

Brainbees Solutions Ltd

IPO Note



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A multi-channel retailing platform for mothers, babies, and kids products.

Brainbees Solutions Ltd. (BSL), incorporated in 2010 as Brainbees Solutions Pvt. Ltd. in Pune, Maharashtra, has established itself as India's largest multi-channel retailing platform for mothers', babies', and kids' products in terms of GMV for FY24. The company, which converted to a public limited company in 2023, operates a diverse portfolio that includes high-frequency consumables like diapers and other baby products. In addition to third-party Indian and global brands, BSL offers its own home brands through its online platform and modern retail stores, alongside a network of preschools across India.

Since the launch of its online platform, FirstCry, in 2010, BSL has positioned itself as a one-stop destination for parenting needs, encompassing commerce, content, community engagement, and education. Expanding its footprint beyond India, the company entered the United Arab Emirates (UAE) in 2019 and the Kingdom of Saudi Arabia (KSA) in 2022. By FY24, BSL has become the largest specialist online retail platform for mothers', babies', and kids' products in the UAE and the leading online-first retail platform in KSA.

As of March 31, 2024, BSL's multi-channel retailing platform boasts an integrated supply chain with 80 warehouses and stockists across 47 Indian cities, totaling 3.18 million sq. ft. of capacity. This extensive network supports 1,063 modern stores and a comprehensive distribution system comprising 567 distributors and over 1,312 sub-distributors, ensuring supply to 1,60,842 general trade and modern trade retailers. The company's focus on operational efficiency is reflected in the reduction of net working capital days from 102 days in FY22 to 53 days in FY24.

Key Consolidated Financial Data (INR Cr, unless specified)

	Revenue (INR)	EBITDA (INR)	Net Profit (INR)	EBITDA Margin (%)	PAT Margin (%)	EPS (INR)	ROE (%)	ROCE (%)	Earnings Yeild (%)	P/BV (X)
FY21	814.2	(232.5)	(190.9)	(28.6)	(23.4)	(3.7)	(7.9)	(11.1)	(0.8)	10.0
FY22	1,602.9	41.9	214.9	2.6	13.3	4.1	6.3	(1.8)	0.9	6.8
FY23	2,401.3	(18.2)	(71.9)	(0.8)	(3.3)	(1.4)	(2.0)	(5.5)	(0.3)	5.6
FY24	5,632.5	(317.3)	(441.1)	(5.6)	(8.6)	(8.5)	(12.8)	(15.4)	(1.8)	5.7

Source: Ventura Research & Company update

Industry	Consumer Goods
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Scrip Details

Listing	BSE & NSE
Open Date	Aug 06, 2024
Close Date	Aug 08, 2024
Price Band	INR 440 – 465
Face Value	INR 2.0
Market Lot	32 Shares
Minimum Lot	1

Issue Structure (%)

Issue Size (INR cr)	INR 4,193
Issue Size (Shares)	90,187,690
QIB Share (%)	= 75%
Non-Inst Share (%)	≥ 10%
Retail Share (%)	≥ 15%
Pre Issue sh (in cr)	48.3
Post Issue sh (in cr)	51.9
Post Issue Market Cap (in cr)	24,142

Shareholding (%)

	Pre (%)	Post (%)
Promoter	0.00	0.00
Public	88.84	89.61
Others	11.16	10.39
TOTAL	100	100

Issue Structure and Offer Details

Brainbees Solutions (Firstcry) IPO is a book built issue of Rs 4,193.73 crores. The issue is a combination of fresh issue of 3.58 crore shares aggregating to Rs 1,666.00 crores and offer for sale of 5.44 crore shares aggregating to Rs 2,527.73 crores.

Issue Structure	
Investor Category	Allocation
QIB	75.00% of the Net Issue
NII (HNI)	Not more than 15.00% of the Net Issue
Retail	Not more than 10.00% of the Net Issue

Number of shares based on a higher price band of INR 465

Source: Company Reports

Objects of the Issue

The Company proposes to utilize the Net Proceeds towards funding the following objects:

- Expenses of the Company for: (I) establishment of new modern stores under the "BabyHug" brand; and (II) establishment of a warehouse in India.
- Expenditure on lease payments for existing identified modern stores owned and operated by the Company in India.
- Investments in its Subsidiary Digital Age for (I) setting up new modern stores under the FirstCry brand and other house brands of the Company; and (II) lease payments for the existing identified modern stores owned and controlled by Digital Age in India.
- Investment in Subsidiary FirstCry Trading for overseas expansion by: (I) establishment of new modern stores; and (II) establishment of warehouses in KSA.
- Investment in Subsidiary Globalbees Brands for the acquisition of an additional stake in its Subsidiaries.
- Sales and marketing initiatives.
- Technology and data science costs, including cloud and server hosting costs.
- Financing of inorganic growth through acquisitions and other strategic initiatives and general corporate purposes.

Financial Summary

Fig in INR Cr (unless specified)	FY20	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY20	FY21	FY22	FY23
Income Statement					Per share data & Yields				
Revenue	814.2	1,602.9	2,401.3	5,632.5	Adjusted EPS (INR)	(3.7)	4.1	(1.4)	(8.5)
YoY Growth (%)	60.3	96.9	49.8	134.6	Adjusted Cash EPS (INR)	(3.0)	5.5	0.8	(2.8)
Raw Material Cost	0.0	0.0	0.0	0.0	Adjusted BVPS (INR)	46.6	68.1	82.6	80.9
RM Cost to Sales (%)	0.0	0.0	0.0	0.0	Adjusted CFO per share (INR)	(5.8)	(1.3)	(2.5)	(7.7)
Employee Cost	118.2	213.8	338.8	769.8	CFO Yield (%)	(1.2)	(0.3)	(0.5)	(1.7)
Employee Cost to Sales (%)	14.5	13.3	14.1	13.7	Adjusted FCF per share (INR)	(19.3)	(1.5)	(5.7)	(11.0)
Other Expenses	928.6	1,347.2	2,080.6	5,180.0	FCF Yield (%)	(4.1)	(0.3)	(1.2)	(2.4)
Other Exp to Sales (%)	114.0	84.1	86.6	92.0	Solvency Ratio (X)				
EBITDA	(232.5)	41.9	(18.2)	(317.3)	Total Debt to Equity	0.0	0.0	0.0	0.0
Margin (%)	(28.6)	2.6	(0.8)	(5.6)	Net Debt to Equity	(0.5)	(0.7)	(0.5)	(0.2)
YoY Growth (%)	(75.3)	(118.0)	(143.5)	1,643.2	Net Debt to EBITDA	5.5	(55.4)	119.7	3.2
Depreciation & Amortization	37.5	70.2	110.9	294.3	Return Ratios (%)				
EBIT	(270.1)	(28.4)	(129.1)	(611.6)	Return on Equity	(7.9)	6.3	(2.0)	(12.8)
Margin (%)	(33.2)	(1.8)	(5.4)	(10.9)	Return on Capital Employed	(11.1)	(1.8)	(5.5)	(15.4)
YoY Growth (%)	(71.9)	(89.5)	355.0	373.7	Return on Invested Capital	(23.6)	(2.5)	(9.6)	(24.9)
Other Income	82.5	137.2	115.6	98.7	Working Capital Ratios				
Bill discounting & other charges	3.9	14.1	37.7	71.6	Payable Days (Nos)	78.9	68.0	80.4	47.8
Fin Charges Coverage (X)	(69.0)	(2.0)	(3.4)	(8.5)	Inventory Days (Nos)	131.6	118.8	148.9	83.3
Exceptional Item	0.0	0.0	0.0	54.4	Receivable Days (Nos)	36.2	31.0	33.1	14.6
PBT	(191.5)	94.8	(51.1)	(530.0)	Net Working Capital Days (Nos)	89.0	81.8	101.6	50.1
Margin (%)	(23.5)	5.9	(2.1)	(9.4)	Net Working Capital to Sales (%)	24.4	22.4	27.8	13.7
YoY Growth (%)	(79.5)	(149.5)	(154.0)	936.3	Valuation (X)				
Tax Expense	(0.6)	(117.6)	27.5	(44.0)	P/E	(126.4)	112.3	(335.5)	(54.7)
Tax Rate (%)	0.3	(124.1)	(53.8)	8.3	P/BV	10.0	6.8	5.6	5.7
PAT	(190.9)	212.4	(78.7)	(486.1)	EV/EBITDA	(98.3)	521.0	(1,206.3)	(72.9)
Margin (%)	(23.4)	13.3	(3.3)	(8.6)	EV/Sales	28.1	13.6	9.1	4.1
YoY Growth (%)	(79.5)	(211.3)	(137.0)	517.7	Cash Flow Statement				
Min Int/Sh of Assoc	0.0	2.5	6.8	45.0	PBT	(191.5)	94.8	(51.1)	(530.0)
Net Profit	(190.9)	214.9	(71.9)	(441.1)	Adjustments	(23.5)	(118.5)	256.5	191.7
Margin (%)	(23.4)	13.4	(3.0)	(7.8)	Change in Working Capital	(85.8)	(160.6)	(309.6)	(104.6)
YoY Growth (%)	(79.5)	(212.6)	(133.5)	513.2	Less: Tax Paid	0.6	117.6	(27.5)	44.0
Balance Sheet					Cash Flow from Operations	(300.2)	(66.7)	(131.7)	(399.0)
Share Capital	69.3	78.5	88.4	88.5	Net Capital Expenditure	(704.9)	(43.0)	(221.0)	(238.3)
Total Reserves	2,347.3	3,456.2	4,199.6	4,111.2	Change in Investments	45.4	(402.1)	(269.6)	542.4
Shareholders Fund	2,416.6	3,534.6	4,288.0	4,199.7	Cash Flow from Investing	(659.5)	(445.2)	(490.6)	304.1
Long Term Borrowings	0.0	10.0	51.1	55.0	Change in Borrowings	(19.1)	(29.5)	(94.5)	20.8
Deferred Tax Assets / Liabilities	(0.1)	(121.8)	61.5	138.7	Less: Finance Cost	(3.9)	(14.1)	(37.7)	(71.6)
Other Long Term Liabilities	78.6	130.7	758.7	1,340.0	Proceeds from Equity	1,055.6	799.1	776.5	0.1
Long Term Trade Payables	0.0	0.0	0.0	0.0	Buyback of Shares	0.0	(37.6)	0.0	0.0
Long Term Provisions	6.4	10.2	15.0	22.4	Dividend Paid	0.0	0.0	0.0	0.0
Total Liabilities	2,501.6	3,563.7	5,174.4	5,755.9	Cash flow from Financing	1,032.5	717.9	644.4	(50.6)
Net Block	382.7	668.8	2,212.6	3,533.2	Net Cash Flow	72.8	206.0	22.1	(145.5)
Capital Work in Progress	22.6	17.4	41.4	24.5	Forex Effect	0.0	0.0	0.0	0.0
Intangible assets under development	0.6	0.5	0.3	2.0	Opening Balance of Cash	104.0	176.8	382.8	404.9
Non Current Investments	0.0	0.0	0.0	0.0	Closing Balance of Cash	176.8	382.8	404.9	259.4
Long Term Loans & Advances	126.9	71.6	128.2	363.7					
Other Non Current Assets	474.9	74.0	1.9	34.5					
Net Current Assets	1,494.0	2,731.4	2,790.0	1,798.0					
Total Assets	2,501.6	3,563.7	5,174.4	5,755.9					

Source: Ventura Research

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Corporate Office: I-Think Techno Campus, 8th Floor, 'B' Wing, Off Pokhran Road No 2, Eastern Express Highway, Thane (W) – 400608