



IPO NOTE

BRAINBEES SOLUTIONS LIMITED



Rating:
Neutral



ISSUE OFFER

Issue Opens on	AUG 06, 2024
Issue Close on	AUG 08, 2024
Total IPO size (cr)	₹4,193.73
Fresh issue (cr)	₹1,666.00
Offer For Sale (cr)	₹2,527.73
Price Band (INR)	440-465
Market Lot	32
Face Value (INR)	₹2
Retail Allocation	10%
Listing At	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 75%;"></div>	75%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 10%;"></div>	10%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
483,349,470	519,177,427

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	09-08-2024
Refunds/Unblocking ASBA Fund	12-08-2024
Credit of equity shares to DP A/c	12-08-2024
Trading commences	13-08-2024

Brainbees Solutions Limited is India's largest multi-channel retailing platform for Mothers', Babies', and Kids' products, in terms of GMV, for the Financial Year 2024, according to the RedSeer Report, with a growing presence in select international markets. In India, it sells Mothers', Babies', and Kids' products through its online platforms, company-owned modern stores, franchisee-owned modern stores, and general trade retail distribution.

OBJECTS OF THE ISSUE

- Capital expenditures.
- Investment in Subsidiaries.
- Sales and marketing initiatives.
- Financing of inorganic growth through acquisitions and other strategic initiatives.

OUTLOOK & VALUATION

Brainbees Solutions, the parent company of FirstCry, is India's largest online retailer of baby and child care products, boasting strong brand recognition, customer loyalty, and engagement. The company has demonstrated a scalable business model capable of capturing a significant market share.

However, Brainbees has encountered financial challenges, incurring losses for the past three years despite revenue growth. Negative cash flows further underscore these concerns. The company operates in a highly competitive landscape and relies on third-party manufacturers, suppliers, and brands for its product offerings.

Due to the absence of profitability, a meaningful P/E valuation cannot be determined. Additionally, the lack of comparable listed peers limits comparative analysis. Consequently, we maintain a neutral stance on the IPO and advise investors to conduct thorough due diligence before making an investment decision.



KEY MANAGERIAL PERSONNEL

01

Supam Maheshwari

Managing Director and Chief Executive Officer and has been on the Board since incorporation. He is currently heading the company and is responsible for its overall management. He was previously president of Brainvisa Technologies Private Limited. He has approximately 14 years of experience in the e-commerce industry.

03

Neelam Jethani

Company Secretary and Compliance Officer. She is responsible for setting up a compliance framework to ensure regulatory and legal compliance, licensing, etc., and overseeing the governance structure in the Company. Before joining this Company, she worked with Schaeffler India Limited, Persistent Systems Limited, and KPIT Technologies Limited. She joined this Company on December 1, 2022.

02

Gautam Sharma

Group Chief Financial Officer. He is responsible for the finance function, fund-raising, regulatory, and strategic planning in the Company. Before joining the Company, he worked with Birla Ericsson Optical Limited, Minda Valeo Security Systems Private Limited, Reliance Industries Limited and Vindhya Telelinks Limited. He joined this Company on May 28, 2012.

04

Prashant Jadhav

Chief Technology Officer. He heads and is responsible for the IT function in the Company. Before joining the Company, he worked with Brainvisa Technologies Private Limited. He joined the Company on September 9, 2010.

COMPANY PROFILE

- The company launched the FirstCry platform in India in 2010 to create a one-stop destination for parenting needs across commerce, content, community engagement, and education.
- Across its platform, it offers products from third-party Indian, global, and home brands. It has created trusted home brands in the Mothers', Babies', and Kids' products categories through its deep insights and understanding of the requirements of its customers, robust data analytics tools, in-house design, and development capabilities, and by leveraging the market recognition of the "FirstCry" brand.
- The company organizes its business into four reportable segments: India multi-channel, International, GlobalBees Brands, and Others.
- Its integrated FirstCry platform helps fulfill three essential parenting needs i.e., shopping, parenting community, and education. It addresses the needs of its customers across various channels: online platform, modern stores, and general trade retail distribution channels in India; and online platforms in UAE and KSA.

COMPETITIVE STRENGTHS

- India's largest multi-channel, multi-brand retailing platform for Mothers', Babies' and Kids' products.
- Its platform has powerful network effects driven by content, brands, and data.
- Brand affinity, loyalty, and trust of customers in the FirstCry brand.
- Combination of curating growing home brands and relationships with third-party brands.
- Its technology and data-driven, personalized customer journey leads to higher customer engagement.
- Full-stack platform with control over manufacturing and supply chain.
- Proven and scalable business model.

KEY STRATEGIES

- Grow its customer base by continuing to invest in the brand, technology, products, and membership program.
- Grow its offline and online touchpoints to strengthen its multi-channel competitive advantage.
- Continue to expand its portfolio of home brands.
- Expand general trade retail distribution of its home brands.
- Selective expansion in international markets.

KEY CONCERNS

- The Company has had negative net cash flows in the past and may continue to have negative cash flows.
- The Company has incurred losses in past periods and may continue to do so in the future.
- The industry is competitive and it is expected that competition will continue to increase.
- Dependency on relationships with third-party manufacturers for its home brand products.
- Do not have exclusive agreements with contract manufacturers, suppliers, and third-party brands.
- It significantly depends on franchisees, warehouse operators, logistic partners, distributors, and other such commercial relationships for its product distribution network.

COMPARISON WITH LISTED INDUSTRY PEERS

There are no listed companies that engage in a business similar to that of this Company or are of a comparable size to that of this Company. Accordingly, it is not possible to provide an industry comparison in relation to Brainbees solutions limited.

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLION)	FY 2024	FY 2023	FY 2022
Equity Share Capital	814.71	814.71	814.07
Other equity	30,822.28	33,677.49	34,394.93
Net Worth	37,914.53	41,996.92	42,880.41
Total Borrowings	2,294.60	550.40	511.02
Revenue	64,808.56	56,325.39	24,012.88
EBITDA	704.91	(2,629.04)	(182.01)
Loss Before Tax	(3,215.20)	(5,300.23)	(511.44)
Net loss of the year	(3,215.07)	(4,860.56)	(786.85)



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