" project near central Delhi's premier shopping district is offering apartments for US\$2-US\$3.3 million, on par with a good class bungalow in parts of the city.
Lodha Group	Mumbai	Sold apartments worth more than 50 Cr	Not available	36	<b>"Lodha Malabar: The New King of Mumbai real estate"</b> <small>April 01, 2023, 03:48 PM</small>
Lodha Group	Pune	Developing a luxury residential project in Pune with potential of 2.5-3 lakh sq. ft.	1.1+	550	<b>Lodha Group unveils high-end luxury project in Pune</b>

Notes: Metro cities include Mumbai, NCR, Bengaluru, Hyderabad, Pune, Kolkata, and Chennai  
Source: Redseer analysis

## Exhibit 34

### Real estate developers – Revenue USD Mn (INR Cr)

Developers	FY 19	FY 21	FY 22	FY 23
Lodha Group	1497.4 (11978.9)	721.5 (5771.6)	1197.4 (9579.2)	1201.4 (9611.2)
Prestige Group	660.5 (5284.1)	937.7 (7501.8)	825 (6600.2)	1096.5 (8772.0)
DLF	1128.7 (9029.4)	743.1 (5944.9)	767.2 (6137.8)	751.5 (6012.1)
Sobha Group	439.4 (3515.5)	273.8 (2190.4)	352.7 (2821.6)	425.5 (3402.4)
Embassy Group	-	309.9 (2478.8)	386.2 (3089.5)	445.5 (3563.7)
Oberoi Realty	332.7 (2661.2)	261.3 (2090.6)	344.1 (2752.4)	536.7 (4293.2)

Notes: Lodha group did a pre-sales revenue of INR 9024 Cr in FY 22 & INR 5968 Cr in FY 21.  
Source: MCA

The growing demand for the luxury/premium real estate market is evidenced by the high revenues earned by luxury/premium real estate developers. Builders/Developers have already achieved revenue levels equivalent to pre covid. Lodha group for example did a presales revenue of INR 9611.2 Cr in FY23 compared to INR 5771.6 Cr in FY21.

### Drivers of the luxury/premium real estate market

The luxury/premium real estate market has grown exponentially during the last couple of years and various reasons attribute to this uptrend.

- **Nesting instincts**

The cultural influence of Indians, preferring to have homes (nesting instinct) at an early stage in life, contributes to the boost in the volume of real estate units sold/self-constructed. The phrase "Roti, kapada, and makan" (Bread, clothing, and shelter) significantly shapes the Indian mindset, paving the way for the desire to own a home as

it provides a sense of belonging and permanence. The young population (26-35 years of age) actively drive the growth of the luxury/premium real estate markets as they view buying property as a long-term investment. Their lifestyles differ from older generations, making them more receptive to lifestyle-centric options and inclined to invest in a home and start families.

- **Investment opportunity**

UHNIs and HNIs see luxury/premium real estate as a good investment opportunity. They have been the driving force behind the upswing and are using the beneficial environment to buy assets for home upgrades. Its value also appreciates over time and offers a good rental opportunity to its investors.

- **Second homes to HNIs, UHNIs, and NRIs**

NRIs are increasingly allocating their resources to acquire luxury/premium properties in India as their second homes. The housing segment saw a 33% increase in NRI investment in 2021 compared to 2020 given rupee has declined significantly against the US dollar.

HNIs and UHNIs also seek to invest in properties that are away from the hustle and bustle of the city. The second home not only acts as a place to reside but also offers an opportunity to earn significant returns over some time. Considering the boom in the Indian real estate market, the homes also offer a high resale value, making it an attractive investment option.

- **Improved lifestyle**

The demand for luxury/premium homes has witnessed a surge due to consumers' growing preference for enhanced safety and security. Luxury/premium homes provide the safety and security of gated communities along with the availability of numerous amenities that promise an improved lifestyle. Consumers prefer living space with greener surroundings and want to enjoy blend of urban conveniences and natural living.

**Luxury/premium real estate consumers are showing a growing interest in diverse trends:**

- **Surge towards branded/A-graded luxury/premium housing**

A growing trend is witnessed towards branded/A-graded developers who cater to the interest of the consumers by providing multiple facilities, timely delivery and are considered safe. As a result, homebuyers tend to opt for branded/A-graded luxury/premium developers due to their execution and timely delivery track record.

Technological advancement has too paved the way for ultra luxury/premium residences. Branded/A-graded luxury/premium residences include the finest accoutrements, luxe bathroom fittings, Italian flooring and centrally air-conditioned towers with electronic access control, dedicated concierge services.

- **IoT-enabled home automation**

A shift is seen towards homes that are fully equipped with technology. IoT-based homes allow homeowners to remotely control and monitor their homes, enhancing both security and convenience.

Luxury/premium home developers now integrate innovative technology such as smart mirrors, sensors, temperature-based gardens, voice-activated curtain controls, automated lighting, etc. Such inclusion of IoT boosts the overall luxury/premium experience and has become a recent trend in the sale of luxury/premium households.

- **Younger population driving demand for luxury/premium housing**

A large share of the elevated demand for luxury/premium households in the Indian real estate market is from the younger population (26-35 years age group). The younger and more skilled population has a higher level of income and exposure to global living standards which tends to opt for lavish home designs with the most up-to-date features and access to amenities.



There has been a lot of investment in acquiring dream homes and the trend is expected to continue, which will further grow and expand the market.

- **Hybrid work culture with dedicated workspaces**

The COVID-19 pandemic has prompted people to desire a flexible lifestyle, driving them to actively seek spacious homes with dedicated workspaces to effectively manage their work and personal lives. The work-from-home culture has created a need for larger and more spacious homes, resulting in an increase in spending on lifestyle products. New home buyers are actively searching for luxurious homes with multiple features to enhance their comfort and productivity while working from home. Furthermore, the overall population now perceives housing as an investment rather than merely a necessity.

- **Increasing traction towards gated communities**

The Indian real estate market is experiencing a rising trend towards gated communities. According to Redseer estimates, in CY 2021, 16 million households resided in gated communities, and this number is projected to reach 24 million households by CY 2026. By CY 2026, approximately 43% of the overall households in the top 50 cities will choose to reside in gated communities. The growth of gated communities in India is driven by factors such as the need for safety and security, access to amenities like 24-hour electricity and water availability, premium facilities such as swimming pools and gyms, and a sense of community. The luxury/premium segments currently account for 14-15% of the overall gated communities, and this is expected to increase to 16-17% by CY 2026, as affluent households prefer gated communities and developers cater to their specific needs.

- **Increase in non-furnished luxury residential sales**

There has been a shift in the overall trend for homeowners preferring to buy bare shell units of luxury residential units as the luxury homeowners have their own mindset and views towards interiors and would want to reflect their sensibilities towards the designs and furnishings. This trend has resulted in a boom in furniture and furnishing market wherein bespoke and customised furniture and interiors are preferred.

- **Rising luxury/premium retired housings**

A surge is witnessed towards luxury/premium retired housing due to the various amenities such as assisted living, nursing care, restaurants, community building, etc. These drive the retirees to prefer spaces which facilitates independent living and value their lifestyle even after their retirement. The developers are also trying to cater to this demand by providing the best-facilities that is suitable for this segment.

- **Home loan disbursement**

The growth of residential loan disbursement over the years has also fuelled consumer preferences for luxury/premium residential units. The availability of home loans with easy EMI options, combined with the cultural instinct to own a house, has facilitated an increase in unit sales. Furthermore, the tax benefits received on housing loans, including deductions on both principal amounts and interest payments, have further incentivized Indians to invest in residential properties.

### **The furnishing market likely to be direct beneficiary of the surge in demand for real estates.**

The growth in real estate market is closely tied to the growth of home furnishing market. As real estate grows so does the demand for home furnishing. It is to note that, on an average, ~20-25% of the total cost of acquiring a household is spent on home furnishing which is a substantial amount considering the growth in the residential real estate sales and how the consumers are shifting towards buying multiple residential units. Other allied factors boosting the growth are:

- **Furnishing needs:** The growth of the real estate market leads to an increased demand for housing units, which in turn, creates a need for furniture. Homeowners and renters need furniture to make their living spaces functional and aesthetically pleasing. This drives growth in the furniture market.
- **Home staging:** As real estate grows so too does the demand for interior design and home staging services. This is because homeowners and real estate developers are looking for ways to make their properties more attractive to potential buyers. Interior designers and home stagers do this by selecting and arranging furniture in a way that creates a stylish and inviting atmosphere. This can help to sell a property more quickly and for a higher price, which in turn, drives demand for furniture.
- **Housing & lifestyle changes:** The real estate market significantly influences the housing trends & changing lifestyle preferences. As the market grows, new housing trends emerge such as open floor plans, smart homes, or eco-friendly designs. These trends often require specific type of furniture that align with evolving preferences of homebuyers and renters, leading to the growth in the furniture market.
- **Market awareness & design trends:** With real estate growth, there is increased awareness of design trends and importance of home furnishing aesthetics. Luxury/premium real estate consumers are more likely to be knowledgeable about current interior design styles, materials, and decor. This heightened awareness and interest in home interior solutions contribute to the growth of the market as consumers actively seek out products and services that align with their design preferences.

Overall, the growth in the real estate market creates a ripple effect in the furniture market. The increasing demand for housing, interior design services, furnished options, renovations, and evolving housing trends all contribute to the expansion of the furniture market as it caters to the furnishing needs of properties in the real estate sector. This can be further corroborated through the impact on ancillary industries.

### The surge in the real estate sector has positively impacted ancillary industries

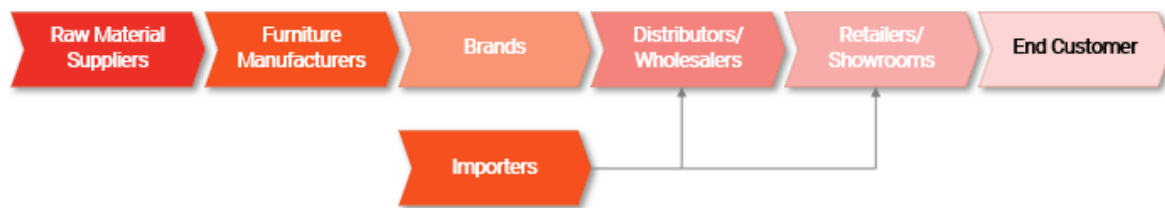
- **Luxury/premium kitchen interiors market:** The Indian modular kitchen segment is experiencing a significant boom and showcasing immense growth potential. The modular kitchen market is expected to grow at rate of 27% from 2019 to 2024. The affluent population is actively seeking to invest in homes that offer well-fitted luxury/premium modular kitchens, reflecting their willingness to prioritize high-quality living spaces.
- **Luxury/premium bath and sanitary market:** The Indian bath fittings market in India has transformed over the decade from being considered a functional value product to a more exciting feature, making the entire bathing experience exciting. The Indian bathroom fittings market is expected to grow at a CAGR of 7.3% from 2023 to 2028. Additionally, increased spending on home improvement/re-modelling projects and global lifestyle exposure are boosting product demand.
- **Luxury Paint market:** The market for paint in the country has experienced a surge in demand due to the booming residential sectors. According to the Indian Paint Association (IPA), the Indian paints and coatings sector is projected to reach a market size of INR 1 lakh crore in the next five years. Multiple international paint companies specializing in luxury lifestyle paints have actively opened their experience centres in India. Furthermore, homegrown paint companies have also taken the initiative to establish luxury paint and home décor retail showcase centres. These premium paint products offer exceptional durability, good coverage, and a luxurious finish, enticing well-off customers to consider them for their residential units.

## Chapter 3: Market structure for luxury/super-premium furniture and home goods market

### Organized Indian furniture market is nascent but growing

#### Supply chain for furniture and home good industry

The furniture industry is a complex ecosystem involving multiple stakeholders and a dynamic supply chain. From raw material suppliers to furniture manufacturers, retailers, distributors, designers, and customers, each stakeholder plays a crucial role in the design, production, distribution, and sale of furniture products.



- **Raw Material Suppliers:** Raw material suppliers are responsible for providing the primary materials used in furniture production. Raw material suppliers can be specialized manufacturers or distributors that supply materials to furniture manufacturers. Unlike other stakeholders in the industry, raw material suppliers are frequently characterized by a fragmented and unorganized landscape.
- **Manufacturers:** These are companies or factories that are specialised in the production of furniture and home goods market. They may specialise in specific types of furniture like office furniture, home furniture, home décor products, etc. According to 2021 report by the Indian Furniture Manufacturers Association (IFMA), there are approximately 45000+ furniture manufacturers in India. This includes a wide range of furniture manufacturers, from small family-owned businesses to large, multinational corporations. They face issues that stem from factors such as infrastructure limitations, skilled labour availability, regulatory complexities, and market dynamics.
- **Brands:** They are responsible for creating innovative designs, conceptualizing product ideas, and developing prototypes. Their expertise ensures that furniture products are aesthetically appealing, functional, and aligned with market trends and customer preferences.
- **Distributors/Wholesalers:** Distributors and wholesalers act as intermediaries between manufacturers and retailers. They handle the logistics and distribution of furniture products from manufacturers to retailers. Distributors may also provide warehousing and inventory management services to ensure timely availability of products to retailers.
- **Retailers:** These include branded stores, standalone stores, online marketplaces, e-commerce platforms that offer variety of furniture and home goods products. They play a vital role by acting as an intermediary between manufacturers and consumers, marketing, showcasing and selling end furniture.

The furniture industry in India faces several challenges, including a fragmented market with intense competition and pricing pressures. There is a shortage of skilled labour, leading to compromised quality. Outdated infrastructure and lack of advanced technology hinder productivity and quality standards. Fluctuating raw material availability and costs also affect profitability. The industry at large struggles with design innovation and often relies on traditional styles. Distribution and logistics are challenging due to India's geography and supply chain

complexity. Ensuring consistent quality and adhering to international standards is a challenge. Additionally, Indian retailers import finished goods from various countries to meet customer demand, but this practice comes with challenges like high lead times, limited customization options, and limited after-sales support.

The Indian government has initiated programs such as GST, Make in India, PLI (Production Linked Incentive) for modular furniture, and Skill India to address these challenges and promote domestic manufacturing in the furniture and home goods market. These initiatives aim to boost manufacturing within the country and enable direct selling in the Indian market. Significant players in the industry will ensure a first mover advantage, which will last in the near to medium term, by continuing to invest in skill development, infrastructure, design innovation, sustainability, and market expansion. As a result, the industry is poised to realize its full potential and establish itself as a key player in the global furniture market, albeit with a time investment.

### **Indian furniture and home goods market to become USD 49 billion market by FY 27.**

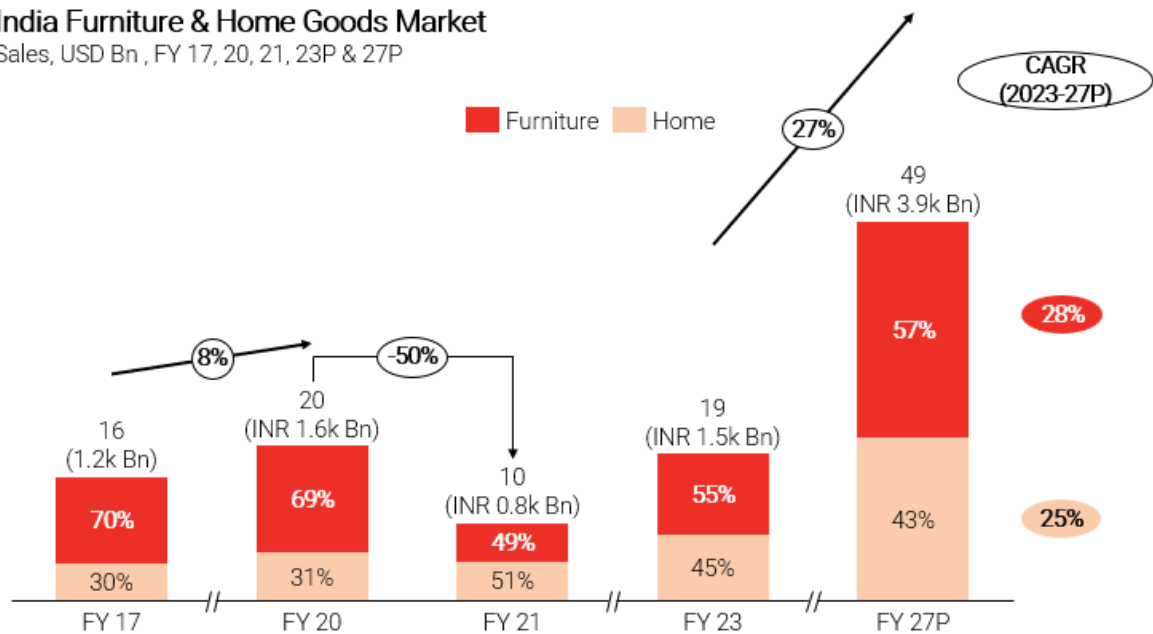
The boom in the real estate market in India has enabled the furniture market in India to experience a high growth trajectory. Rapid urbanization, high rising incomes, and an increasing shift towards tier-level cities are causing housing properties to flourish across India. Consequently, a high growth trajectory is expected in the demand for furnishing personal places. During FY21, the home and furniture market contributed approximately 0.38% to the GDP, and this contribution has increased to approximately 0.56% in FY23.

A paradigm shift is anticipated in the home and furniture industry over the years, driven by the expansion of a well-aware consumer base. The growth is further fuelled by the entry of numerous international brands and the proliferation of branded showrooms across the country. As of FY21, the home and furniture market were about USD 10 billion, which is estimated to increase to USD 19 billion by FY23. The market is further subject to increase at a growth rate of 27% reaching USD 49 billion by FY27. Of the total home and furniture market in FY23, furniture contributes to 55% when compared to home goods which is at 45%.

## Exhibit 35

### India Furniture & Home Goods Market

Sales, USD Bn , FY 17, 20, 21, 23P & 27P



Notes: Drop in the sales in FY21 is due to covid. Furniture Includes beds, cabinets, dining tables, sofas, chairs & others. Home goods includes home furnishings (Includes bath linens, kitchenry, cushions & covers, bed linen, curtains, flooring & mattress), home décor (Includes table décor, tableware, spiritual & wall decors), Lighting (Includes lamps, wall lights, ceiling lights, smart lights, festive lights & LED lights) & others.

Source: Redseer analysis

### Drivers of Indian furniture and home goods market:

- Working women population**  
 As access to education and participation in the labour force increase, women are emerging as key decision-makers in the purchase of consumer goods. This trend is particularly prevalent in households where women are educated and employed, as they become influential figures who significantly impact household consumption. Female labour force participation rate has gone up to 25.1% in FY21 from 18.6% in FY19. This growth can be attributed to factors such as increasing access to education and the flexibility of work-from-home arrangements.
- Increasing nuclearisation:**  
 The National Family Health Survey reveals that the average household size in India has decreased from 4.8 in FY12 to 4.4 in FY20. As more and more households transition to nuclear family setups, there is greater demand for furniture & home goods. Furniture manufacturers and retailers are responding to this trend by offering a wide range of products tailored to the needs of nuclear families, such as modular furniture, space-saving dining sets, and smart storage options. The furniture and home goods market has recognized this growing market segment and is adapting to meet the evolving needs of nuclear families. As a result, we are witnessing an expansion in product offerings and a greater emphasis on designs and functionalities.
- Changing consumer preferences**  
 Previously, individuals used to purchase furniture and home décor products based on their needs and preferences. However, modern consumers actively seek to create living spaces that reflect their individuality and tastes. As a result, there is a growing demand for customised furniture and home décor items that can be tailored to specific designs, sizes, and materials. Luxury/super-premium furniture brands have responded by

offering customisation options, enabling customers to curate bespoke pieces that perfectly align with their vision.

Furthermore, the influence of global trends and lifestyles, facilitated by travel, social media, and online platforms, has exposed consumers to various design influences. This exposure has prompted consumers to appreciate artisanal craftsmanship and intricate designs. As consumers increasingly prioritize unique and well-crafted furniture options, the luxury/super-premium furniture market is expected to experience sustained growth. The rise of social media has significantly impacted consumer behaviour, influencing their interaction with the products they use. Social media has made consumers more conscious of the furniture and home furnishings they choose, leading to a more selective approach. Additionally, posting pictures online has become a motivating factor for consumers, inspiring others to follow suit. Platforms like Instagram and Pinterest showcase inspiring home décor ideas and trends, creating a desire for similar styles among consumers. Brands leverage this influence by advertising and sharing pictures of aesthetically pleasing and unique pieces, motivating viewers to aspire to own similar items.

- **Shorter replacement cycle**

The furniture industry has witnessed a shift towards shorter replacement cycles, resulting in increased consumption. This trend reflects changing consumer behaviours and preferences, as people opt to replace their furniture more frequently. Therefore, individuals and households are more willing to invest in new furniture to keep up with evolving design trends, cater to their changing lifestyle needs, and enhance the aesthetic appeal of their living spaces.

- **Home renovations & upgrades**



Homeowners undertaking renovations or upgrading their existing homes is also driving the demand for furniture and home goods. Renovation activities often involve replacing outdated or worn-out furniture and upgrading home goods to match the desired style and functionality. As people seek to improve their living spaces, the market for furniture and home goods will experience growth.

- **Growth of hospitality and tourism industry**

As per Redseer estimates, the tourism industry reached a significant size of USD 62 billion as of FY19, but it experienced a dampening effect during Covid-19, resulting in a decrease to USD 18 billion in FY21. However, the industry has since rebounded and is expected to experience a boom post Covid-19, projected to reach approximately USD 70 billion by FY23. Similarly, the domestic hotel industry has witnessed a substantial growth rate, increasing from USD 6 billion in FY21 to USD 12 billion by FY22, as per Redseer estimates. The hotel industry is poised for buoyancy in FY23. The growth of the tourism and hotel industry has generated a surging demand for aesthetic and comfortable furniture, consequently driving the expansion of the home and furniture market in India.

## Exhibit 36

### Hospitality and tourism industry growth (In USD Bn)

Industry	FY 19	FY 21	FY 22	FY 23P
 Tourism	62	18	38	70
 Domestic hotels	18	6	12	20

Source: Redseer analysis

## Initiatives by the Government of India (GOI) further propels the growth of the furniture and home décor market in India:

- **Make in India**  
The GOI introduced an initiative during 2014 that focuses on boosting the domestic manufacturing industry in India. It also emphasizes skill development and promotes the global export of furniture, thereby showcasing India's craft heritage. Additionally, the initiative aims to encourage the adoption of modern technology and machinery by promoting schemes like the Technology Upgradation Fund Scheme (TUFS). Furthermore, it actively plays a role in streamlining the regulatory environment of the furniture industry, making it easier for companies to conduct business.
- **Skill India**  
Furniture and Fittings Skill Council (FFSC) aims at enhancing the employability of the Indian workforce by establishing skill ecosystem in India. It mainly focuses on imparting skills for furniture, fittings, and allied industries. National Skill Development launched by the Ministry of Skill Development and Entrepreneurship also aims at contributing skill training activities across different sectors and state. It also aims at promoting decision making processes that will enhance the skilling scale with vigour and standards.
- **PLI (Production Linked Incentive) scheme for modular furniture**  
The Indian government is proposing a PLI scheme for modular furniture with a total outlay of INR 4500 crore. The PLI scheme aims to extend incentives to eligible companies on incremental sales over the base year for goods manufactured in India and covered under target segments, for a period of five years following the base year. Such initiative will assist India in leveraging the untapped potential of the furniture market and reducing dependency on imports. Additionally, it will bridge technological gaps and enhance automation in the furniture industry.
- The implementation of **GST (Goods & Services Tax)** streamlined the taxation system and encouraged more players to enter the organised furniture market. The formalisation of the industry has resulted in improved quality standards, better customer service, and enhanced consumer trust in the organised furniture sector. The unified tax structure has brought down the tax rates for luxury/super-premium furniture products, making them more affordable and accessible to consumers. This has contributed to increased demand and sales of luxury/super-premium furniture items.
- **RERA (Real Estate Regulation and Development Act)**, introduced in 2016, has brought about transparency, accountability, and consumer protection in the real estate sector. This has instilled confidence in homebuyers, leading to increased demand for housing properties. As a result, the organised furniture market has experienced growth since homeowners are more likely to invest in quality furnishings for their regulated and RERA-compliant properties.

Additionally, the Make in India initiative by the Government of India is promoting Indian manufactured products and imposing tariffs on imported products which further increase demand for the products manufactured by companies such as Stanley Lifestyles in the event any such steps are taken by the Government of India on imported furniture products. To that extent, the Government of India is in discussions with the major players in the furniture industry including Stanley Lifestyles for any PLI Scheme that may be introduced in the furniture industry.

## Organised furniture & home goods market in India is growing faster than unorganised market

Although the traditional market holds the majority share in the industry, the initiatives (such as Make in India, Skill India and PLI scheme) and the drivers such as working women population, increasing nuclearisation, and many more have led to an increase in the organized share in India. Increase online penetration is another factor that has contributed to increase growth of

organised furniture & home goods market in India. During pandemic many consumers switched to online shopping. As per Redseer estimates, there are 70-75 crore consumers who have access to internet in FY23 and it is expected to grow at a rate of 8% annually to reach approximately 1 billion by FY30. With the onset of advanced technologies, consumers can select from different varieties of brands and products and view them in 360 degrees. The sellers, too, on the other hand prioritised omni-channel experience to cater to the consumer's expectations and increase their business.

Demonetisation too paved the way for the growth of organized share in the furniture and home goods market by creating a temporary liquidity crunch that affected small and unorganized players. As a result, consumers, who were more inclined towards transparent transactions, shifted towards established branded stores. This shift in consumer behaviour drove the growth of organized players in the furniture and home goods market.

In recent years, as a result, organised sales of furniture have become increasingly important. From retail stores and e-commerce platforms to furniture chains and specialty stores, these channels cater to diverse customer preferences. However, generally organised sales of furniture & home goods happen through primarily four channels:

- **EBOs (Exclusive Brand Outlets)**

EBOs are retail stores that exclusively showcase products from a specific brand or brand portfolio. Customers experience the brand's entire range of products and offerings in these outlets. These outlets aim to showcase the brand's unique features & identity and provide a curated shopping experience. These outlets can be a form of large format stores (LFS) as well.

- **MBOs (Multi Brand Outlets)**

MBOs are retail stores that showcase products from multiple brands, can be across various categories. Customers get to compare and choose from a wide selection of brands & products at one place. These outlets aim to provide a diverse shopping experience with a range of brands. These outlets can be a form of large format stores (LFS) as well.

- **Experience Centres**

These are dedicated spaces which have been designed to offer customers immersive and interactive experiences with furniture products. These centres are crafted to go beyond retail outlets, where they create an environment where customers can explore various furniture pieces and experiment with different arrangements. These brands want customers to have a memorable and informative experience which will help them in making well-informed decisions while selecting furniture for their homes.

- **Own Website/Online marketplaces**

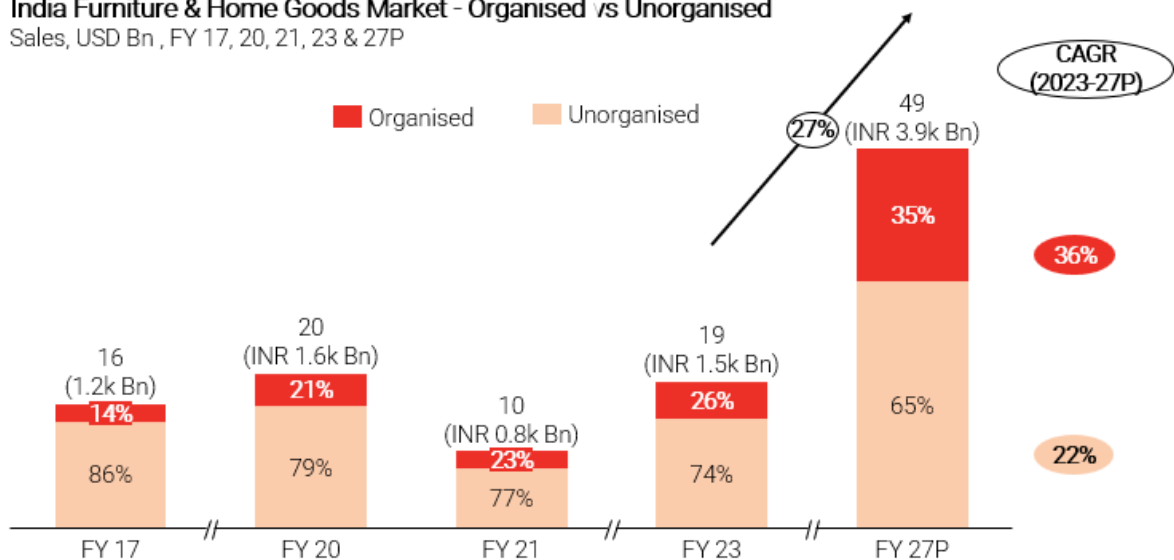
With people becoming more tech savvy, Brands have started selling through own website or online marketplaces like Amazon, Flipkart, etc. Brands reach a wider customer base by offering via direct sales channel. Brands showcase their entire product range, provide a detailed product description, and offer customization options, as well through their website. On the other hand, selling on online marketplaces helps them in broader visibility and access to a large pool of customers.

In FY 2021, the organised market accounted for 23% of the total furniture and home goods market, which increased to 26% by FY23. Furthermore, by FY27, the organised market is expected to contribute to 35% of the total market share, exhibiting an annual growth rate of 36%, which surpasses the growth rate of the traditional market.



### Exhibit 37

#### India Furniture & Home Goods Market - Organised vs Unorganised Sales, USD Bn , FY 17, 20, 21, 23 & 27P



Notes(s): Organised sales refer to the sales of furniture occurring through branded retail stores, online channels, and standalone stores with a minimum area of 2500 sq. ft.

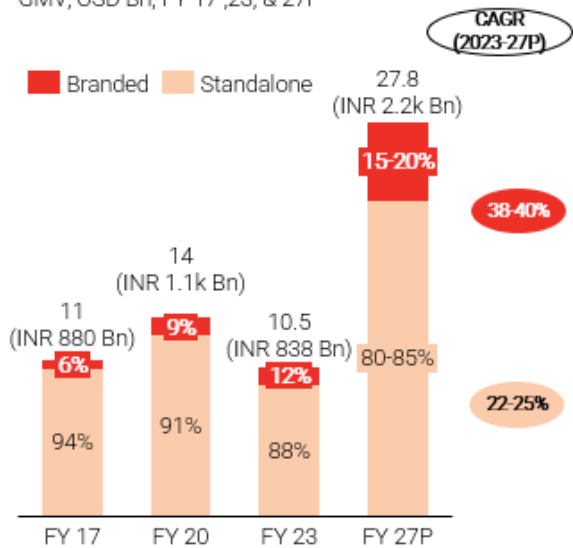
Source: Redseer analysis

Despite increased penetration of brands over online channels and increased sales earned from it, retailers still believe that a brick-and-mortar store is necessary. As a result, many online players such as Urban Ladder, Pepperfry, and others have opened branded stores across India. Changing consumption patterns of the aspirational and affluent households have been largely driving growth in the market. They prefer products of higher quality, more comfort and a better purchase experience and better designs and are typically ready to spend more to keep up with décor trends. This has led to an increase in the demand of high quality, standardized and better-looking branded products. The contribution of branded furniture in the overall market has increased from ~6% in FY17 to ~12% in FY23 and it is further projected to rise as high as 15-20% by FY27.

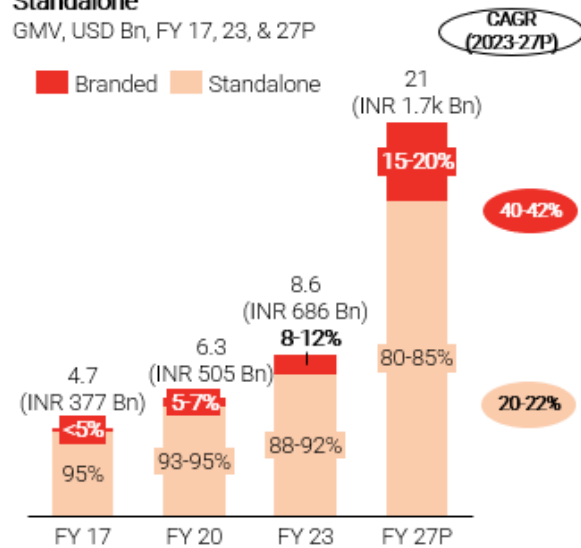
Compared to the furniture category, the home goods market felt a milder jolt during the COVID-19 pandemic. Further, as the pandemic accelerated the impetus on healthier lifestyles, and the higher importance of healthier sleep cycles, the demand for high-quality mattresses increased. With the rising influence of social media and increasing access to internet, consumers today prefer to stay updated as per the latest décor trends and prefer high quality branded products. The contribution of such branded products in the overall market has grown from <5% in FY17 to 8-12% in FY23 and is further projected to grow by 15-20% by FY27.

## Exhibit 38

**India Furniture Market – Branded Vs Standalone**  
GMV, USD Bn, FY 17, '23, & 27P



**India Home Goods Market – Branded Vs Standalone**  
GMV, USD Bn, FY 17, '23, & 27P



Notes(s): Branded are considered stores with more than one retail outlet or sell their products online. Standalone are stores with single retail outlet.

Source: Redseer analysis

## The luxury/super-premium furniture & home goods market is poised to triple its size by FY27

### Luxury/super-premium furniture and home goods market is expected to reach USD 4.8 billion by FY 27

The luxury/super-premium furniture & home goods market in India constitutes 8% of the overall market. The rise of dual income households in India will further contribute to the growth of the furniture market as families will have increased discretionary income at their disposal. The desire of the urban millennial and Gen Z population to stay updated with the latest décor trends, largely influenced by social media and influencers, is driving consumer demand towards better quality products, thereby leading to an increase in purchases within the luxury/super-premium product segment. The increasing demand for luxury/super-premium products is also fuelled by factors such as the growing number of nuclear families, higher disposable income, and urbanization.

India currently offers a luxury/super-premium furniture & home goods market of USD 1.5 billion in FY23 which includes sofas, chairs, dining tables, wardrobes, kitchens, home furnishings goods such as bath linens, kitchen, cushions & covers, bed linen, curtains, flooring & mattress, Home décor good such as table décor, tableware, spiritual & wall decors, Lighting (Includes lamps, wall lights, ceiling lights, smart lights, festive lights & LED lights) & others.

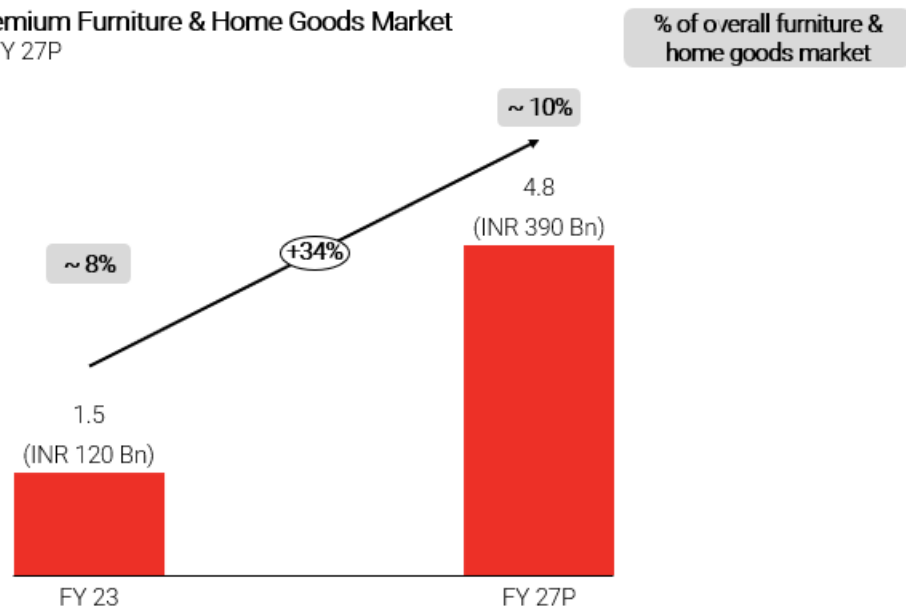
This market is poised to triple in the next 4 years to reach USD 4.8 billion. The luxury/super-premium furniture market in India is driven by the increasing affluence of consumers, global influences, integration of technology and the growing demand for sustainable furniture choices. These factors collectively contribute to the growth and dynamism of the luxury/super-premium furniture market in India, providing consumers with a wide range of options to create sophisticated living spaces. Furthermore, the increase in national GDP and the growth witnessed by the Indian economy in the last decade has created a new upper middle class with

demands for luxury and premium housing. The increase in sales in the luxury and premium housing categories has witnessed an increase in demand for high end furniture.

### Exhibit 39

#### India Luxury/Super-Premium Furniture & Home Goods Market

Sales, USD Bn , FY 23, & FY 27P



Note (s): Luxury/super-premium refers to sofas priced above INR 1.5 lakhs  
Source: Redseer analysis

### Prevalence of unorganised market in the luxury/super-premium furniture market

The luxury/super premium market in India exhibits a unique and distinctive characteristic - an unorganised nature (slightly more unorganised compared to other segments) that sets it apart from the masstige and mass market segments. This distinction arises due to several factors that influence the organization and structure of the luxury super premium market:

- **Fragmented Market:** The luxury/super premium market in India is characterized by a larger number of small-scale and independent players. These include individual artisans, craftsmen, and boutique manufacturers who cater to niche customer segments. The presence of numerous independent entities results in a fragmented market structure, lacking a centralized and organized industry framework.
- **Limited Brand Consistency:** Unlike the masstige and mass market segments, where established brands with standardized products and processes prevail, the luxury/super premium market exhibits greater variation in brand identities and product offerings. This variation can be attributed to the unique craftsmanship, customization, and exclusive nature of luxury/super premium products, which often differ from brand to brand.
- **Artisanal Production:** Luxury/super premium products, particularly in sectors such as high-end furniture, home decor, and fashion, often involve intricate craftsmanship and artisanal techniques. The emphasis on handcrafted and bespoke products contributes to the unorganized nature of the market, as the production processes are typically labour-intensive and involve smaller-scale operations.
- **Limited Retail Presence:** The availability of luxury/super premium products is primarily through exclusive showrooms, boutiques, and limited distribution channels. These outlets are often owned and operated by the brands themselves or by a small number of authorized dealers. The restricted retail presence further adds to the unorganized

nature of the market, as widespread availability and standardized retail experiences are comparatively limited.

- **Large number of small importers:** In addition to the factors mentioned earlier, the unorganized nature of India's luxury/ super premium market is further compounded by the presence of a large number of small importers of luxury furniture. These importers, often operating on a smaller scale, contribute to the overall unorganized landscape of the market. Their presence brings both challenges and opportunities to the industry, shaping the dynamics of luxury furniture imports in the country.

The luxury and premium furniture market in India is highly competitive and segmented, with both unbranded and branded players competing for market share. Other than local players like Stanley Lifestyles, there are many European brands present in the luxury and super premium industry who design and manufacture and then import their products into India.

The unorganised nature of India's luxury/super premium market, including the prevalence of small importers, highlights the potential for growth and the emergence of organized players in the industry. While the presence of numerous small importers contributes to the fragmented landscape, it also presents an opportunity for larger, organised players to establish themselves and bring structure to the market. As the demand for luxury furniture continues to rise and consumers increasingly seek reliability and standardized offerings, the stage is set for big, organised players to make their mark and drive the growth and development of the luxury super premium market in India.

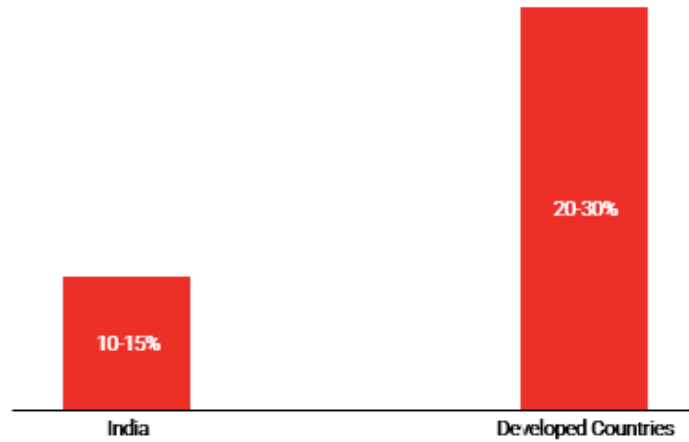
### **There is still large headroom for growth in the luxury/super-premium furniture market in India**

The luxury/super-premium furniture market in India has substantial headroom for growth due to various reasons:

- **Furniture to Home Value:** In India, the percentage of furnishing expenditure in relation to home value is comparatively lower, typically ranging from 10-15%. In contrast, developed economies allocate a higher proportion, around 20-30%, of their home value towards furnishing. This signifies that there is potential for increased spending on luxury furniture as consumers actively allocate a larger share of their home value to furnishing.

## Exhibit 40

### Furnishing spends - % of home value %, India & Developed countries



Source: Redseer analysis

- **Under penetration in luxury/super premium households:** A significant opportunity for growth lies in the fact that only around 25-30% of new premium and luxury homes valued at INR 1.5 crore or above opt for luxury/super-premium furniture pieces. This number is even lower when it comes to purchasing replacement furniture for houses of similar value. Supply constraints further elevate this gap. This suggests that a large segment of luxury homeowners in India are yet to fully embrace the purchase of high-end furniture, leaving room for increased adoption and market expansion.
- **Furnitures per household:** In India, the number of furniture items per household tends to be relatively lower compared to countries like USA, China etc. Indian households typically have essential furniture items like beds, tables, chairs, and storage units, but the overall number and variety of furniture items is limited. However average households in USA and China often includes a range of furniture pieces such as Sofas, beds, dining tables, desks, cabinets, entertainment units & more. Larger living spaces, a higher standard of living, and a consumer culture that emphasizes comfort and aesthetics contribute to a greater demand for furniture in American households. However, as India continues to experience economic growth, the consumption is likely to increase and over time this could lead to consumption levels becoming more similar to those of the countries like the USA and China.
- **Supply chain constraints (Lack of Experiential Shopping):** Availability of stores in the smaller markets (Tier 2/3+) cities also impacts consumer behaviour. The limited presence or accessibility of luxury retail stores in these cities often leads consumers to opt for mid-end furniture instead. If luxury retail stores are scarce or located far from tier 1/2+ cities, consumers may find it inconvenient to travel long distances to access them. This lack of convenience can deter consumers from exploring luxury options and prompt them to choose mid-end furniture that is readily available in local stores. Luxury retail stores provide a unique experiential shopping environment, creating a sense of luxury, sophistication, and exclusivity. The ambiance, attentive staff, and personalized services contribute to the overall shopping experience. However, if consumers do not have access to such luxury retail environments in their vicinity, they miss out on the immersive experience associated with luxury furniture shopping. This

absence of a captivating shopping experience may lead consumers to opt for mid-end furniture from local stores that offer convenience but lack the luxurious ambiance.

- **Lack of Discovery:** India's discretionary spends are growing faster than non-discretionary spends. Moreover, affluent households themselves contributed 10% to the total PFCE. This highlights the overlooked paying capacity among Indians. One of the factors contributing to this oversight is the lack of product discovery, where consumers remain unaware of the availability of luxurious and quality products that meet their specific needs, leading them to resort to imported or premium alternatives. However, with the influence of media and globalization, consumers are actively becoming more aware of international trends and luxury brands, thereby driving the demand for high-end luxury furniture.
- **Fragmented market:** As the furniture industry is highly fragmented, consumers previously relied on imported products for stylish and luxury furniture. However, the post-COVID period brought about disruptions in the supply chain, resulting in various challenges such as extended lead times, limited availability of raw materials, increased freight costs, and restricted transportation, among others. Consequently, these challenges opened doors for luxury Indian brands that manufacture their products domestically and offer them directly to customers, reducing the waiting period. This development highlights the growth potential for luxury/super-premium furniture brands.

### The key to a luxury experience: What luxury/super-premium brands do differently

Luxurious experience offered by these furniture and home goods brand makes them stand out when compared to non-luxury/super-premium brands which further drives the growth of the luxury/super-premium furniture and home goods market. Such luxurious experience is the result derived from the combination of well-chosen fabric, quality of work, durability, present and future trends imposed and many more.

- **Bespoke design**  
To create a luxurious feel for the furniture and home goods, designers must brainstorm and develop innovative and unconventional ideas. Simultaneously, they must also consider how to imbue the furniture with expressiveness and ensure it complements the specific room it is intended for. As consumers' mindsets evolve towards home aesthetics, these distinctive features propel them towards luxury/super-premium furniture and home goods, a unique offering not provided by regular brands in the market.
- **Skilled craftsmanship**  
Creating luxury furniture and home goods requires highly skilled craftsmen. They need to possess a deep understanding of materials and have precise skills to produce exceptional-quality furniture. Master artisans with expertise in carvings and delicate upholstery work are involved in crafting each piece. Their craftsmanship ensures that every luxury furniture piece is detailed and represents the highest level of refinement and elegance.
- **Attention to detail and the need for customisation**  
As people actively embrace the trend and evaluate various furniture and home goods brands, they focus their attention on intricate details. These details highlight the need for customization, as individuals have a clear understanding of their preferences. In their pursuit of home aesthetics, people desire furniture that not only complements the room but also evokes a sense of tranquillity. Luxury/super-premium furniture and home brands exclusively offer these specialized services, setting themselves apart from regular brands that prioritize mass production.

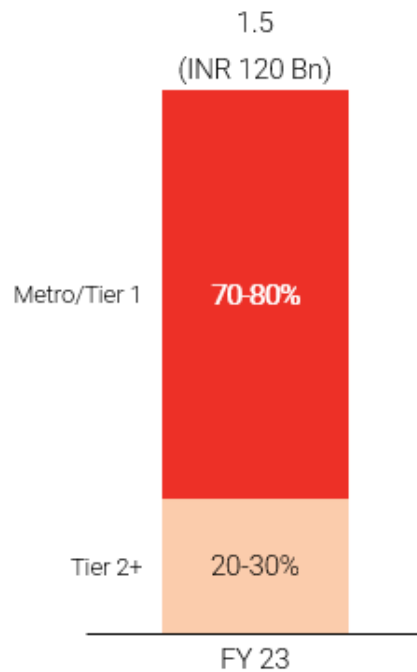
## Luxury/super-premium furniture and home goods market dominates in Metro and Tier I cities.

Metro and tier 1 cities actively drive 75-80% of the sales in the luxury/super-premium furniture and home goods market when compared to tier 2+ cities. This trend is primarily due to factors such as higher disposable income, the presence of high-end residential projects, an urban lifestyle and aspirations, and influence from fashion and design trends.

### Exhibit 41

#### India Luxury//Super-Premium Furniture & Home Goods Market- split by city tier wise

Sales, USD Bn , FY 23



*Note (s): Tier 2+ represents all cities in Tier2 and above including rural areas as well  
Source: Redseer analysis*

**Furthermore, the home interiors market in India presents a significant opportunity for growth**

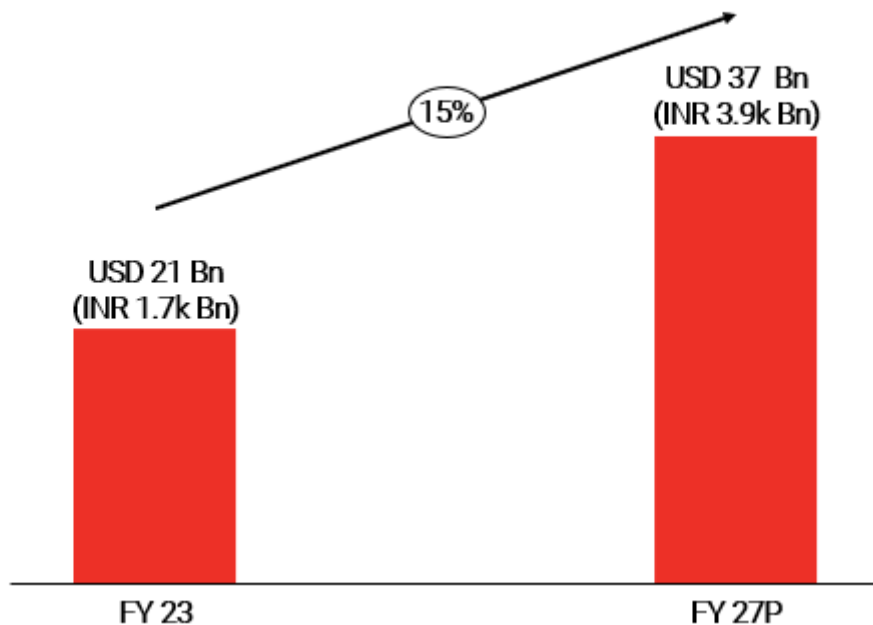
**Indian home interior market is poised to grow at a rate of 15% to become USD 37 billion market by FY 27**

India has home interiors market of USD 21 billion in FY 22 which is projected to grow by 15% to reach USD 37 billion by FY 27. The growth in the home interior market is driven by increase in new property sales. A major trend in the market is also the emergence of interior designers as the influencers who are leveraging social media to drive home interiors business both through personal studios and through partnership with home interior platforms.

## Exhibit 42

### India Home Interiors Market

Sales, USD Bn, FY 23 & FY 27P



*Note (s): Interiors include core services (like modular kitchens, storage units, entertainment units and other fixed furniture items)  
Source: Redseer analysis*

The Indian home interior market primarily relies on independent or unbranded architects who predominantly drive the industry. This situation is marked by a lack of standardized branding and warranties for the products used in home interior design. As a result, a wide variety of products and materials are utilized, often sourced from individual suppliers in local markets.

However, several startups such as Livspace, Homelane, Bonito Designs, etc. have entered the sector, bringing fresh ideas and creating an organized market in the segment. These startups introduce technological advancements in the sector, showcasing their designs and enabling customers to visualize their dream homes through online platforms, virtual reality tools, and 3D modelling software. Such efforts have actively contributed to the growth of organised share within the home interior industry.

### **Organised interior market share to grow at a rate of 23% within FY 23-27, faster than the unorganised market**

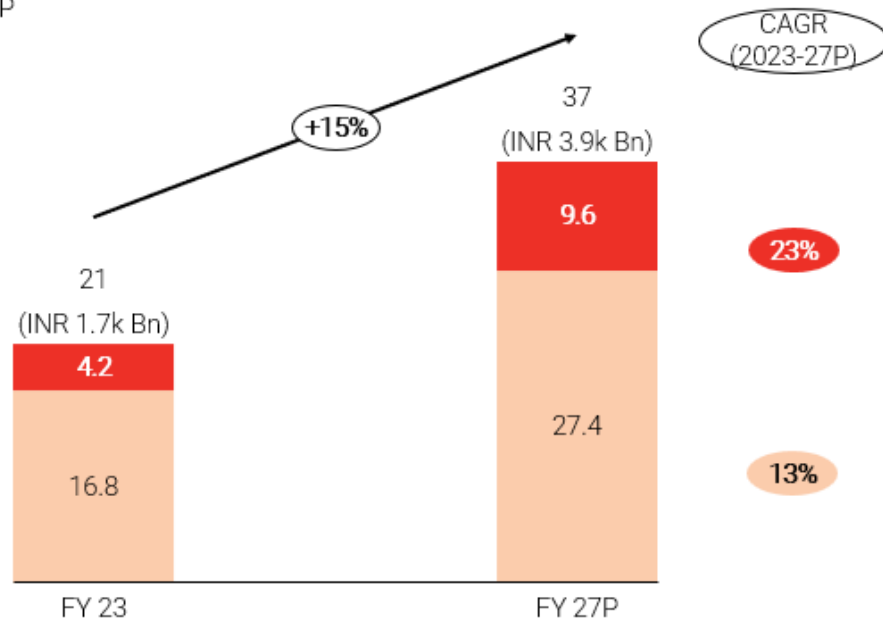
Currently, the organized sector holds a 20% share in the home interiors market. However, it is projected to experience significant growth with a compound annual growth rate (CAGR) of 23%. By FY27, the organized sector is expected to contribute 26% to the overall home interiors market, indicating a substantial increase in its market presence. On the other hand, the unorganized sector, which currently accounts for 80% of the market share, is projected to grow at a CAGR of 13%. However, due to the faster growth of the organized sector, the share of the unorganized sector is anticipated to reduce by 6% and reach 74% by FY27.



### Exhibit 43

#### India Interior Market – Organised vs Unorganised

Sales, FY 23, & FY 27P



*Note (s): Interiors include core services (like modular kitchens, storage units, entertainment units and other furniture items)  
Source: Redseer analysis*

A limited number of luxury and premium level architects operate in this segment, primarily concentrated in metro and tier I cities. This is due to the growing demand witnessed for luxury and super-premium home interior services witnessed within these cities. Factors such as rising disposable income, evolving consumer preferences, and a trend towards premiumization contribute to this change. The shift towards availing premium level architects indicates that people now seek personalized and customized home interior solutions that enhance both the aesthetics and functionality of their living space.

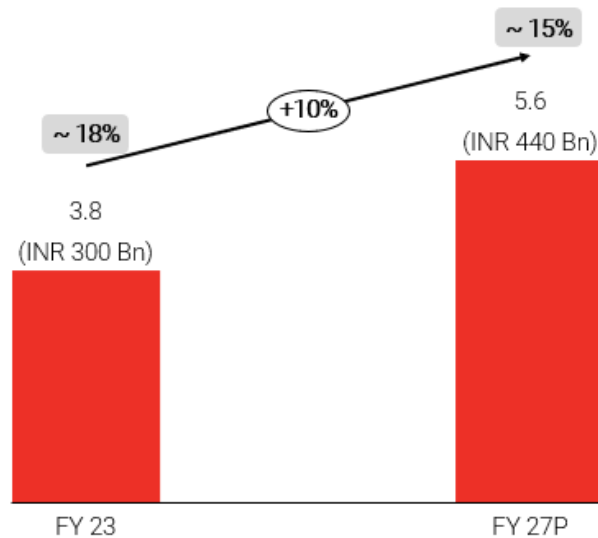
#### Luxury/super-premium home interiors to become USD 5.6 billion market by FY27

The luxury/super-premium home interiors market currently stands at USD 3.8 billion and is projected to reach USD 5.6 billion. Affluent consumers are increasingly seeking exclusive and unique interior designs that set their homes apart. This desire for individuality drives the demand for luxury/super-premium interior products that offer distinct aesthetics, rare materials, and limited-edition pieces.

## Exhibit 44

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

% of overall home  
interiors market



*Note (s): Interiors include core services (like modular kitchens, storage units, entertainment units and other furniture items). Luxury/super-premium interiors refer to Interior services.*

*Source: Redseer analysis*

## Challenges in home interior market

Home interior market faces certain challenges that impacts its efficiency and growth.

- **Lack of discovery**  
The industry faces a significant challenge in streamlining and personalizing the discovery experience for consumers, as they have to rely on catalogues and online designs that are not easily replicable or customizable to their individual needs. Moreover, the industry's fragmentation compounds the issue, forcing consumers to visit multiple stores with limited display stock and a lack of customization options.
- **Unorganised market**  
The home interior market lacks high standardization, transparency, and pricing, leading to a highly unorganized state. Additionally, there is a lack of clear regulations and warranties for products utilized in interior design. As a result, comparing and evaluating different service providers becomes challenging, resulting in inconsistencies and difficulties for customers.
- **Fragmented supply chain**  
Meeting client expectations and adhering to project timelines pose challenges for home interior solution providers. These providers often face hurdles in sourcing reliable suppliers and coordinating with contractors. Additionally, the lack of a well-defined procurement process and limited access to skilled labour can further hinder their efficiency and profitability.
- **Lack of skilled labour**  
Shortage of skilled labour is a significant challenge within the home interior market. Finding skilled and experienced labours who has experience in designing, upholstery, carpentry, etc. can be difficult causing hinderance to project timelines, quality work and customer satisfaction. Shortage of skilled labour also causes hinderance to the

adoption of new technology, materials and techniques that enhance efficiency and customer satisfaction.

- **Turnaround time**

Timely completion of projects is crucial in the home interior market. Delays can impact customer satisfaction and disrupt project timelines, leading to additional costs and customer dissatisfaction.

- **Technological integration**

Integrating technology into traditional practices poses a significant challenge for home interior solution providers, requiring substantial investment and expertise. Moreover, customer expectations create problems as compatibility issues between design software and manufacturing software often arise, resulting in unmet expectations regarding design, colour, and other factors. These challenges ultimately lead to trust concerns and a decline in customer service quality.

- **Architect-driven market**

Architects often provide comprehensive services that include not only architectural design but also interior design. By offering end-to-end solutions, architects may directly compete with home interior solution providers, eliminating the need for separate interior design services. Architects possess extensive knowledge and training in design principles, space planning, and building regulations. This expertise enables them to offer high-quality interior design services, potentially overshadowing the offerings of home interior solution providers.

## Yet, the home interior market is growing due to various factors

Despite major challenges in the home interior market, there are multiple support and infrastructure programs happening that has led to a substantial boost in the overall home interior market.

- **Enhancing skilled labour**

Organizations are launching various skill development programs to enhance the capabilities of artisans, craftsmen, and workers involved in the interior design industry in India. These programs focus on training, upskilling, providing expertise, and improving the quality of services to ensure a skilled workforce that can drive the industry forward.

- **Promoting the industry through trade fairs and exhibitions**

State governments are organizing multiple trade fairs and exhibitions to educate and promote infrastructure development across regions in response to the transformation phase of the home interior market. Industry stakeholders, including artisans, manufacturers, designers, etc., are also collaborating to organize exhibitions, trade shows, and design events that showcase the latest trends and innovations in the market. Such initiatives actively encourage consumer interest and promote industry growth.

- **Development of interior design certification program**

The Government of India has actively launched multiple interior designer courses with the aim of raising the standards of the industry and facilitating easier access to qualified designers for clients. Industry associations have also actively participated in conveying the industry requirements to these institutional programs.

- **Tax reforms**

The implementation of GST has actively streamlined the taxation system and eliminated complexities within the home interior market. This initiative has significantly boosted the growth of the organized sector within the market and has further improved the ease of doing business for both manufacturers and consumers.

- **Trade agreements that facilitate the import of home interior products:**  
Free trade agreements have actively simplified the importing of home interior products, making it easier for businesses to import such products from other countries. This increased supply of home interior products in the market, resulting in a fall in prices and an increased demand for home interior services.

Multiple factors have actively contributed to a boom in the home interiors market, leading furniture players to identify the market potential in this space and venture into it. Pepperfry, which initially entered the market as an online furniture marketplace in 2012, subsequently expanded its offerings to include home interior solutions under the name Pepperfry Bespoke Studio. Similarly, Stanley Lifestyles, a brand specializing in super-premium and luxury furniture, extended its product offerings to encompass complete home solutions by 2022.

Existing home interior services players have actively observed a similar trend, venturing into the furniture market as the market in their existing domains has become simplified. Players like Livspace, which embarked on their journey in 2014 as a home interior brand, have gradually expanded to become a platform offering premium furniture products at affordable prices across categories, with a vision to revolutionize the home furnishing experience. Similarly, home interior player Spacewood has followed a similar trajectory, starting in 1996 as an interior designer solution provider and subsequently becoming one of the largest manufacturers of modular furniture in the country.

#### Exhibit 45.1

##### Furniture players venturing into home interior market

Brand	Initial focus area	Additional line of business
Mor décor	Home furniture	Interior designing services
Mobel Grace	Home and office furniture	Interior designing
Pepperfry	Home furniture	Complete home solutions
Stanley Lifestyles	Home furniture	Complete home solutions

Source: Redseer research as of July 2023

#### Exhibit 45.2

##### Home décor players venturing into furniture market

Brand	Initial focus area	Additional line of business
Spacewood	Home décor brand	Furniture manufacturing and lifestyle brand
Livspace	Home interiors	Home furniture and décor
Wakefit	Mattress and pillows	Home furniture and decor

Source: Redseer research as of July 2023

## Chapter 4: Few resilient players are bound for growth despite the challenges in the furniture market

### Challenges faced by Indian home-grown luxury/super premium luxury brands across the value chain

#### Challenges faced in manufacturing of luxury/super-premium products

The manufacturing of luxury/super-premium furniture in India faces several challenges. While India is known for its rich heritage and craftsmanship, there are specific obstacles that the industry faces:

- **Skilled Labour & Craftsmanship:** The availability of highly skilled artisans and craftsmen is a crucial factor in luxury furniture manufacturing. However, finding and retaining skilled labour can be a challenge in India. There is a shortage of trained professionals who possess the expertise required for creating intricate and high-quality luxury furniture pieces.
- **Quality raw materials:** Raw materials contribute to more than 50% of the overall production cost. Wood, fabrics, metal, and finishing materials are crucial components in creating high-end furniture. India boasts a diverse range of wood species and even has variety of fine fabrics, known for their durability and beauty, but ensuring consistent quality can be a concern. To overcome these challenges, few manufacturers often build strong relationships with reliable suppliers and may implement rigorous quality control measures. Collaboration with international suppliers is also one measure taken to keep consistency of quality raw materials.
- **High cost of imported raw materials:** Import duties on furniture raw materials have been on the rise for last few years. When import duties on raw materials are high, it can make it more expensive for furniture manufacturers to source their materials, which can lead to higher prices for furniture products. This can make it difficult for furniture manufacturers to compete with foreign rivals who have access to cheaper raw materials. Even total duty of finished goods is less than raw materials.

#### Exhibit 46

Category	Basic Custom duty	IGST
Teak Wood	5-10%	18%
Timber	10%	18%
Wooden Furniture	10-25%	18%
Raw hides & leather	10%	5-12%

Source: CBIC

- **Cultural preferences & design aesthetics**  
Luxury and premium furniture manufacturers often need to modify their designs to align with local cultural preferences. This includes factors such as colour choices, patterns, motifs, materials, and even sizing and proportions. Adapting designs to resonate with local tastes enhances customer appeal and increases the chances of market acceptance.

- **Infrastructure**  
The luxury furniture industry requires modern infrastructure and specialized machinery to produce high-end products. However, there may be limitations in terms of the availability of advanced manufacturing facilities and equipment in certain regions of India. This can impact the efficiency and quality of the manufacturing process.
- **Design & Innovation**  
Luxury and premium furniture are often characterized by unique designs and innovative features. Developing and maintaining a design-oriented culture that encourages creativity and innovation can be a challenge in India's manufacturing sector. Limited exposure to global design trends and a conservative approach to design can hinder the creation of cutting-edge luxury furniture pieces.

Luxury/super-premium furniture manufacturing further involves the use of enhanced and upgraded manufacturing processes to create products that are both high-quality and visually stunning. Some of the most common enhanced manufacturing processes used in luxury/super-premium furniture manufacturing include:

- **CNC machining**  
CNC machining is a method of computer-controlled process that allows for the precise cutting and shaping of wood, metal, and other materials. It is used to create intricate details and complex shapes in luxury furniture that are most preferred.
- **Waterjet cutting**  
Waterjet cutting is a newer technique that uses a high-pressure stream of water to cut through materials. It is often used to cut large pieces of wood or stone into precise shapes.
- **Laser cutting**  
It involves high-powered laser to cut through materials. This process is often used to cut small pieces of wood or metal into intricate shapes and is mostly used in creating most uncommon and differentiated designs in any furniture.
- **Handcrafting**  
A traditional form of furniture making that involves the use of hand tools to create furniture pieces. The process is often used to create luxury furniture pieces that are unique and one-of-a-kind, involving a lot of time and efforts and has become the definition of luxury/super-premium furniture.

Luxury/super-premium furniture manufacturers use high-quality materials and finishes to create their products. This helps to ensure that luxury/super-premium furniture pieces will last for many years to come. Some of the benefits of such enhanced and upgraded manufacturing processes involve:

- **Precision**  
Enhanced manufacturing processes allow for greater precision in cutting, shaping, and finishing of furniture pieces, ensuring the end furniture is more accurate and consistent with its dimensions and appearance.
- **Durability**  
The furniture made with such procedures and upgraded technologies are much more durable. These processes help to create a stronger joints and more resistant finishes.
- **Uniqueness**  
Luxury/super-premium furniture's aid to create a unique and one-of-a-kind furniture piece. This is because these processes can be used to create custom-made furniture pieces or to incorporate intricate details into furniture pieces.

- **Aesthetics**

The overall aesthetics of the furniture is significantly upgraded when these processes are implemented in the overall furniture manufacturing. Smooth, flowing lines with intricate carvings and details add a much more value to the buyers with their uniqueness.

## Challenges faced in retailing of luxury/super-premium products

Retailing luxury furniture presents unique challenges and entry barriers and requires more effort compared to other luxury retail sectors.

- **Considerable Purchase**

When compared to other luxury products, consumers devote more time and consideration to luxury/super-premium furniture. They thoughtfully invest their time in conducting extensive research and evaluating their options, instead of making impulse-driven purchases. Customers often wish to touch, try out, or sit on a piece of furniture before they make the investment. Typically, customers spend more time researching options, visiting stores, and comparing different furniture pieces before ultimately making a purchase decision.

- **Showroom Experience**

Luxury/super-premium furniture retail strongly emphasizes the showroom experience. Unlike other luxury products, retailers offering luxury/super-premium furniture actively strive to create immersive and elegant showrooms with a sophisticated environment that showcases the craftsmanship, materials, and attention to detail of these brands. Additionally, they face the challenge of maintaining consistency across all their showrooms, which becomes difficult due to differences in staff, layouts, and furniture on display.

- **Customisation & bespoke options**

Luxury/super-premium furniture brands actively offer extensive customization and bespoke options to cater to individual customer preferences. They provide the ability for customers to select materials, finishes, upholstery, and even customize dimensions according to their needs. However, the provision of such services entails high production costs, longer lead times, the risk of errors, and increased marketing expenses, which pose challenges for luxury/super-premium furniture brands when it comes to expanding their market compared to other luxury/super-premium products.

- **Exclusive material and limited editions**

Luxury/super-premium furniture manufacturers actively utilize special and high-quality materials like rare woods, fine fabrics, and luxurious finishes. However, these materials often have limited availability or incur high import costs. Consequently, luxury/super-premium furniture is priced exorbitantly when compared to other luxury products in the market. The production of luxury/super-premium furniture also includes the creation of limited-edition pieces or special collaborations with famous designers or artists, resulting in low availability in the market.

- **Maintaining quality standards**

Luxury/super premium furniture brands pose a significant challenge in maintaining a consistent set of quality standards while retailing them. These brands differentiate basis exceptional craftsmanship, premium materials, and attention to detail. Various challenges which a brand faces, including sourcing high-quality materials, managing complex supply chains, monitoring production process, and quality control checks. As any luxury/super premium brand expands, maintaining consistency becomes challenging. Experience equipped with a dedicated focus on quality management,

continuous improvement and effective communication is required to overcome these challenges and meet customer expectations.

- **Talent & expertise**

Developing and nurturing a team with the necessary expertise in luxury/super-premium brand management, retail operations, customer service, and product knowledge is crucial. Finding and retaining skilled professionals who understand the intricacies of furniture & home solutions and can deliver an elevated customer experience can be a challenge.

**Furthermore, building a luxury and super premium brand takes time in a high involvement category like furniture and home goods**

Building a luxury furniture brand is a strategic and long-term endeavour that requires a combination of quality products, exceptional customer experiences, brand consistency, and targeted marketing efforts.

- **Value perception**

Indian consumers often are value-conscious and price-sensitive when it comes to furniture purchases. Convincing them to invest in high-priced luxury/super-premium furniture requires effective communication of the value, quality, and long-term benefits of owning such pieces.

- **Process of building trust takes time**

The fundamental block for the success of any furniture luxury/super-premium brand is to build trust with the relevant consumer base. The brands have to be very conscious of the needs of the consumers and deliver high quality products. To attain brand loyalty of customers, luxury/super-premium furniture brands need to spend a significant amount of money and energy to be able to provide enhanced customer experience via their designated experience centres. The requirement of such high-end customer services increases the operational cost for these brands.

- **Supply chain & infrastructure**

Developing a robust supply chain network, including sourcing high-quality materials, skilled craftsmanship, and efficient logistics, can be challenging in India. Building and maintaining relationships with reliable suppliers and artisans, while ensuring consistent quality, can pose logistical and operational hurdles. These brands also need to ensure their products are accessible to consumers across different regions while maintaining an exclusive and premium image.

Brands that lack integrated manufacturing often encounter issues such as inadequate post-delivery support, limited warranty provision, shallow customization options, longer lead times, and a higher risk of errors.

- **Cultivating brand reputation**

Luxury furniture brands need to establish a reputation for excellence, craftsmanship, and quality. This reputation is built over time through consistent delivery of superior products, exceptional customer service, and positive customer experiences. It requires a track record of customer satisfaction, industry recognition, and word-of-mouth referrals.








**Moreover, throughout the value chain, luxury/super-premium brands must surpass mass and affordable brands**

In the dynamic landscape of the furniture industry, luxury/super-premium brands face the ongoing challenge of differentiating themselves from mass-market and affordable brands. These brands, operating across the entire value chain, strive to deliver exceptional quality, craftsmanship, and customer experiences that surpass what is offered by their mass-market



counterparts. This comparison examines the various aspects in which luxury/super-premium brands outshine their mass and affordable counterparts, highlighting the factors that contribute to their distinctiveness and appeal in the market.

Exhibit 47

Aspects	Luxury/Super Premium	Mass/ Affordable
 <p><b>Designing</b></p>	Exclusive designing & conceptualisation using 3D, prototyping, research, etc.	Cost-effective and affordable designing
 <p><b>Raw material sourcing</b></p>	Sourcing of high-quality products such as top-grade goods, exotic leathers, premium metals, to ensure durability and craftsmanship	Procurement of cost-efficient materials such as engineering wood, synthetic leather, etc.
 <p><b>Manufacturing</b></p>	Manufacturing using skilled artisans and craftsmen as it is a labour-intensive work.	Mass production technique
	Provides rigorous in-house training and offers apprenticeship programs to the craftsmen with great emphasis on tradition and heritage.	Craftsmen are trained to acquire basic skills required as per standardisation.
	Elaborate furnishing such as hand-carving, polishing, etc. and used premium fabrics or hand-stitched for upholstery	Simple finishing and upholstery using readily available fabrics or faux leather
 <p><b>Quality check</b></p>	Rigorous quality checks	Standard checks
 <p><b>Production Volume</b></p>	Limited production volume	High production volumes
 <p><b>Customisation &amp; Personalisation</b></p>	High level of customisation & personalisation	Limited customisation options
 <p><b>Distribution and retailing</b></p>	Distributes to exclusive showrooms, galleries, etc. and employ high-end logistics	Efficient packaging to reduce transportation cost and distributes to wholesalers, retailers, and online marketplace
	Experiential centres and responsive after-sales support such as warranties, assistance with services, etc.	Offers satisfactory customer service such as maintenance and limited warranties within defined time period, customer service, etc.
	High investment on branding and marketing such as collaboration with designers, leverage digital platforms, participation in prestigious exhibition, etc.	Mainly targets budget-conscious customers and gives importance to competitive pricing
	Emphasize sustainability & ethical practises such as minimising waste, supporting fair trade, etc.	-

Source: Redseer research

These challenges have helped importers gain an upper hand despite offering a mere adequate consumer experience

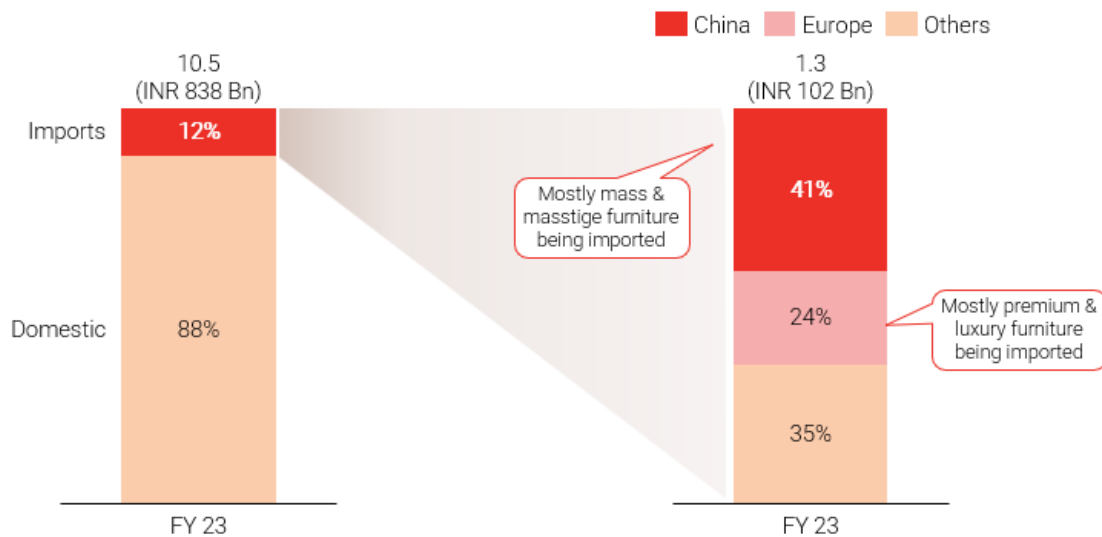
### Importers have captured high share in the luxury/super-premium market

The import market constitutes 12% of the total furniture market in FY 23. Of this, furniture imported from China constitutes 41% followed by Europe at 24%. However, luxury/super-premium furniture are primarily imported from European countries whereas China contributes most in the affordable and masstige category. Some of the luxury/super-premium brands imported from Europe to India are Roche Bobois, Poltrona Frau, BoConcept, Idus Furniture, etc. The attachment of value to specific products by these brands, customer loyalty, appreciation for product aesthetic, and the brand's association with product quality actively drive the significant portion of luxury/super-premium furniture imports in the country.

#### Exhibit 48

**India Furniture Market – Domestic vs Import**  
USD Bn, FY 23

**Indian Furniture Market- Import – Split by country**  
USD Bn, FY 23



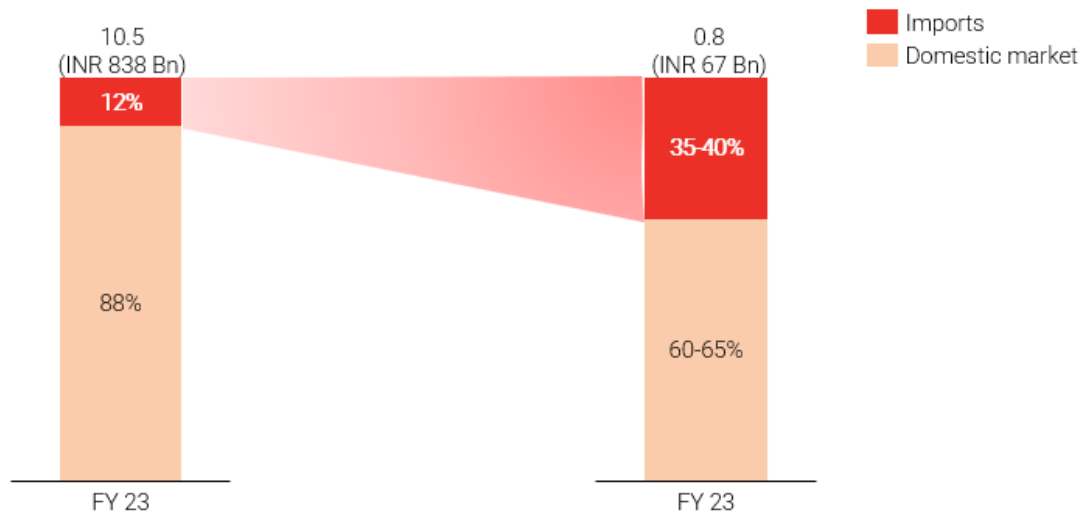
Note (s): Mass furniture refers to furniture worth INR <30K. Masstige Furniture refers to furniture worth INR 30k-70k  
Source: Tradestat (Dept. of Commerce), Redseer analysis

The total imports in the Indian furniture market constitute 12%, i.e., approximately USD 1.25 billion. Within the Indian luxury/super-premium furniture market, 35-40% of the products (USD 0.3 billion) are imported to India and majority of this share is represented by the luxury/super-premium categories.

## Exhibit 49

**India Furniture Market – Import**  
USD Bn, FY 23

**Indian Luxury/Super-Premium Furniture Market- Import**  
USD Bn, FY 23



*Note (s): Furniture being imported from Europe has been considered as luxury/super-premium furniture.  
Source: Tradestat (Dept. of Commerce), Redseer analysis*

### However, there are indications of market shift that are supposed to shift the furniture industry towards Indian manufacturers

There has been accelerated import substitution in the furniture industry which promotes process of reducing reliance on imported goods by promoting and supporting the production of domestic alternatives. These has been primarily driven by:

**Protective government policies:** The implementation of protective government policies such as the Production Linked Incentive (PLI) scheme, Bureau of Indian Standards (BIS) regulations, and import duties can create a favourable environment for domestic manufacturers. These policies aim to incentivize and support local production, making it more competitive compared to imported goods.

- **PLI incentives:** As discussed earlier, Government of India has announced a number of PLI (Production Linked Incentive) schemes for the furniture industry. These schemes offer financial incentives to domestic furniture manufacturers who invest in new production capacity or upgrade their existing facilities. According to a study by the National Council of Applied Economic Research (NCAER), the PLI scheme for furniture manufacturing is expected to create an additional 1.5 million jobs in the industry and increase the value of furniture exports by \$5 billion by 2025. The study also found that the scheme is expected to lead to a 20% increase in the domestic production of furniture.
- **BIS compliance costs:** BIS (Bureau of Indian Standards) plays a significant role in the furniture industry by setting standards. Moreover, BIS also supports import substitution efforts by ensuring that imported furniture complies with Indian standards. Imported furniture products are subject to scrutiny and testing to ensure they meet the necessary quality and safety requirements before they can be sold in the Indian market. The BIS

compliance costs can be significant, and they can make it more expensive for foreign furniture manufacturers to import their products into India. Another study, conducted by the Furniture Export Promotion Council of India (FEPCI), found that the BIS compliance costs for furniture manufacturers are estimated to be around 2% of the value of the product. The study also found that the import duties on furniture products are estimated to be around 10% of the value of the product.

- **Import duties:** The government of India also imposes import duties on a wide range of furniture products. These import duties can make it more expensive for foreign furniture manufacturers to import their products into India. This protection helps local manufacturers capture a larger share of the market and encourages investments in domestic production facilities. Moreover, import duties level the playing field, offsetting cost advantages enjoyed by foreign competitors and fostering a fairer market environment.

**Measures taken to combat under-invoicing of furniture imports:** Under-invoicing is a serious problem in India, and it is particularly prevalent in the furniture import sector. In 2018-19, the government of India estimated that under-invoicing of furniture imports was worth around \$1 billion. This means that the government was losing out on significant amounts of customs duty revenue.

There are a number of reasons why under-invoicing is so common in the furniture import sector. First, furniture is a relatively easy product to undervalue. The value of furniture can vary depending on several factors, such as the materials used, the design, and the manufacturing process. This makes it difficult for customs officials to accurately assess the value of furniture shipments.

Second, the furniture import sector is relatively unregulated in India. There are no specific laws or regulations that govern the valuation of furniture imports. This means that importers have a lot of leeway when it comes to declaring the value of their shipments.

The government of India is taking steps to combat under-invoicing of furniture imports. In 2019, the government introduced a new risk assessment tool for furniture imports. This tool uses several factors to identify shipments that are likely to be undervalued. Shipments that are flagged by the risk assessment tool are subject to more rigorous inspection by customs officials.

The government is also working to improve the coordination between different government agencies involved in the fight against under-invoicing. This includes the customs department, the enforcement directorate, and the central bureau of investigation. By working together, these agencies can share information and resources to more effectively target under-invoicing.

Despite these efforts, under-invoicing of furniture imports remains a problem in India. However, the government's continued efforts to combat this problem are likely to have a positive impact in the long term.

Here are some additional measures that the government of India is taking to combat under-invoicing of furniture imports:

- Increasing the number of customs inspections of furniture shipments.
- Using data analytics to identify patterns of under-invoicing.
- Working with trading partners to share information about under-invoicing.
- Imposing stricter penalties on importers who are caught undervaluing their shipments.

**Growing acceptance of Indian luxury/super-premium brands:** Indian brands are experiencing a growing acceptance and resonance domestically. This shift in consumer preferences towards Indian brands spans various industries, including the furniture sector. Firstly, Indian brands have made significant strides in terms of product quality, design, and innovation. They have invested

in research and development, embracing modern technologies and manufacturing practices to deliver high-quality products that meet international standards. The improved quality and design of Indian furniture brands have garnered recognition and admiration from consumers, boosting their acceptance in the market.

Secondly, there has been a rising awareness and appreciation for locally made products. Consumers are increasingly seeking products that align with their values, such as supporting local industries, promoting sustainability, and contributing to the local economy. Indian furniture brands that emphasize these aspects have resonated with conscientious consumers, who actively choose Indian brands over imported alternatives.

Additionally, Indian brands have focused on capturing the essence of Indian culture and heritage in their designs. They incorporate traditional craftsmanship, intricate detailing, and cultural designs, providing a distinct and unique identity to their furniture. This resonates not only with Indian consumers who seek a connection to their roots but also with international consumers who appreciate the richness and diversity of Indian aesthetics.

**Ecosystem development for furniture manufacturing:** The large number of importers capturing the luxury/super-premium market suggests a gap between Europe's and India's ecosystem. Firstly, Europe generally has a more advanced manufacturing ecosystem with a greater emphasis on leveraging advanced technologies such as robotics, automation, and smart manufacturing systems to enhance efficiency and product quality. Secondly, European manufacturers have a strong tradition of craftsmanship and specialization. They excel in niche industries such as luxury furniture, high-end design, and bespoke manufacturing.

In contrast, the furniture manufacturing ecosystem in India is characterized by a more diverse landscape. India has a mix of small-scale artisans, mid-sized manufacturers, and larger production facilities. The industry is known for its craftsmanship, unique designs, and cultural influences. However, the overall technological adoption and infrastructure in India's manufacturing ecosystem may be comparatively lower than in Europe.

However, India is experiencing a significant and rapid development of a comprehensive ecosystem for furniture manufacturing. This progress is attributed to various factors and initiatives. Firstly, the government has implemented policies to promote investment in the sector, such as the Production Linked Incentive (PLI) scheme, which provides financial incentives and support to furniture manufacturers. Furthermore, there has been a concerted effort to develop manufacturing infrastructure with modern facilities and advanced technologies. This includes the establishment of specialized furniture manufacturing zones and industrial parks, which provide a conducive environment for production, research, and development.

The ecosystem is further strengthened by skill development initiatives aimed at nurturing a skilled workforce. Vocational training programs, collaborations with educational institutions, and industry-academia partnerships have been established to meet the demand for skilled workers in the furniture manufacturing sector.

Overall, the development of a comprehensive ecosystem for furniture manufacturing in India is the result of coordinated efforts by the government, industry players, educational institutions, and other stakeholders. This ecosystem encompasses various elements, including supportive policies, infrastructure development, skill enhancement, access to raw materials, innovation, and collaboration. The growing ecosystem is transforming India into a competitive hub for furniture manufacturing, fostering economic growth, job creation, and positioning the country as a significant player in the global furniture market.

**Apart from importers, current luxury/super-premium market is being catered by two types of players**

- **Long tail of homegrown brands and standalone stores:** In recent years, there has been a notable increase in the number of long tail luxury and super-premium Indian domestic brands and standalone stores catering to the market. These homegrown brands have emerged as significant players in the luxury furniture segment, offering unique and exclusive offerings to discerning customers and generally cater to specific regions and cities.

By focusing on specific regions, these stores cater to the preferences and demands of local customers. They curate their product offerings to align with the tastes, cultural sensibilities, and lifestyle of the specific region they operate in. This localized approach ensures that customers are presented with luxury products that resonate with their unique aesthetic preferences and requirements. While these standalone stores may have a smaller physical footprint compared to larger luxury retailers, they contribute significantly to the overall luxury landscape in India.

One of the key factors contributing to the rise of these brands is the growing recognition and appreciation for Indian craftsmanship, design, and heritage. Customers, both domestically and internationally, are increasingly seeking authenticity, craftsmanship, and a connection to local culture when it comes to luxury furniture. These homegrown brands often focus on providing personalized and bespoke experiences to customers. They prioritize attention to detail, quality, and customization, offering furniture pieces that are meticulously crafted and tailored to individual preferences.

- **Luxury offerings of premium and masstige brands:** In addition to their mid-range offerings, premium and masstige brands have made inroads into the luxury market by introducing select SKUs in the luxury space. Leveraging their established brand reputation and strong distribution networks, these brands have been able to capture a portion of the luxury market.

These luxury offerings from premium and masstige brands benefit from the brand's existing equity, which provides a sense of trust, reliability, and familiarity to customers. The strong distribution networks of these brands allow them to reach a wider customer base, including those looking for luxury products within their preferred brand.

While the luxury offerings from premium and masstige brands may not have the same level of exclusivity or customization as dedicated luxury brands, they still provide customers with access to high-quality materials, sophisticated designs, and premium finishes. Additionally, the affordability factor of these luxury offerings from premium and masstige brands makes them attractive to customers who aspire to own luxury products but are conscious of their budget.






In summary, premium and masstige brands have ventured into the luxury market by introducing specific SKUs or luxury lines. Leveraging their brand reputation and distribution strength, these brands have successfully captured a portion of the luxury market, offering customers access to high-quality, aspirational luxury products within their preferred brand portfolio.

**However, Indian luxury/super-premium provides superior customer service to importers because of their manufacturing & retail combo**

In the realm of luxury and super-premium furniture, Indian brands have gained prominence for their ability to provide superior customer service compared to importers. This advantage stems from the unique combination of manufacturing and retail capabilities that Indian luxury and

super-premium brands possess. By having control over the entire production and distribution process, these brands can curate exceptional customer experiences, ensuring a seamless journey from manufacturing to retail. This comparison explores how the manufacturing and retail combo of Indian luxury/super-premium brands empowers them to deliver exemplary customer service, setting them apart from importers in the industry. In addition, imported products take 4 to 6 months to deliver a customised furniture or kitchen.

Exhibit 50

Aspects	Importers	Indian manufacturers
 <b>Lead time</b>	Longer lead time (typically 4-6 months)	Shorter lead time (3-4 weeks)
 <b>Customisation</b>	Typically source from different manufacturers so customisation possibilities are limited to range of colours, finishes etc.	Collaborate directly with customers to create bespoke pieces
 <b>Warranty Support</b>	Coordination and communication between various entities leads to complexity in warranty support	Control over entire production process provides smoother experience
 <b>After-sales Support</b>	Reliance on external manufacturers reduces uniformity in customer service and handling inquiries	Seamless & tailored customer experience due to customer service teams that possess in depth knowledge of products
 <b>Design Innovation</b>	Limited designs	Broader range of designs and flexibility to experiment with materials/aesthetics

Source: Redseer research

The manufacturing and retail combo empowers Indian furniture manufacturers to offer a seamless, customized, and customer-centric experience. By having control over the manufacturing process and direct interaction with customers, they can provide superior customer service that sets them apart from importers.

**Luxury/super-premium category is made up of foreign brands/importers with few domestic Indian brands standing tall**

**There are three types of brands operating in India: Domestic, Foreign and Aggregators (Importers of various global brands)**

Majority of the luxury/super premium brands are foreign brands or act as an aggregator, they import European luxury furniture and sells through their retail outlets or stores with few having their own manufacturing unit and categories. There are only a few Indian brands operating in the luxury & super premium segment.

Exhibit 51

Luxury/Super-Premium brands- Manufacturing/Importer

Categories	Brands (Non-exhaustive)		
Indian	Stanley Lifestyles	Mor Decor	Sarita Handa
		Mobel Grace	Royal Zig
Foreign	Roche Bobois	BoConcept	Ashley Furniture
		Poltrona Frau	Natuzzi
Aggregator/ Manufacturer+ Aggregator	SCASA	Vivono	West elm
		Dash Square	Meztli

Source: Redseer research, Data as of July 2023, brand list is non-exhaustive

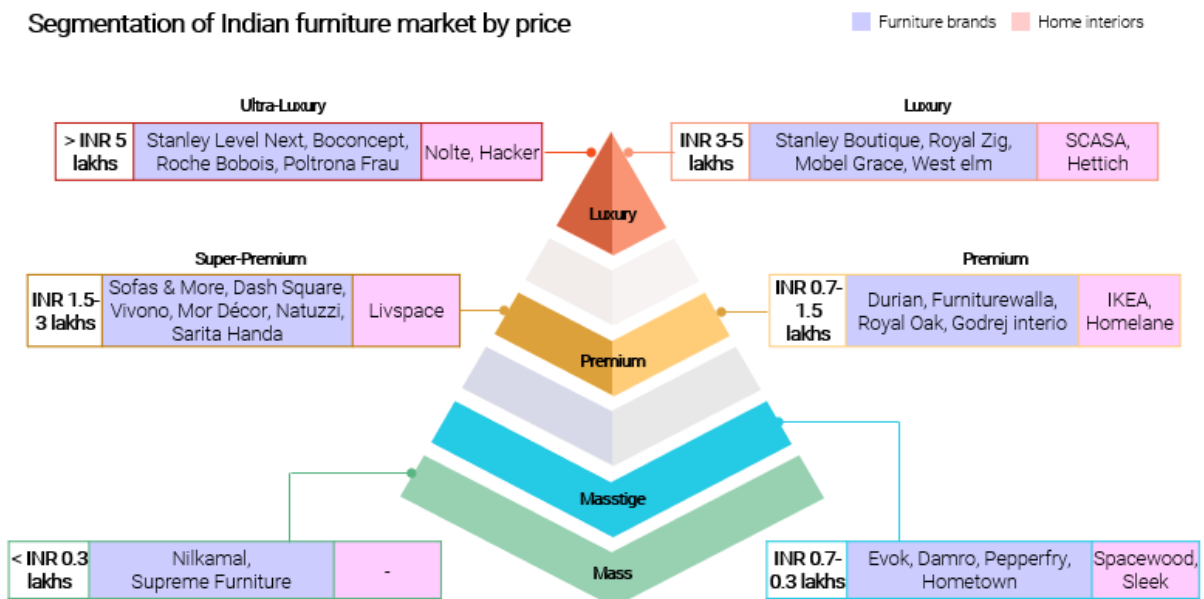
Segmentation of Indian furniture, home goods brand basis price

Within the Indian furniture, home goods & interiors market, multiple categories can be identified based on the price of products offered. Luxury brands cater to the rich and affluent, offering sofa sets priced above INR 4 lakhs. Super-premium brands cater to a slightly broader audience, with sofas ranging from INR 0.5 to 4 lakhs. These categories primarily consist of a mix of foreign players, importers, and a few domestic players like Stanley Lifestyles with their brands Stanley Level Next, Stanley Boutique and Sofas & More and More Décor.

As we move down the price spectrum, the premium category takes the spotlight, featuring renowned brands such as IKEA, Royal Oak, and Durian. These brands strike a delicate balance between quality and affordability, appealing to affluent and high-income households across India.

Exhibit 52

Segmentation of Indian furniture market by price





Notes: Furniture brands is segmented basis price of Sofa (3+2) & number of SKUs in each price range. Home interior is segmented basis price of cost per sq. ft charged. Brand list is non-exhaustive.

Source: Redseer research, Data as of July 2023

Stanley Lifestyles have the distinction of being among the first few Indian companies to venture into the super-premium and luxury furniture segment and one of the few Indian companies present across various price points, i.e., super-premium, luxury, and ultra-luxury segment, through their various brands like Stanley Level Next, Stanley Boutique and Sofas & More.

Luxury/super-premium brands offer comprehensive customisation options, but only a few, primarily Indian brands have established their own manufacturing setups.

### Exhibit 53

#### Luxury/Super-Premium brands- Category wise presence

Brands	Living + Dining rooms	Bedroom	Kitchen cabinets	Complete home solution
Stanley Lifestyles	✓	✓	✓	✓
Roche Bobois	✓	✓	×	×
SCASA	✓	✓	✓	✓
BoConcept	✓	✓	×	×
Poltrona Frau	✓	✓	✓	✓
Royal zig	✓	✓	✓	×
West elm	✓	✓	×	×
Vivono	✓	✓	×	×
Natuzzi	✓	✓	×	×
Dash square	✓	×	×	×
Mor décor	✓	✓	×	×
Ashley Furniture	✓	✓	×	×
Sarita Handa	✓	×	×	×
Simply Sofas	✓	×	×	×
Mobel Grace	✓	✓	✓	×

Notes: Non-availability is based on the data from website

Source: Redseer research, Data as of July 2023, brand list is non-exhaustive

Luxury/super-premium brands primarily differentiate their products through customisation options and very few players in the Indian luxury/super-premium furniture market offers this service.

Among the luxury and super premium furniture brands operating in the Indian market, there are only couple of brands which provides complete home solutions. Majority of the listed brands operate and mainly serve under few key items across the categories.

The luxury and super-premium furniture market in India is highly competitive and segmented, with both unbranded and branded players competing for market share. Other than local players like Stanley Lifestyles there are many European brands present in the luxury and super-premium furniture industry who design and manufacture and then import their products into India.

It is important to note that among luxury furniture brands, Indian brands like Stanley Lifestyles, Royal Zig, Sarita Handa and Mor Decor are the only players who have their manufacturing units in India. Over the years, Stanley Lifestyles has transformed into a comprehensive provider of

home solutions and is one of the few super-premium and luxury brands in India that provides a wide range of home solutions offerings, such as sofas, armchairs, kitchen cabinets, beds, mattresses, and pillows, amongst others. Stanley Lifestyles portfolio includes a wide selection of premium leather sofas which are expensive compared to non-leather/fabric alternatives. Post liberalisation as demand for leather goods grew, Stanley Lifestyles was among the few super-premium/luxury furniture players to offer leather sofas in India. Stanley Lifestyles was one of the largest importers of leather in India for furniture manufacturing purposes in fiscal 2022.

## Exhibit 54

### Luxury/Super-Premium brands - Manufacturing/Importer and their offerings

Brands	Founding Year	Category	Product Origin	Manufacturing unit in India	Customization	Complete home solution
Stanley Lifestyles	2007	Indian	-	✓	✓	✓
Roche bobois	2014	Foreign	European	✗	✓	✗
SCASA	2017	Importer	European	✗	✓	✓
Boconcept	2016	Foreign	European	✗	✓	✗
Poltrona Frau	2010	Foreign	European	✗	✓	✓
Royal zig	2016	Indian		✓	✓	✗
West elm	2021	Foreign	American	✗	✗	✗
Vivono	2016	Importer	European	✗	✗	✗
Natuzzi	2010	Foreign	European	✗	✓	✗
Dash square	2019	Importer	European + American	✗	✗	✗
Mor décor	2016	Indian		✓	✓	✗
Ashley Furniture	2017	Foreign	American	✗	✓	✗
Sarita Handa	1993	Indian	-	✓	✗	✗
Simply Sofas	2008	Indian	-	✗	✓	✗
Mobel Grace	1993	Indian	-	✓	✓	✗

Notes: Non-availability is based on the data from website

Source: Redseer research, Data as of July 2023, brand list is non-exhaustive

Stanley Lifestyles are one of the few Indian super-premium and luxury furniture manufacturing company in India that is completely integrated, possessing the ability to manufacture products and distribute them through their own network of retail stores. Having no significant direct competition from local brands which operate at the same level as Stanley Lifestyles and the imported products taking higher delivery time, Stanley Lifestyles is among the very few home-grown luxury home furniture brands that is positioned to capture in the emerging premiumisation stage of the Indian housing market.

Stanley Lifestyles are among one of the few vertically integrated luxury furniture manufacturers in India combining experienced and semi-skilled craftsmanship in their manufacturing process. They are also one of the few organized vertically integrated furniture manufacturers with infrastructure capable of manufacturing and producing furniture for every room.

Premium furniture manufacturing relies heavily on skilled labour, as it is a labour-intensive program. Stanley Lifestyles's operations encompass skilled craftsmanship, specifically through the utilization of job workers who have abundance knowledge in customization of the furniture to give a human touch to the products under one roof. This creates significant barriers to entry

for any new player which does not have the requisite infrastructure, and the skilled craftsmanship that we have to design, stitch and manufacture products.

## Exhibit 55

### Luxury/Super-Premium brands – Revenue and market share for FY 22

Brands	Revenue In INR Cr (USD Mn)	Luxury market share (In %)	PAT (In %)	ROCE (In %)
Stanley Lifestyles	292.2 (36.5)	5.6%	7.9%	13.4%
Roche bobois	NA	NA	NA	NA
SCASA	NA	NA	NA	NA
Boconcept	27.6 (3.5)	0.53%	5%	34.1%
Poltrona Frau	14.2 (1.8)	0.27%	2.8%	6.4%
Royal zig	0.6(0.1)	0.01%	3%	11.4%
West elm	NA	NA	NA	NA
Vivono	19 (2.4)	0.4%	2%	24%
Natuzzi	NA	NA	NA	NA
Dash square	NA	NA	NA	NA
Mor décor	NA	NA	NA	NA
Ashley Furniture	NA	NA	NA	NA
Sarita Handa	NA	NA	NA	NA
Simply Sofas	0.03 (0.004) (FY 21)	0.005%	NA	NA
Mobel Grace	12.3 (1.5)	0.3%	5.5%	16.1%

Notes: Companies whose revenues are not listed from last 2-3 years/unavailability of company name are indicated as NA. Stanley lifestyles overall revenue for FY 22 stands at 291.8 of which OEM and IKEA represent a share of 30%.

Stanley Lifestyles is among the few home-grown super-premium & luxury consumer brands in India operating at scale in terms of manufacturing and retail operations in fiscal 2022. They are India's largest super-premium and luxury furniture brand with a market share of 5.61% in terms of revenue in Fiscal 2022. Furthermore, Stanley Lifestyles have one of the highest PAT margins among major Indian furniture companies. This makes them unique in being the only company in the segment operating at a significant scale while maintaining such a high level of profitability. Stanley Lifestyles are also the fourth largest player in India when we consider only the home furniture segment in terms of revenue in Fiscal 2022

### Exclusive stores are the preferred distribution option for luxury and super-premium brands

Among the luxury and super premium brands, exclusive brand outlets are the most prevalent model of distribution. Some brands also utilize direct-to-customer channels and online marketplaces and only a couple of brands are selling via a multi-brand outlet model, wherein the stores cater to multiple brands of furniture. However, the foundation of brand's positioning relies on the presence of exclusive brand outlets as these outlets are carefully designed and curated to capture the essence of affluence.

## Exhibit 56

### Luxury/Super-Premium brands and their channel of distribution

Brands	Exclusive brand outlets	Multi-brand outlets	D2C	Online marketplace
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Stanley Lifestyles	✓	×	✓	×
Roche bobois	✓	×	✓	✓
SCASA	×	✓	×	×
Boconcept	✓	×	✓	✓
Poltrona Frau	✓	×	×	×
Royal zig	✓	×	✓	✓
West elm	✓	×	✓	✓
Vivono	✓	×	×	×
Natuzzi	✓	×	×	×
Dash square	×	✓	✓	×
Mor décor	✓	×	✓	✓
Ashley Furniture	✓	×	✓	×
Sarita Handa	✓	×	✓	×
Simply Sofas	✓	×	×	×
Mobel Grace	✓	×	×	×

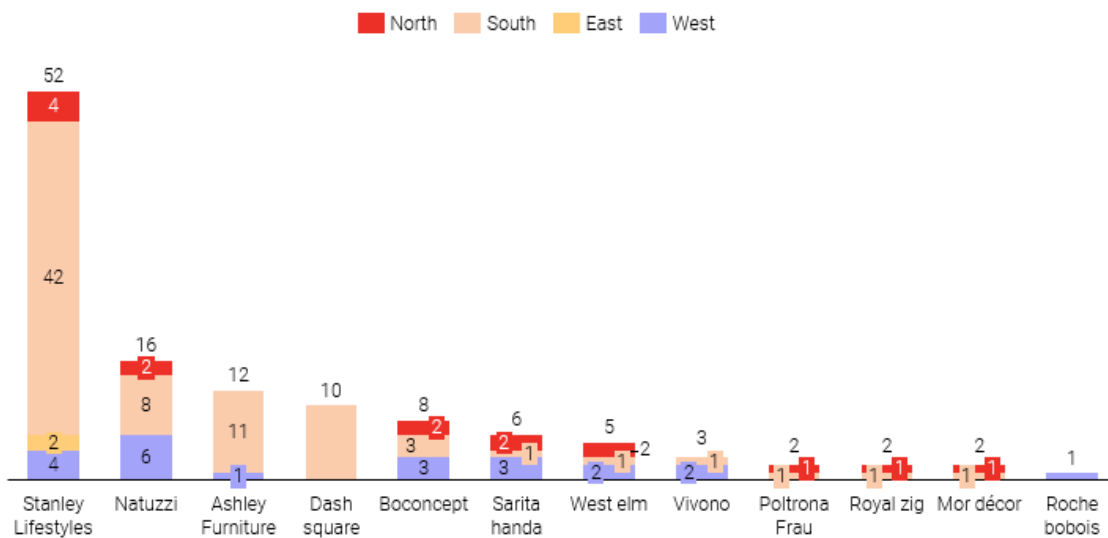
Source: Redseer research, Data as of July 2023. Brand list is non-exhaustive

Most of the luxury/super-premium brands have a significant presence in the southern part of the country, with Stanley Lifestyles being the only brand with presence in each region. The most preferred cities in the southern region are Bangalore and Hyderabad, followed by North India, where Delhi is the most popular location among the brands. There are comparatively fewer stores in the eastern and western parts of the country.

Stanley Lifestyles are among the first few homegrown luxury/super-premium furniture brand and are the largest [in terms of # of stores] and the fastest [in terms of revenue growth] growing brand in the segment. As of June 30, 2023, Stanley Lifestyles had the largest chain of retail outlets that offer luxury furniture products in India.

## Exhibit 57

### Luxury/Super-Premium brands- Region wise presence



Note: North region includes Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, Chhattisgarh, Madhya Pradesh & Uttar Pradesh. Eastern region includes Bihar, Jharkhand, West Bengal, Orissa, Sikkim, Assam. Western region includes Goa, Gujarat & Maharashtra. Southern region includes Andhra Pradesh, Karnataka, Kerala & Tamil Nadu.

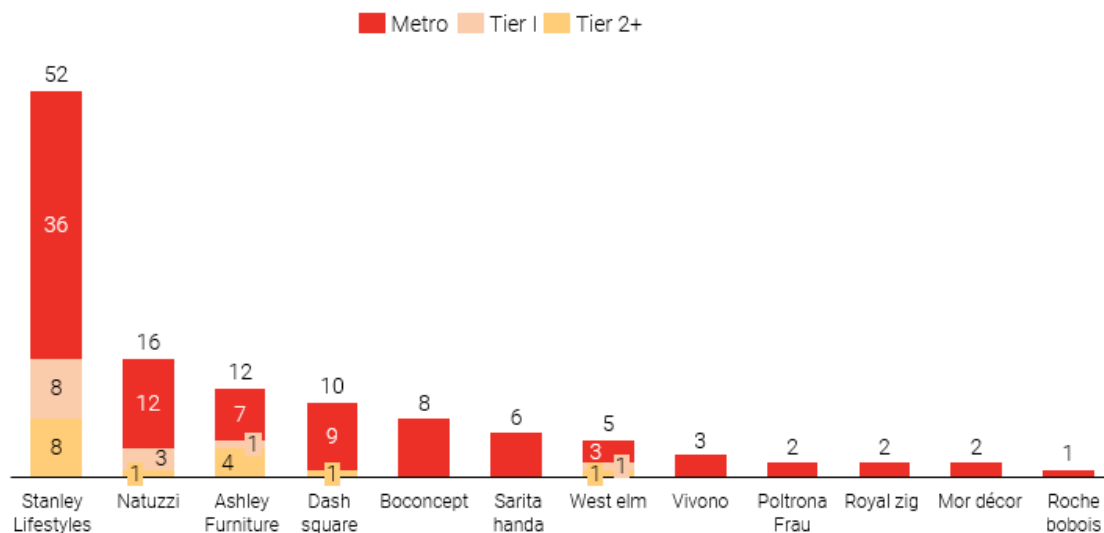
Source: Redseer research, Data as of July 2023, brand list is non-exhaustive

The luxury/super-premium furniture stores across the country are largely concentrated in metro cities. All the major brands have a skewed presence towards metro cities as these cities provide

a larger affluent customer base. These cities also have well developed infrastructure, high street retail destinations. While metros remain the primary focus for luxury retail, opportunities also exist to explore tier 2 and tier 3 cities as they exhibit growing potential and evolving consumer aspirations. As of June 30, 2023, Stanley Lifestyles’ s retail presence was thrice the size of its nearest competitor in the luxury/super-premium furniture industry giving them market advantage.

**Exhibit 58**

**Luxury/Super-Premium brands- Tier wise presence**



Note: Metro cities (8 cities) includes Mumbai, Delhi, Bangalore, Chennai, Hyderabad, Kolkata, Pune, and Ahmedabad. Tier 1 cities (20 cities) include non-metro cities with population more than 1 Mn. Tier 2+ cities (4400+ cities) includes non-metro cities with population less than 1 Mn.

Source: Redseer research, Data as of July 2023, brand list is non-exhaustive

Given the size of Stanley Lifestyles Limited ’s manufacturing as well as retail operations and the diversified home solution offerings, there are no directly listed companies in the same industry in India that follow a similar business model with whom their operations can be compared. Globally, while based on a comparison of product offerings and key features, Stanley Lifestyles competes with Roche Bobois, Natuzzi and West Elm (a subsidiary of Williams Sonoma, Inc) which are listed on Euronext Paris, New York (NYSE) (both Natuzzi & West Elm) stock exchanges, however, the size of their operations and business cannot be compared to Stanley Lifestyles business model. Accordingly, it is not possible to provide an industry comparison.

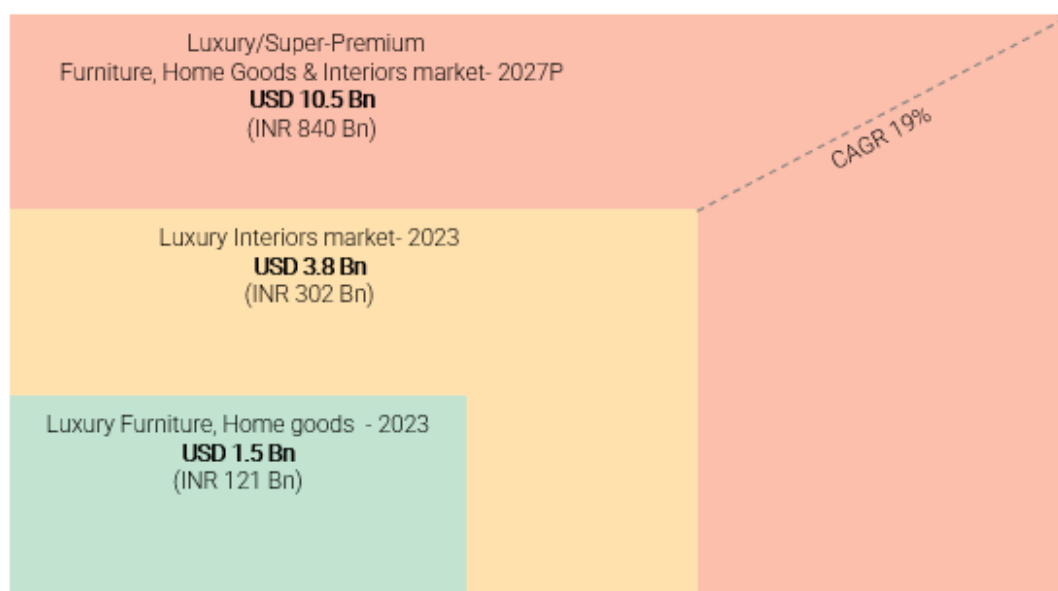
## Stanley Lifestyles Total Addressable Market in India and present categories

In 2023, Stanley Lifestyles have an addressable market of approximately USD 5.3 billion (INR 423 billion), projected to grow to approximately USD 10.5 billion (INR 840 billion) by 2027. Their current suite of offerings focuses on the luxury furniture, home goods, and home interiors market in India. Within this market, the organized luxury segment, which includes sales through brick-and-mortar stores and online platforms, is experiencing significant growth. Growth in this segment is driven by factors such as rising nuclearization, increasing women's workforce, changing consumer preferences, higher disposable incomes, the influence of social media, rising housing projects, and the growth of the tourism and hospitality industry.

### Exhibit 59

#### India Luxury/Super-Premium Furniture, Home Goods & Interiors Market

Sales, FY 23 & 27P



Source: Redseer research

### Exhibit 60

Category	Overall market (2023)	Overall market (2027P)	CAGR (2023-27P)	Luxury/super-premium market (2023)	Luxury/super-premium market (2027P)	CAGR (2023-27P)
In USD Bn (INR Bn), except for %						
Furniture	10.5 (INR 838 Bn)	27.8 (INR 2200 Bn)	28%	0.8 (INR 67 Bn)	2.8 (INR 223 Bn)	35%
Home Goods	8.6 (INR 686 Bn)	21 (INR 1600 Bn)	25%	0.7 (INR 55 Bn)	2.1 (INR 169 Bn)	32%
Interior market	21 (INR 1700 Bn)	37 (INR 3900 Bn)	15%	3.8 (INR 302 Bn)	5.6 (INR 444 Bn)	10%

Source: Redseer research

## Glossary

<i>Keywords</i>	<i>Definition / Terms / Acronyms</i>	<i>Theme</i>
<i>1 USD</i>	<i>INR 80</i>	<b>General</b>
<i>Mn</i>	<i>Million</i>	
<i>Bn</i>	<i>Billion</i>	
<i>Tn</i>	<i>Trillion</i>	
<i>CAGR</i>	<i>Compounded Annual Growth Rate</i>	
<i>FDI</i>	<i>Foreign Direct Investment</i>	
<i>Year (FY)</i>	<i>The year stated in the report is financial year</i>	
<i>Year (CY)</i>	<i>The year stated in the report is calendar year</i>	
<i>GDP</i>	<i>Gross domestic product</i>	
<i>Nominal GDP</i>	<i>Nominal GDP is the GDP unadjusted for the effects of inflation and is at current market price</i>	
<i>Real GDP</i>	<i>Real GDP is inflation adjusted calculation reflecting the value of economic output</i>	
<i>GDP per capita</i>	<i>GDP per capita is the sum of gross value added by all resident producers in the economy</i>	
<i>YOY</i>	<i>Year-on-year growth</i>	
<i>PFCE</i>	<i>Private final consumption expenditure</i>	
<i>IMF</i>	<i>International Monetary Fund</i>	<b>City level Classification</b>
<i>Metro Cities</i>	<i>Mumbai, Delhi, Bangalore, Chennai, Hyderabad, Kolkata, Pune, and Ahmedabad (8 cities)</i>	
<i>Tier 1 cities</i>	<i>Non-metro cities with population more than 1 Mn (20 cities)</i>	
<i>Tier 2+ cities</i>	<i>Non-metro cities with population less than 1 Mn (4400+ cities)</i>	
<i>Rural Areas</i>	<i>Population less than 10000</i>	<b>Household income level classification</b>
<i>HNI</i>	<i>High net worth individuals are those owning assets worth more than USD 1 Mn</i>	
<i>Rich</i>	<i>Individuals owning assets between USD 14,200-1 Mn</i>	
<i>Affluent</i>	<i>Households with annual income &gt; USD 25000 (INR 2000k+)</i>	
<i>Well Off</i>	<i>Households with annual income in range of USD 14200-25000 (INR 1136k-2000k+)</i>	
<i>Aspirational households</i>	<i>Households with annual income in range of USD 3500-14200 (INR 280k-1136k+)</i>	
<i>Low-income households</i>	<i>Households with annual income &lt; USD 3500 (&lt;INR 280k)</i>	<b>Consumption</b>
<i>Luxury</i>	<i>Under categories such as handbags, bags worth more than INR 5 lakhs (Hermes, LV etc.), under vehicles, cars worth more than 2 Cr (Rolls Royce, Aston Martin etc.) and under apparels, brands selling a t-shirt/top worth more than INR 30k (Burberry, Prada etc.) are considered luxury brands</i>	
<i>Super Premium</i>	<i>Under categories such as handbags, bags priced INR 1-5 Lakhs (Bulgari, Jimmy Choo, etc.), under vehicles, cars worth INR 0.5-2 Cr. (Audi, BMW, etc.) and under apparels, brands selling t-shirt/top worth INR 10-50K (Versace, Hugo etc.) are considered premium brands.</i>	

<i>Retail</i>	<i>Retail includes spends on food &amp; beverages, clothing &amp; accessories, furnishing, drugs, vehicle, personal care products etc.</i>	
<i>Services</i>	<i>Services includes spends on utility bills, health services, transport, education, financial services, recreational activities etc.</i>	
<i>Organised</i>	<i>Includes sales happening through modern trade, organized brick &amp; mortar and online marketplace</i>	<b>Retail</b>
<i>Traditional</i>	<i>Traditional Retail includes sales happening through general trade stores or unorganised kirana stores</i>	
<i>Luxury</i>	<i>Residential units priced more than INR 2.5 Cr</i>	<b>Real estate (residential units)</b>
<i>Premium</i>	<i>Residential units priced in between INR 1.5-2.5 Cr</i>	
<i>High-end</i>	<i>Residential units priced in between INR 0.8-1.5 Cr</i>	
<i>Mid-end</i>	<i>Residential units priced in between INR 0.4-0.8 Cr</i>	
<i>Affordable</i>	<i>Residential units priced less than INR 0.4 Cr</i>	
<i>Furniture</i>	<i>Include Beds, Cabinets, Dining tables, Sofas, Chairs &amp; others</i>	<b>Furniture &amp; Home Goods</b>
<i>Luxury</i>	<i>Furniture priced more than INR 1.5 Lakhs</i>	
<i>Premium</i>	<i>Furniture priced in between INR 0.7-1.5 Lakhs</i>	
<i>Masstige</i>	<i>Furniture priced in between INR 0.3-0.7 Lakhs</i>	
<i>Mass</i>	<i>Furniture priced less than INR 0.7 lakhs</i>	
<i>Furniture</i>	<i>Includes beds, cabinets, dining tables, sofas, chairs &amp; others</i>	
<i>Home Goods</i>	<i>Includes Home furnishings (Includes bath linens, kitchenry, cushions &amp; covers, bed linen, curtains, flooring &amp; mattress), Home décor (Includes table décor, tableware, spiritual &amp; wall decors), Lighting (Includes lamps, wall lights, ceiling lights, smart lights, festive lights &amp; LED lights) &amp; others</i>	
<i>Home Interior</i>	<i>Includes core services like modular kitchens, storage units, entertainment units and other furniture items</i>	<b>Home Interior</b>
<i>Luxury</i>	<i>Home interior priced more than \$140 per sq. ft</i>	
<i>Rest</i>	<i>Home interior priced less than \$140 per sq. ft</i>	
<i>Branded</i>	<i>Have more than one store and sells online</i>	<b>Furniture, Home goods &amp; Interior market</b>
<i>Standalone</i>	<i>Have only one store</i>	