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Issue Offer

Fresh Issue of 35,827,957 Equity shares aggregating up to INR 16,660 Mn and Offer for sale of 54,359,733 equity shares aggregating up to INR 25,277 Mn

Issue Summary

Price Band (INR)	440-465
Face Value (INR)	2
Implied Market Cap (INR mn.)	241.4175
Market Lot	32
Issue Opens on	Aug 6, 2024
Issue Close on	Aug 8, 2024
No. of share pre-issue	483,349,470
No. of share post issue	519,177,427
Listing	BSE,NSE

Issue Break-up (%)

QIB Portion	70%
Retail Portion	10%
NII Portion	15%

Registrar

Link Intime India Private Limited

Book Running Lead Managers

Kotak Mahindra Capital Ltd.

Morgan Stanley India Pvt. Ltd.

Bofa Securities India Limited

Aventus Capital Pvt Ltd.

Shareholding Pattern

	Pre-Issue	Post-Issue
Public	88.84%	72.24%
Non Promoter -NonPublic	11.16%	27.76%

Objects of the issue

- Establishment of New Stores & Warehouses in India
- Lease Payments for Existing Stores in India
- Investment in Subsidiary Digital Age
- Inorganic Growth Financing

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Brainbees Solutions Ltd., known as FirstCry, is India's leading multi-channel retailer for Mothers', Babies', and Kids' products. Launched in 2010, FirstCry offers a comprehensive range of products through its online platform, company-owned and franchisee stores, and general trade retail distribution. The company, which has also expanded into the UAE and KSA, operates a highly frequented retail category due to the recurring needs of growing children. FirstCry's strong market presence is bolstered by its trusted home brands like BabyHug, which is the largest multi-category brand in its sector in India. The company manages a vast portfolio of over 1.65 million SKUs from more than 7,580 brands and has a significant footprint with 435 company-owned stores and 628 franchisee-owned stores in India.

Investment Rationale

Leading India's Multi-Channel Retail Market : This is India's largest multi-channel retail platform for Mothers', Babies', and Kids' products, as per the RedSeer Report for FY24. Its Gross Merchandise Value (GMV) rose to INR 91,211.28 mn in FY24 from INR 72,576.34 mn in FY23 and INR 57,994.63 mn in FY22. The company's expansive multi-channel model integrates online convenience with a physical store experience, catering to a diverse customer base. This approach allows company to leverage a wealth of user-generated content, build brand loyalty, and explore new home brand opportunities while benefiting from economies of scale. The model also supports customers who prefer a "research online – purchase offline" shopping behavior.

Investments in Brand, Technology, and Product Diversification : Company plans to expand its customer base by investing in brand development, technology, products, and its FirstCry Club membership program. The company has grown its Annual Unique Transacting Customers to 9.11 million in FY24 from 6.86 million in FY22. To further increase this base, FirstCry will enhance brand awareness through marketing and promotions, expand its product assortment, and improve technology for a better customer experience. Recent initiatives include adding products for children aged 6 to 12 and growing its network of third-party brands. These strategies aim to boost customer engagement, increase cross-sell and up-sell opportunities, and strengthen the overall relevance of the platform.

Leveraging Content and Community to Drive Growth and Market Leadership : Company leverages a powerful network effect driven by its content-rich platform, which includes contributions from parents, doctors, and specialists. This content strategy enhances customer engagement and creates a cycle of new user acquisition and enriched content. The company mobile app has been downloaded over 127 mn times as of March 31, 2024, demonstrating strong user interest. Interaction with company community leads to significantly higher purchase frequency, reinforcing the flywheel effect that boosts transactions and allows for better product assortment and pricing. Company has successfully replicated its model in the UAE, where it is the largest specialist online retailer for Mothers', Babies', and Kids' products, and aims to achieve similar success in KSA, where it is already a leading online-first platform.

Strategic International Expansion : Company plans to selectively expand into international markets, leveraging its success and experience in India. The company evaluates potential markets based on favorable demographics, market size, competition, and the ability to offer a multi-channel experience. In FY24, revenue from international operations reached INR 7,537.16 mn, up from INR 3,520.42 mn in FY22. Company is the leading specialist online retailer for Mothers', Babies', and Kids' products in the UAE and the largest online-first platform in KSA. The company intends to replicate its successful India model in these and other international markets.

Valuation and View : The company's integrated online and physical store model enhances brand loyalty and allows for economies of scale, catering to diverse customer preferences, including "research online – purchase offline" behavior. To further expand its customer base, the company is investing in brand development, technology, and product diversification, including new offerings for children aged 6 to 12. The company's content-rich platform, with over 127 mn app downloads, drives customer engagement and strengthens its market position. Internationally, the company has successfully established itself as the leading online retailer in the UAE and the largest online-first platform in KSA, with plans to replicate its India success in other markets. At the upper band of INR 465, with a MarketCap of INR 241.4175 bn, the figures for the year are INR 63,255.11 Mn, representing an increase of 15% (YoY) in FY24. In FY23, the figures were INR 55,194.40 Mn, representing an increase of 138 % (YoY) .

We are recommending a "Subscribe for Long Term" position for this issue.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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