



boat

IMAGINE MARKETING LIMITED

Before the Bell: IPO Edition



Company Overview

- The Company operates under the brand “boAt,” launched in 2015 in the consumer electronics space. The Company offers a wide range of mass-premium, lifestyle-driven, tech-focused products at accessible prices for India’s young, digital-first, trend-conscious consumers. The company has built a strong connection with young Indian customers by providing modern designs, reliable quality, and accessible prices
 - The brand “boAt” has held the #1 position in India for branded personal audio (by volume) every year from FY2020 to FY2025. It was also the third-largest digital-first brand in India by revenue in FY2025. Globally, boAt is ranked fourth in branded personal audio by volume in FY 2025.
 - Products are sold through major online marketplaces, D2C website, and offline retail partners. The brand has a strong presence on Amazon and Flipkart, where it consistently ranks among the top sellers in audio products. At the same time, boAt is rapidly expanding its offline retail footprint, making its products available in thousands of stores across the country.
- **Moat and Competitive Advantages:**
 - **Brand Strength:** High consumer recall built on youth culture and affordable aspirational products.
 - **Celebrity Ecosystem:** Unmatched roster of celebrity brand ambassadors across sports and entertainment (e.g., Virat Kohli, Kiara Advani) ensuring high visibility.
 - **Agile Product Cycle:** Fast design-to-market cycle, allowing rapid iteration and response to the latest consumer trends and feature demands.
 - **Risks:**
 - **Supply Chain Volatility:** Heavy reliance on external manufacturers, particularly in China and Vietnam, posing concentration risk.
 - **High Customer Acquisition Cost (CAC):** Sustaining market share requires substantial spending on marketing and celebrity endorsements.
 - **Product Obsolescence:** Rapid technological change (e.g., new Bluetooth standards, chipsets) mandates high R&D and fast inventory turnover.

Financial Overview

(Amount in INR Crores)

Income Statement	FY 2022A	FY 2023A	FY 2024A	FY 2025A
Revenue from Operations	2,873	3,362	3,115	3,070
EBITDA	143	(60)	8	143
PBT	99	(164)	(96)	75
PAT	69	(129)	(80)	61

Revenue by Segment (FY 2025):

- Audio:
 - Revenue: INR 2,586 (84.23%)
 - EBITDA: INR 171
- Wearables:
 - Revenue: INR 330 (10.76%)
 - EBITDA: (INR 54)

Key Points:

- The Company's revenue from operations declined from INR 3,362 crore in FY 2023 to INR 3,115 crore in FY 2024, and further to INR 3,070 crore in FY2025, displaying Revenue Stagnation and showcasing a **NEGATIVE CAGR** of 4.2%.
- Majority of the Company's revenue from operations (84%) still comes from audio products, showing strong leadership in this category but also heavy dependence on it.
- The Company has current liability (due for payment in 12 months) of INR 505 crores in its books being the preference share liabilities, for which the Company is liable to issue equity shares. The number of equity shares to be issued on conversion of preference shares has not been determined.

Important Points

- The Company still relies heavily on China (including Hong Kong) for most of its products, around 90% of the products it purchases from outside India comes from China and Hong Kong.
- One of the Company's subsidiaries used Short-term borrowed funds for Long-term purposes in Financial Years 2023 & 2024, which is not aligned with financial practices.
- The remuneration paid to the Directors of the Company, is in excess of the limits specified under the Companies Act, 2013.
- The Company's full-time employee attrition has remained high, rising from 27-28% in FY 2023-24 to 34.18% in FY 2024-25. In simple words, 1 out of 3 employees leave the Company every single year.
- Promoter Transition: Both the promoters/co-founders of the Company, Mr. Sameer Ashok Mehta and Mr. Aman Gupta have transitioned from their operational roles.
 - Mr. Sameer Ashok Mehta resigned as the Chief Executive Officer (CEO) of the Company and has now been re-designated as Executive Director of the Company.
 - Mr. Aman Gupta resigned as the Chief Marketing Officer (CMO) of the Company and has now been re-designated as Non-Executive Director (Additional) of the Company.
- Out of the total issue size of INR 1,500 crores, only INR 500 crores is a fresh issue and the remaining being Offer for sale.
 - Out of the INR 500 crores of fresh issue, INR 225 crores are sanctioned for working capital purposes, INR 150 crores are sanctioned for brand & marketing with the balance funds for general corporate purposes.
 - This indicates that no funds from the fresh issue are to be utilized for expansion purposes or for setting up of manufacturing facility.
- The Company has a pending customs case resulting out of incorrect classification, which involves the Company owing INR 241 crores (excluding interest & penalty) to the customs department. The potential liability is significant and could have a huge impact on the Company's financial position if the decision doesn't go in the Company's favor.

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