

 firstcry  
.com

big store for little ones

AN IPO REVIEW SERIES

# BLOOMBERG CLUB'S INITIATIVE

## FirstCry

## IPO REVIEW

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# Brainbees Solutions (FirstCry) IPO

## About The Company

FirstCry is an Indian e-commerce company focused on baby products retailing. The company was started in 2010 and is headquartered in Pune. The product categories at firstcry.com comprise diapering, feeding and nursing, skin and health care, toys, clothes, footwear, fashion accessories, and much more.

Firstcry.com has a product inventory of more than 90,000 items from around 1,200 international and Indian brands as of 2016. Mattel, Ben10, Pigeon, Funskool, Hotwheels, Nuby, Farlin, Medela, Pampers, Disney, Barbie, Gerber, and Fisher-Price are some of them.

## Management



**Supam Maheshwari**  
Managing Director  
and Chief Executive  
Officer



**Sanket Hattimattur**  
Executive Director and  
Chief of Staff

# Expert Recommendations

## Dilip Davda - May Apply

The company enjoys parenting mothers first choice as it has products for kids from the -9M (conception) till the age of 12 years and also lot more products for mother's care. It has posted losses for the reported periods despite its rising top line and number of stores internationally. Based on its negative earnings, the issue is priced at a negative P/E. Well-informed investors may park funds for the long term.

## Bajaj - Neutral

FirstCry is a one-stop shop for most new parents. It is a big brand popular across the country. Despite notable asset growth indicating potential expansion and capacity, recent revenue declines and a shift from profitability to significant losses reveal underlying challenges and market pressures.

The small drop in net worth and reserves suggests lower equity and retained earnings, which could affect financial stability. Also, the big increase in borrowing means higher debt, which might impact financial stability and lead to more interest payments. Fixing these problems will be important for keeping the company stable and supporting future growth.

# IPO Overview

IPO Date	August 6, 2024 to August 8, 2024
Face value	Rs 2 per share
Price Band	Rs.440 to RS.465 per share
Lot size	32 Shares
Total Issue Size	90,187,690 shares (aggregating up to ₹4,193.73 Cr)
Fresh Issue Offer for Sale	35,827,957 shares (aggregating up to ₹1,666.00 Cr) 54,359,733 shares of ₹2 (aggregating up to ₹2,527.73 Cr)
Employee Discount	Rs 44 per share
Issue Type	Book Built Issue IPO
Listing At	BSE, NSE
Share holding pre issue	483,349,470
Share holding post issue	519,177,427

# IPO Reservation

Investor Category	Shares Offered
QIB (Qualified Institutional Buyers)	75.00% of the Net offer
Retail Investors	Not more than 10.00% of the Offer
Non Institutional Investors (HNI)	Not more than 15.00% of the Offer

# IPO Timeline

IPO Open Date	Tuesday, August 6, 2024
IPO Close Date	Thursday, August 8, 2024
Basis of Allotment	Friday, August 9, 2024
Initiation of Refunds	Monday, August 12, 2024
Credit of Shares to Demat	Monday, August 12, 2024
Listing Date	Tuesday, August 13, 2024

# About Lot Size

Application	Lots	Shares	Amount
Retail Investors	1 - 13	32-416	Rs ₹14,880- Rs. ₹193,440

# Grey Market Premium

*Brainbees Solutions IPO GMP today or grey market premium is +55. This indicates Brainbees Solutions share price were trading at a premium of ₹55 in the grey market, according to investorgain.com.*

# Strengths

- **Tapping Kids Retail Market:** The company operates India's largest multi-channel retailing platform for mothers, babies, and kids products. Its GMV increased to ₹91,211.28 million in FY2024 from ₹57,994.63 million in FY2022, showcasing its growth and market leadership.
- **Marketing Campaigns:** The company's content-led strategy drives network connections. Its FirstCry.com parenting platform features expert content, attracting customers organically. The mobile app had over 127 million downloads by March 2024, which has increased engagement and transactions.
- **Customer Retention:** The company has built a strong brand and customer loyalty. Its Annual Unique Transacting Customers grew to 9.11 million in FY2024. Existing customers generated 72.23% of GMV in FY24.
- **Diverse Products:** The company offers a diverse product range through third-party and home brands. They added 1,125 new brands in FY24 and had 7,580 associated brands.

# Weaknesses

- **Manufacturing Dependence:** The company lacks exclusive agreements with contract manufacturers, suppliers, and third-party brands. This allows these manufacturers to work with competitors as well.
- **Change in Customer Behaviour:** The company's business depends significantly on the growth of online commerce in India. If the industry fails or if the company is late in adopting changing customer behaviors on digital platforms, that can have adverse effects on its operations.
- **Financial Risk of its Subsidiaries:** Several subsidiaries face financial challenges, with auditors noting material uncertainties about their ability to continue as going concerns. The parent company provides financial security for these subsidiaries, which could strain resources.

# Key Financial Information

Particulars	FY24	FY23	FY22
Revenue (₹ in crore)	6,575.08	5,731.28	2,516.92
Profit after Tax (₹ in crore)	(321.51)	(486.06)	(78.69)
Assets (₹ in crore)	7,510.38	7,119.83	6,197.16
Net Worth (₹ in crore)	3,170.74	3,456.26	3,527.94
Reserves and Surplus (₹ in crore)	3,081.74	3,367.21	3,439.17
Total Borrowing (₹ in crore)	462.72	176.47	90.16

## Risk Factors to Consider

- **Operational and Financial Risks:** FirstCry's historical performance may not reflect future growth or financial results, and it may face challenges in maintaining historical growth rates and executing strategies. Additionally, material uncertainties have been observed by auditors regarding the going concern status of FirstCry Retail DWC LLC, and restrictive conditions imposed by lenders could limit business flexibility.
- **Regulatory and Compliance Risks:** FirstCry has previously failed to comply with certain provisions of the Companies Act 2013 and had to address these non-compliances. The company cannot guarantee that there will be no future non-compliances, which could affect operations and reputation.
- **Financial Risks:** FirstCry has experienced negative net cash flows in the past, and future negative cash flows could adversely impact its consolidated financial condition. Moreover, some subsidiaries have unsecured loans that can be recalled at any time, potentially leading to liquidity issues.

### Sources

- RHP of the company
- Bloomberg Terminal.
- <https://zerodha.com/ipo/385954/brainbees-solutions-firstcry>
- <https://www.livemint.com/market/ipo/firstcry-ipo-opens-for-subscription-tomorrow-gmp-issue-details-10-key-things-to-know-11722853056719.html>
- <https://www.chittorgarh.com/ipo/brainbees-solutions-firstcry-ipo/1801/>
- <https://tradebrains.in/firstcry-ipo-review-2024-gmp-financials-and-more/>

### Disclaimer

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# Thank You