



firstcry

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Brainbees Solutions Limited

Issue Opens On
Aug 06, 2024

Issue Closes On
Aug 08, 2024

Price Band (INR)
440 – 465

Issue Size (INR Mn)
40,578 – 41,937

Rating
SUBSCRIBE

Brainbees Solutions Limited (FirstCry) is India's largest multi-channel retailing platform for Mothers', Babies' and Kids' Products, in terms of GMV, for the FY 2024. FirstCry enjoys a market share of 16– 17% in the organized India Childcare products market as of FY24 and 2.5% share in Indian childcare products.. FirstCry is the pioneer of multi-channel retailing for Mothers', Babies' and Kids' Products in India. With over 2.12 Mn sq. ft retail space and 1,063 Modern Stores in 533 cities in 28 states and five union territories, FirstCry had the largest retail space and Retail Footprint amongst Specialty Mothers, Babies, and Kids' Retailers in India, as of March 31, 2024.

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (Mn)	90.2
Fresh issue (# shares) (Mn)	35.8
Offer for sale (# shares) (Mn)	54.3
Price band (INR)	440– 465
Post issue MCAP (INR Mn)	2,29,334- 2,41,418

Source: IPO Prospectus

Issue	# Shares	INR Mn	%
QIB	6,76,40,767	31,453	75%
NIB	1,35,28,153	6,291	15%
Retail	90,18,769	4,194	10%
Net Offer	9,01,87,690	41,937	100%

Source: IPO Prospectus

Indicative Timetable

Offer Closing Date	Thursday 08 th Aug'24
Finalization of Basis of Allotment with Stock Exchange	On or about 09 th Aug' 24
Initiation of Refunds	On or about 12 th Aug' 24
Credit of Equity Shares to Demat accounts	On or about 12 th Aug' 24
Commencement of Trading of Eq. shares on NSE	On or about 13 th Aug' 24

Source: IPO Prospectus

Objects of the Offer

1. Capex and lease payments for stores & warehouses
2. International Expansion
3. Investment in Globalbees
4. Sales & marketing
5. Investment in Technology
6. General Corporate Purpose including acquisitions

Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoters Group	0%	0%
Others	100%	100%
Total	100%	100%

Source: IPO Prospectus

Particulars (In INR Mn)	FY22	FY23	FY24
Revenue	24,013	56,325	64,809
EBITDA	-182	-3,173	705
EBITDA Margin (%)	-1%	-6%	1%
Adj EBITDA (excluding ESOPs and deal related costs)	962	750	2745
Adj EBITDA Margin(%)	4%	1%	4%
Profit After Tax	-787	-4,861	-3,215
PAT Margin (%)	-3%	-9%	-5%
Net Worth	35,279	34,563	31,707
RONW (%)	-2%	-13%	-9%

Source: IPO Prospectus, DevenChoksey Research

RESEARCH ANALYST

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Brainbees Solutions Limited

Company Overview :

In 2010, FirstCry was established as a multi-channel retail destination for mothers, babies, and kids' products. The online platform launched in December 2010, followed by the opening of the first modern store in June 2011. By integrating offline and online shopping experiences, FirstCry offers a "touch and feel" experience through physical stores and the convenience of online ordering. This multi-channel strategy caters to customers who research online and purchase offline, enhancing brand recall and marketing efficiency. Investments in distribution, marketing, technology, and logistics have fostered long-term customer relationships. Leveraging content creation and curation, FirstCry delivers a personalized and curated product assortment, making it a highly effective discovery and shopping platform.

Business segments:

- India multi-channel segment:** This segment covers the company's online platform, modern stores, and general trade retail distribution in India, addressing both home brand and third-party products. It also includes the company's manufacturing operations within India.
- International segment:** This segment involves the company's operations in the UAE and KSA.
- Globalbees Brands segment:** This segment covers GlobalBees Brands and its subsidiaries.
- Others:** This segment includes other businesses that are currently not material, such as the company's education business.

Revenue from operations comprises the sale of products and other operating revenue:

- Sale of Products:** This category pertains to transactions where the company acts directly as the seller of goods purchased from suppliers or from owned brands that it manufactures.
- Other Operating Revenue:** This includes (i) internet display charges, which are fees collected from brands for advertising on the company's platform, and (ii) other operating revenue, such as revenue from preschool operations.

Particulars	FY24		FY23		FY22	
	INR Mn	in %	INR Mn	in %	INR Mn	in %
Revenue generated from sale of products	63,255	98%	55,194	98%	23,235	97%
Revenue generated from internet display charges	926	1%	753	1%	635	3%

Source: IPO Prospectus, Deven Choksey Research

FirstCry online platform:

- The online platform features a mobile app, website, and mobile site. Moreover in addition to shopping, FirstCry parenting community provides parenting community for engagement and content sharing.
- The app supports up to 11 profiles based on children's demographics for personalized recommendations and browsing.
- As of March 31, 2024, the mobile app has a 4.6 rating on the Apple App Store and a 4.4 rating on the Google Play Store.



Source: IPO Prospectus, DevenChoksey Research

Brainbees Solutions Limited

Company Overview :

First Cry modern stores:

- The modern stores are a key part of the multi-channel strategy. The first modern store was launched in June 2011 to provide a closer and more personal customer experience
- As of March 31, 2024, the company operates over 2.12 Mn sq ft of retail space across 1,063 modern stores in 533 cities.
- The company has the largest retail space and footprint among specialty mothers, babies, and kids' retailers in India. The network of modern stores covers 28 states and five union territories in India.
- Sales distribution models and multi-channel retail help in identifying locations for new store openings.
- Modern stores are operated in two formats: franchisee-owned and franchisee-operated stores(FOCO), and company-owned and company (COCO) operated stores.
- The company operates two types of stores: FirstCry modern stores, which sell multiple brands, including third-party brands, and BabyHug modern stores, which exclusively sell 'BabyHug' products.
- Of the 1,063 modern stores, 628 operate on an asset-light franchisee model, where capital and operational expenditures are covered by franchisees.

Particulars	FY24	FY23	FY22
Number of COCO Stores at the beginning of the year	286	126	53
Net addition of COCO Stores	149	160	73
Total number of COCO Stores at the end of the year	435	286	126

Source: IPO Prospectus, Deven Choksey Research

Particulars	FY24	FY23	FY22
Number of FOFO Stores at the beginning of the year	618	575	478
Net addition of FOFO Stores	10	43	97
Total number of FOFO Stores at the end of the year	628	618	575

Source: IPO Prospectus, Deven Choksey Research

Particulars	FY24	FY23	FY22
Total number of COCO Stores	435	286	126
Average GMV per COCO Store (INR Million)	16	14	13
Total number of FOFO Stores	628	618	575
Total number of franchise partners	556	546	502
Average GMV per FOFO Store (INR Million)	19	19	16
Total number of modern stores	1,063	904	701
Average GMV per modern Store (INR Million)	18	18	16

Source: IPO Prospectus, Deven Choksey Research

Region-wise GMV distribution in India	FY24		FY23		FY22	
	INR Mn	in %	INR Mn	in %	INR Mn	in %
East	2,421	14%	1,948	13%	1,231	13%
North	4,826	28%	3,989	28%	2,629	27%
South	6,492	37%	5,294	37%	3,469	36%
West	3,772	22%	3,219	22%	2,318	24%
Total	17,511	100%	14,450	100%	9,648	100%

Source: IPO Prospectus, Deven Choksey Research

RESEARCH ANALYST

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Company Overview :

First Cry Home Brands

FirstCry has developed a portfolio of home brands across various categories, catering to the needs of expecting mothers, newborns, and children up to 12 years old. These brands are available through FirstCry's multi-channel retailing platform, both in India and internationally.

Key Home Brands

1. BabyHug:

- BabyHug is India's top multi-category brand for mothers, babies, and kids by GMV for FY 2024 and the leading brand in the Asia Pacific region (excluding China) for product variety as of March 31, 2024.
- It offers a broad range of products for newborns to six-year-olds and is available in 768 FirstCry stores, 290 exclusive BabyHug stores, and over 160,842 retail outlets across India.

2. CuteWalk: A sub-brand under BabyHug, CuteWalk specializes in babies' and kids' footwear, holding the largest assortment of such products in India as of March 31, 2024.

3. Pine Kids: The brand caters to children aged 4 to 12 with clothing, footwear, accessories, toys, sports, education, and lifestyle products, including Pine Active sportswear with over 350 styles as of March 31, 2024.

4. Babyoye: A premium baby fashion brand offering over 10,800 styles primarily in organic fabrics and supima cotton and introduced a premium footwear range with over 1,700 styles in 2021.

Manufacturing:

- In FY 2024, the company managed a network of over 900 contract manufacturers both in India and internationally for its home brands, excluding those used by Globalbees Brands and its subsidiaries.
- The company leverages its contract manufacturers to produce and sell a diverse range of products, including apparel, diapers, baby food, and toys, under both its home brands and for third-party clients.
- Long-standing partnerships with selected manufacturers support the development of high-quality items, particularly in apparel and footwear for mothers, babies, and children.
- The company maintains high product standards through rigorous quality checks, standardized material sourcing, and a robust inspection process. It will benefit from the Indian Government's Production Linked Incentive Scheme starting FY25E.
- Additionally, its in-house Product Lifecycle Management (PLM) system enhances efficiency and accuracy in production management and communication.

Supply Chain

- As of March 31, 2024, the company's multi-channel retail platform features an integrated supply chain with 80 warehouses and stockists across 47 Indian cities, covering a total area of 3.18 Mn square feet and supporting 1,063 modern stores.
- The platform offers same-day delivery in 45 cities and next-day delivery in 1,043 cities through both in-house and third-party logistics providers, including BusyBees Logistics Solutions, Ecom Express, Gati, Safe Express, and TCI India.
- This extensive supply chain network enables the company to efficiently manage logistics and overhead costs while enhancing customer satisfaction.

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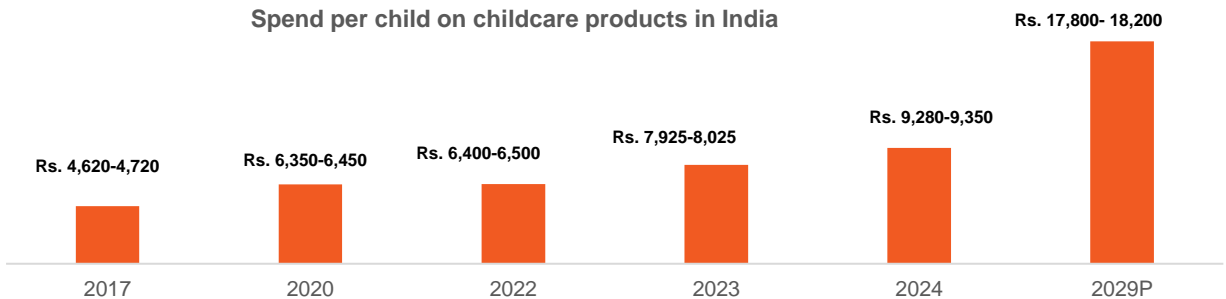
Industry Overview :

India is among the youngest nations in the world, with a median age of approximately 28 years, as of 2023, resulting in a young and tech-savvy population with a higher propensity to adopt new trends. India has the largest population of children globally, with approximately 306 Mn children under 12 years of age as of July 1, 2023, with a birth rate of 16.3 births per thousand people in 2022. Population aged 0-12 accounts for approximately 21% of India's population as of 2023.

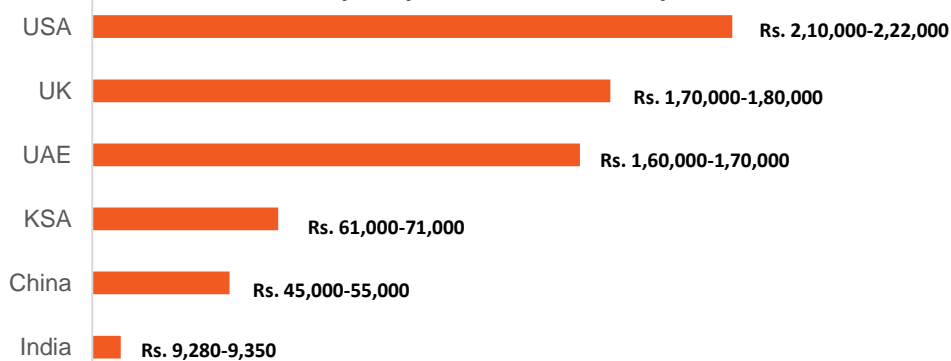
Indian Childcare Market

- The childcare market in India is rapidly evolving, driven by several key factors including demographic trends, increased disposable income, and changing consumer preferences.
- As of 2023, India has the largest population of children globally, with approximately 306 Mn children under 12 years of age, indicating a significant market potential for childcare products. The birth rate was 16.4 births per thousand people in 2021.
- The Childcare Products Market in India is estimated to grow at a CAGR of 12-14% from INR 2,800-2,900 billion (approximately US\$35-36 billion) in the FY 2024 to reach INR 5,150-5,450 billion (approximately US\$64-68 billion) by the FY 2029.
- Childcare products spending per capita in India is currently low compared to global standards, at approximately INR 9,280-9,350 in 2022. However, this is projected to grow at a compound annual growth rate (CAGR) of approximately 14% from 2023 to 2028, outpacing mature markets such as the USA and China, which have CAGRs of 3% and 6%, respectively.
- Childcare Products spending per capita in India is currently nascent, at only INR 9,280-9,350 in the FY2024. It is projected to grow faster than those in mature markets, at a CAGR of 13-15% from the FY 2024 to the FY2029 (compared to 2-4% for USA and 5-7% for China).

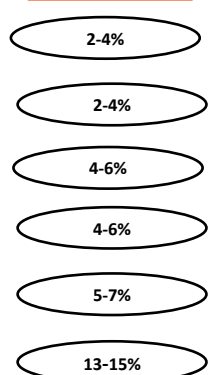
Spend per child on childcare products in India



Global benchmarks- spend per child on childcare products



CAGR FY24-29P



Source: IPO Prospectus, Deven Choksey Research

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Industry Overview

- Apparel is the largest product segment within India's Childcare Products market, accounting for approximately 68% of the market in India in the Financial Year 2024.
- Spending on children aged 4 years and below dominates India's Childcare Products market, accounting for approximately 41% of the market in the Financial Year 2024 and is expected to reach approximately 42% of the market by the Financial Year 2029.



Source: IPO Prospectus, DevenChoksey Research

Multi-channel Model in the Indian Childcare Products Market

- Multi-channel retailers offer a seamless purchase experience by combining the strengths of online and offline channels, enhancing selection, delivery speed, and convenience for childcare products.
- The integration of multiple sales channels increases customer footfalls and web traffic, allowing customers to explore products online and purchase in-store or vice versa. This integration also reduces customer acquisition costs and provides retailers with valuable data on purchase behavior to tailor customer experiences.
- Emerging multi-channel platforms are addressing gaps in trusted parenting knowledge and networking by offering engaging online communities with expert advice, creating safe spaces for parents to connect and address their queries.

Competitive Landscape

- Despite the presence of large organized players, a substantial portion of the market remains fragmented, with numerous local and regional players operating primarily in the unorganized sector.
- Parents in India, who are the primary customers, have a diverse range of needs and shopping preferences. Many still rely on traditional markets, though there is a growing shift towards online and modern retail channels due to convenience and a wider variety of products.

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Strengths:

India's largest multi-channel, multi-brand retailing platform for Mothers', Babies' and Kids' Products:

- FirstCry is the India's largest multi-channel retailing platform for Mothers', Babies', and Kids' products by GMV in FY 2024. The company's GMV increased to INR 91,211.28 Mn in FY 2024, up from INR 72,576.34 Mn in FY 2023 and INR 57,994.63 Mn in FY 2022.
- Through their multi-channel retailing in India with a large parenting community, the platform benefits from a large volume of organically generated content, strong brand affinity, and opportunities to launch additional home brands.
- The multi-channel retail model offers a "touch and feel" experience through modern stores and convenience through online ordering it benefits customers who follow a "research online – purchase offline" shopping behaviour.

Particulars	2024	2023	2022
Total number of COCO Stores	435	286	126
Total number of FOFO Stores	628	618	575
Total number of modern stores	1,063	904	701

Source: IPO Prospectus, Deven Choksey Research

A platform that has powerful network effects driven by content, brands and data:

- The company employs a content-led strategy via the FirstCry.com parenting platform to engage parents early, with content from both parents and specialists.
- The content strategy generates a flywheel effect, where increased content consumption and community engagement drive higher customer acquisition and transactions.
- As of March 31, 2024, the FirstCry mobile app in India has been downloaded over 127 Mn times, up from 97 Mn in 2023 and 70 Mn in 2022.
- Customers engaged with the parenting community make purchases twice as frequently than those who are not involved. Increased transactions allow for higher operating leverage, better quality and cost control, and improved pricing for customers.
- The company plans to replicate its successful India model in KSA, where it is currently the largest online-first retail platform for Mothers', Babies', and Kids' products
- The aim is to leverage established flywheel effects in both domestic and select international markets.

Brand affinity, loyalty and trust of customers in the FirstCry brand:

- The brand has built strong customer affinity, increasing engagement and traffic, evidenced by a growth in Annual Unique Transacting Customers from 6.86 Mn in FY 2022 to 9.11 Mn in FY 2024.
- Leveraging brand strength, the company plans to add more products and services, aiming to further grow its customer base. The strategy includes expanding into international markets and adjacent categories like education to enhance brand visibility
- Repeat customers highlight strong brand loyalty, supported by efforts to provide emotional support throughout the parenting journey.
- The comprehensive platform addresses diverse parenting needs, fostering loyalty and providing a broad range of services for children.

Particulars	FY24		FY23		FY22	
	(INR Mn)	% of GMV	(INR Mn)	% of GMV	(INR Mn)	% of GMV
GMV from existing customers	65,878	72%	52,963	73%	40,737	70%

Source: IPO Prospectus, Deven Choksey Research

Brainbees Solutions Limited

Strengths:

Combination of curating growing home brands and relationships with third-party brands:

- The company provides a wide range of products through its online platform and modern stores, including global and domestic brands (e.g., Medela, Chicco, Mee-Mee, Funskool), products from “mompreneurs,” and its own home brands. The diverse product range, encompassing both third-party and home brands, has significantly boosted revenue from operations over the past three Financial Years.
- The company maintains long-term, mutually beneficial relationships with brands through a dedicated brand partnerships team that creates effective marketing campaigns, leveraging experience and data to enhance the childcare products ecosystem.
- The company has developed its own home brands (e.g., BabyHug, Babyoye, Cutewalk, Pine Kids) for both India and international markets, focusing on mid to premium categories.
- Expertise in brand positioning, product and price gap identification, design, development, and quality differentiates the company from other retailers and brands in the Mothers’, Babies’, and Kids’ sector. Home brands are crucial in expanding the product assortment available to customers.

Particulars	FY24	FY23	FY22
Brands added on FirstCry platform (in India, UAE and KSA)	1,125	2,250	2,235
Brands associated with FirstCry platform	7,580	7,035	6,287

Source: IPO Prospectus, Deven Choksey Research

Technology and data driven, personalized customer journey leads to higher customer engagement:

- The company offers curated customer journeys on its online platform to help busy mothers save time. This includes personalized, tech-enabled shopping experiences using data from profiles, interactions, and other sources. Customers receive tailored shopping suggestions and parenting content, with options to create child profiles for added convenience.
- Sales information from both the online platform and modern stores is used to identify local preferences and trends, particularly in fashion merchandise. This data-driven approach supports market-fit product curation and aligns with evolving customer trends.
- As of March 31, 2024, the company operates 1,063 FirstCry and Baby Hug stores across 533 cities in 28 states and five union territories in India, encompassing over 2.12 Mn square feet of retail space, providing a competitive advantage.
- Centralized inventory management and auto-replenishment algorithms ensure efficient merchandising and keep inventory lean and capital efficient.

Brainbees Solutions Limited

Strengths:

Full-stack platform with control over manufacturing and supply chain :

- In FY 2024, the company utilized over 900 contract manufacturers in India and abroad for its home brands, excluding those engaged by Globalbees Brands and subsidiaries.
- Company's three subsidiaries—Swara Baby, Swara Hygiene, and Solis Hygiene—produce diapers for the company's home brands and third-party brands. Home brands cover apparel, diapers, feeding, nursing, and toys, manufactured by contract manufacturers to address market product and pricing gaps.
- The company maintains long-term relationships with selected manufacturers, exercises control over product quality and improves gross margins through in-house production.
- An in-house PLM system manages each production stage, ensuring agility and adherence to rigorous manufacturing guidelines.
- The custom-built technology platform supports an auto-replenishment model, driven by demand forecasting, inventory management, and smart supply chain operations.
- As of March 31, 2024, the company's integrated supply chain includes 80 warehouses and stockists across 47 cities, with a total capacity of 3.18 Mn sq. ft., supporting 1,063 stores and extensive distribution networks. The company offers same-day delivery in 45 cities and next-day delivery in 1,043 cities through its logistics network and third-party providers.

Particulars	FY24	FY23	FY22
Contract manufacturers	982	779	740

Source: IPO Prospectus, Deven Choksey Research

Proven and scalable business model:

- The company demonstrated substantial revenue growth from FY 22 to FY 24
- The business has improved capital efficiency, with net working capital days decreasing from 102 Days from FY22 to 53 days in FY24.
- The franchisee model has proven effective in scaling operations while minimizing incremental costs. Franchisees absorb the costs associated with setting up and operating new stores, thereby reducing the company's capital expenditure and operational expenses.
- The company's approach to fungible inventory across channels has effectively mitigated risks associated with demand fluctuations and inventory obsolescence. This strategy has provided greater flexibility and resilience in managing inventory levels.

Brainbees Solutions Limited

Strategies:

Grow the customer base by continuing to invest in brand, technology, products and membership program

- The company successfully increased its Annual Unique Transacting Customers from 6.86 Mn in FY 2022 to 9.11 Mn in FY 2024.
- This growth is attributed to investments in brand development, technology, product offerings, and the introduction of the FirstCry Club membership program in June 2021.
- The company aims to further expand its customer base while continuing to serve existing customers. For this purpose the company plans to: 1) enhance brand awareness through marketing and promotions 2) expand product assortments and maintain the FirstCry parenting community, and 3) invest in technology to improve customer experience and provide a seamless multi-channel journey.
- The company has recently taken efforts to expand the product range to cover the 6 to 12 years age category, available on the website and in five COCO Stores.
- The company will also continue to develop and grow its network of third-party brands to ensure a well-curated and comprehensive product assortment on its platform.
- The strategic investments and expanded product offerings are expected to enhance cross-sell and up-sell opportunities and improve customer relevance.

Particulars	FY24		FY23		FY22	
	INR Mn	in %	INR Mn	in %	INR Mn	in %
GMV from new customers	25,333	28%	19,613	27%	17,258	30%
GMV from existing customers	65,878	72%	52,963	73%	40,737	70%

Source: IPO Prospectus, Deven Choksey Research

To grow offline and online touchpoints to strengthen the multi-channel competitive advantage:

- As of March 31, 2024, the company operated 1,063 stores across India, covering 2.12 Mn square feet of retail space.
- The FirstCry mobile application in India had been downloaded:127 Mn times as of March 31, 2024
- The FirstCry Arabia mobile application (for UAE and KSA) had been downloaded:4.0 Mn times as of March 31, 2024
- The company plans to expand its modern store network by adding new stores and introducing new store formats in both India and international markets.
- It aims to enhance synergy between offline and online channels to create seamless customer journeys and strengthen brand partnerships.
- The company plans to continue Investments in people, technology, and infrastructure to enhance capabilities and deliver an integrated multi-channel shopping experience.

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Strategy:

To expand the portfolio of the home-grown brands:

- The success of the home brands portfolio is driven by identifying market gaps and creating products that meet customer needs, leveraging insights from marketing and customer data.
- The company plans to further diversify its product offerings by conducting continuous research and evaluating the current home brand portfolio across different business channels and regions.
- The company's future initiatives include introducing innovative products, exploring new price segments, and incorporating new brands to enhance the portfolio over the long term.

Expand general trade retail distribution of home brands:

- The company has begun establishing a network of distributors and retailers across India to enhance the visibility of its home brands.
- It aims to include a diverse range of outlets such as “mom-and-pop” stores, pharmacies, supermarkets, and hypermarkets.
- This expansion will significantly extend the reach of home brands beyond their current presence on the company's website, mobile application, and FirstCry and BabyHug modern stores.
- The broadened retail distribution network is expected to increase both the visibility and market penetration of the home brands within India and internationally.

Further invest in manufacturing in the baby and kids' product categories and supply chain capabilities:

- The company proposes to expand its manufacturing capabilities in India for toys, diapers, and baby and kids' apparel. This expansion will involve growing the network of contract manufacturers and increasing the manufacturing capacity of its subsidiaries.
- The company's enhanced manufacturing capabilities are anticipated to provide greater control over product quality and assortment. The expansion aims to achieve faster turnaround times (from design to delivery), ensure supply chain security and improve gross margins.
- The company also plans to invest in additional warehouses and last-mile delivery capabilities to enhance the customer experience.

Selective expansion in international markets:

- The company has developed expertise in nurturing and expanding businesses focused on Mothers', Babies', and Kids' products in India.
- As the customer base in India grows, the company plans to selectively explore international expansion opportunities. Following the company's success in the UAE, the company aims to replicate its India strategy in KSA. The company will assess international markets for growth through both organic and inorganic means.
- The expansion will be evaluated based on criteria such as favorable demographics, market size and growth potential, low competition in relevant product categories and the potential for providing a multi-channel customer experience.

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Strategy:

Expand and Grow Globalbees House of Brands:

- The company will continue to evaluate and expand its portfolio of D2C brands, both in India and globally, beyond the Mothers', Babies', and Kids' categories.
- Expansion will be pursued through Strategic investments and acquisitions, online platform distribution relationships, brand licensing arrangements, original Equipment Manufacturer (OEM) relationships. These efforts will be integrated into the Globalbees house of brands.

Risks:

- The company's investments in D2C brands through the Globalbees Brands platform may not be successful, potentially impacting the company's business, financial condition, and results of operations.
- Inability to retain or attract relationships with third-party brands could adversely affect the company's business. Moreover failure to acquire new customers or declining engagement with existing ones may hinder revenue growth and profitability.
- Selling home brand products involves risks such as dependence on third-party manufacturers, product liability, and unauthorized sales which may affect business and financial performance.
- Challenges in obtaining sufficient quantities or quality of products from contract manufacturers could impact the company's operations and financial results.
- Existing modern store locations may become unattractive and suitable new locations may not be available at reasonable prices.
- The company lacks exclusive agreements with contract manufacturers, suppliers and third-party brands.
- The business depends on the growth of the online commerce industry in India and its ability to adapt to changing customer behaviour, with potential adverse effects if growth stagnates or adaptation fails.
- International operations face risks that could impact the company's business, results of operations, and future prospects.

Brainbees Solutions Limited

Outlook and Valuation:

FirstCry has a strong market position as India's largest multi-channel retailing platform for mothers', babies', and kids' products, with significant revenue growth and a robust increase in customer engagement, showcased by rising GMV and app downloads. The company's multi-channel approach, effective use of content and technology, and strategic expansion into international markets and new product categories underpin its growth potential. The company has grown from INR 35,975 Mn to INR 64,809 Mn over FY22 to FY24 implying a 2-year revenue CAGR of 64.3%. The Adj EBITDA has grown from 2.6% in FY22 to 4.2% in FY24 showcasing incremental profitability of the company. Given that the price to sales multiple at the upper price band of 3.8x is at a much higher discount to more directly related peers (Online + Offline presence) like FSN E-commerce & Honasa, we assign **SUBSCRIBE** rating for this IPO.

Peer comparison:

Brainbees operates retail outlets and online stores for its brand and products, and is a Direct 2 Consumer company, consequently its direct peers in the listed space can be considered as FSN E-commerce & Honasa Consumer.

Particulars (INR MN)	FirstCry	FSN E-Commerce	Honasa consumer	Trent	Shoppers Stop	Aditya Birla Fashion
CMP (INR)	465 [@]	190	457	5,347	707	324
Market Cap.	2,41,418 [@]	5,50,533	1,48,892	19,21,392	79,002	3,34,998
Revenue	64,808	63,860	17,640	1,23,750	43,170	1,39,960
EBITDA	2745*	3,460	1,400	19,710	7,170	14,530
EBITDA margin %	4%*	5%	8%	16%	17%	10%
PAT Mn	-3,215	400	1,210	1,477	400	-7,360
PAT margin %	-5%	1%	7%	1%	1%	-5%
ROCE %	-10.5%	6.8%	17.5%	23.8%	11.8%	0.0%
Price to Sales (x)	4x	8x	8x	15x	2x	2x

*Adj EBITDA

@ At upper price band

Source: IPO Prospectus, Deven Choksey Research

Brainbees Solutions Limited

Financials:

Income Statement (INR Mn)	FY22	FY23	FY24	Cash Flow (INR Mn)	FY22	FY23	FY24
Revenue	24,013	56,325	64,809				
Operating Expenditure	24,195	59,498	64,104	CFFO	-1,317	-3,990	-421
Adjusted EBITDA*	962	750	2745				
Adj. EBITDA Margin %	4.01%	1.33%	4.23%	CFFI	-4,906	3,041	629
Depreciation	1,109	2,943	3,709	CFFF	6,444	-506	815
Other Income	1156	987	942	Net Increase/(Decrease) in Cash	221	-1,455	1,023
Interest	377	716	1154	Cash at beginning	3,828	4,049	2,594
Exceptional Items	0	544	0	Cash at end	4,049	2,594	3,617
Profit Before Taxes	-511	-5,300	-3,215				
Tax	-275	440	0.13				
Profit After Tax	-787	-4,861	-3,215				
PAT Margin %	-3%	-9%	-5%				
Adjusted EPS (INR)	-1.6	-10.0	--6.7				

* Adjusted to exclude ESOPs and deal related costs

Source: IPO Prospectus, Deven Choksey Research

Balance sheet (INR Mn)	FY22	FY23	FY24
Assets			
Non-Current Assets			
Property, plant and equipment	2,461	4,216	6,692
Right of use asset	3,242	7,117	9,009
Goodwill	6,418	7,758	7,782
Other intangible assets	10,005	16,241	15,198
Other non-current assets	2,833	5,838	5,889
Total Non-Current Assets			
Inventories	9,796	12,860	16,295
Trade receivables	2,180	2,251	2,184
Cash and cash equivalents	4,049	2,594	3,617
Bank balances	18,633	9,200	3,121
Other financial assets	235	521	1,153
Other current assets	2,121	2,603	4,166
Total Assets	61,972	71,198	75,104
Equity & Liabilities			
Equity share capital	814	815	815
Other equity	34,465	33,748	30,893
Non-Controlling interests	7,601	7,434	6,207
Total Equity	42,880	41,997	37,915
Non-current liabilities			
Borrowings	511	550	2,295
Other non-current liabilities	9,467	16,603	19,204
Current liabilities			
Borrowings	391	1,214	2,333
Trade payables	5,289	7,379	9,079
Other current liabilities	3,434	3,455	4,279
Total Equity and Liabilities	61,972	71,198	75,104

Source: IPO Prospectus, Deven Choksey Research

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