

## IPO NOTE

### Issue Details

**Price Band: ₹ 440 to ₹ 465**

**Employee Discount: ₹ 44/Share**

**Issue Opens on: August 6, 2024**

**Issue Closes on: August 8, 2024**

**Lot Size: 32 Shares & in Multiples thereafter**

### Issue Highlights

**Issue Size: ₹ 4,193.73 Cr.**

**No of Shares: 90,187,690**

**Face Value: ₹ 2**

### Offer Structure

Issuance	₹ in Cr.
Fresh Issue	1,666.00
Offer for Sale	2,527.73
<b>Total</b>	<b>4,193.73</b>

### Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	75	3,143.05
HNI	15	628.61
Retail	10	419.07
Employee	-	3.00
<b>Total</b>	<b>100</b>	<b>4,193.73</b>

### Listing

**BSE & NSE**

### Lead Managers

- Avendus Capital Private Limited  
- BofA Securities India Limited  
- Kotak Mahindra Capital Company Limited  
- Morgan Stanley India Company Private Limited  
JM Financial Limited

### Registrar

**Link Intime India Private Limited**

### ANALYST

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## COMPANY OVERVIEW

Brainbees Solutions is the India's largest multi-channel retailing platform for Mothers', Babies' and Kids' products, in terms of GMV, for the Financial Year 2024 with growing presence in selected International markets. They launched the FirstCry platform in India in 2010 with the goal to create a one-stop destination for parenting needs across commerce, content, community engagement, and education.

It has expanded internationally in select markets, establishing a presence in UAE and KSA in 2019 and 2022 respectively, where they aim to replicate their India playbook. In KSA, they are the largest online-first Mothers', Babies' and Kids' product-focused retail platform.

Across their platform, they offer products from third-party Indian brands, global brands, and their home brands. As a reflection of FirstCry's strong brand recognition and customer trust, BabyHug, one of FirstCry's home brands, is the largest multi-category Mothers', Babies', and Kids' products brand in India in terms of GMV, for the Financial Year 2024. As at March 31, 2024, their multi-channel retailing platform had an integrated supply chain consisting of 80 warehouses and stockists across 47 cities in India and provided same day delivery in 45 cities and next day delivery in 1,043 cities in India for certain products.

## HIGHLIGHTS

1. India's largest multi-channel, multi-brand retailing platform for Mothers', Babies' and Kids' products
2. The company's platform has powerful network effects driven by content, brands and data
3. Brand affinity, loyalty and trust of customers in the FirstCry brand
4. Combination of curating growing home brands and relationships with third-party brands
5. Full-stack platform with control over manufacturing and supply chain

## OBJECTS OF THE ISSUE

1. Expenditure by the Company for: (i) setting up new modern stores under the "BabyHug" brand; and (ii) setting up a warehouse, in India (₹ 108.10 Cr.)
  2. Expenditure for lease payments for existing identified modern stores owned and operated by the Company, in India (₹ 93.10 Cr.)
  3. Investment in Subsidiary, Digital Age for: (i) setting up new modern stores under the FirstCry brand and other home brands of the Company; and (ii) lease payments for existing identified modern stores owned and controlled by Digital Age, in India (₹ 299.60 Cr.)
  4. Investment in Subsidiary, FirstCry Trading for overseas expansion by: (i) setting up new modern stores; and (ii) setting up warehouse(s), in KSA (₹ 155.60 Cr.)
  5. Investment in the Subsidiary, Globalbees Brands towards acquisition of additional stake in their stepdown Subsidiaries (₹ 169 Cr.)
  6. Sales and marketing initiatives (₹ 200 Cr.)
  7. Technology and data science cost including cloud and server hosting related costs (₹ 57.60 Cr.)
  8. Funding inorganic growth through acquisition and other strategic initiatives and general corporate purposes
- Offer for sale up to 54,359,733 equity shares. The company will not receive any proceeds from the Offer for sale.

## OUR VIEW

Incorporated in 2010, Brainbees Solutions is the India's largest multi-channel retailing platform for Mothers', Babies' and Kids' products, in terms of GMV, for FY2024, with growing presence in select international markets. The company expanded internationally in select markets, establishing a presence in the United Arab Emirates ("UAE") and Kingdom of Saudi Arabia ("KSA") in 2019 and 2022, respectively.

The growth in company's revenues has been driven by both organic growth and inorganic growth (acquisition of Digital Age in May 2022). However, the company has undergone losses in the past. It operates in a highly competitive environment with multiple online platforms providing a variety of baby products. The operations of the company may be impacted if the company fails to garner traction from its online business, which forms a major part of its revenue.

The revenue CAGR for the period FY 22-24 stood at about 64%, whereas the profit declined in the same period. The company operated on an EBITDA margin of 1.09% for year ended FY24. The P/BV is at 6.97x based on Diluted NAV of ₹ 66.68 for FY24. The company focusses on capital efficiency while scaling the business. Its net working capital days were 53 days in FY24 vs. 102 days in FY22. As the company has incurred losses for the reported period, P/E is negative.

Looking at all the factors, risks, opportunities and valuation, risk savvy investors may subscribe for the issue with a long-term view.

### Brief Financials

PARTICULARS	₹ in Million		
	FY '24	FY '23	FY '22
Total Income	65,750.81	57,312.76	25,169.16
Total Expenditure	68,966.01	63,156.67	25,680.60
EBITDA (excluding other income)	704.91	(2,629.04)	(182.01)
Profit/Loss before Tax	(3,215.20)	(5,300.23)	(511.44)
Profit/Loss after Tax	(3,215.07)	(4,860.56)	(786.85)
E.P.S. (Diluted)	(6.20)	(9.97)	(1.74)
P/E (x) (Diluted)	-	-	-
RONW (%)	(8.65)	(12.76)	(2.04)

### PRICE CHART (@ ₹ 465) (Retail Category)

LOT SIZE	Amount
32	14,880
64	29,760
96	44,640
128	59,520
160	74,400
192	89,280
224	104,160
256	119,040
288	133,920
320	148,800
352	163,680
384	178,560
416	193,440

### HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount(Rs.)
Small HNI	448	208,320
Big HNI	2,176	1,011,840

### Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	09/08/2024
Initiation of refunds/unblocking ASBA Fund	12/08/2024
Credit of Equity Shares to demat accounts of Allottees	12/08/2024
Commencement of trading of the Equity Shares on the Stock Exchanges	13/08/2024

For more details, Please refer RHP,

([https://nsearchives.nseindia.com/content/equities/IPO\\_RHP\\_FIRSTCRY.pdf](https://nsearchives.nseindia.com/content/equities/IPO_RHP_FIRSTCRY.pdf))

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