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National Stock Exchange of India Limited

Exchange Plaza, C – 1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai-400051
Symbol: FIRSTCRY

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001
Scrip Code: 544226

Sub: Transcript of the Audio-video recording of Earnings Call | Q1FY25 results

Ref : Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“Listing Regulations”) and our earlier intimation dated August 31, 2024

Dear Sir/Ma’am,

In terms of Regulation 30 and Regulation 46 read with Part A of Schedule III of the Listing Regulations, please find enclosed herewith transcript of Earnings Call with the Analysts/Investors held on Friday, August 30, 2024, post announcement of Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter ended as on June 30, 2024.

The audio-video recording of the Earnings Call along with the Transcript has been uploaded on the Company’s website and the same can be accessed from the link provided below:
<https://www.firstcry.com/investor-relations/analyst-earning-calls>

We request you to kindly take the aforesaid information on record and disseminate the same on your respective websites.

Thanking you,

Yours sincerely,

For Brainbees Solutions Limited

Neelam Jethani
Company Secretary & Compliance Officer
ICSI Membership No.: A35831

Brainbees Solutions Limited

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CIN: L51100PN2010PLC136340



“Brainbees Solutions Limited (FirstCry) - Earnings Call Q1 FY '25 Results”

August 30, 2024, 6.00 p.m. IST

Management:

Mr. Supam Maheshwari
Managing Director & CEO

Mr. Gautam Sharma
Group Chief Financial Officer

Ms. Neelam Jethani
Company Secretary & Compliance Officer

Ms. Neelam Jethani

Good evening, everyone. Welcome to the Brainbees Solutions Limited Q1 FY25 earnings call. This is Neelam Jethani, Company Secretary and Compliance Officer of the Company. I have with me, Mr. Supam Maheshwari, Managing Director and CEO of the Company, Mr. Sanket Hatimattur, Executive Director and Chief of Staff and Mr. Gautam Sharma, Group Chief Financial Officer of the Company.

Kindly note that this call is meant for analysts and investors of the Company. We wish to highlight that the call is being recorded and by participating in this event, you consent to such recording, distribution and publication.

All participants have been muted as per the default mode and participants will be unmuted once we open the Q&A forum for the members to ask questions after the presentation from management concludes.

We will be covering the presentation in the first 30 minutes of the call and we will open the Q&A forum thereafter.

We would like to point out that some of the statements made in today's call may be forward-looking in nature and the disclaimer to this effect has been included in the investor presentation shared with you.

I request Mr. Supam Maheshwari to take it over.

Mr. Supam Maheshwari

Hi, Good evening, everyone. Welcome to our first earnings call. I see some of the names that we met during our past roadshows and happy to see you. Some of you are joining this call for the first time. Since it is a first earnings call and some of you are new members, we would like to just give you a little bit of a brief overview of our journey before we straightaway dive into our Q1 FY25 performance. This is our 14th year of our operation of FirstCry (Brainbees Solutions) and in our journey,



we have had many milestones as provided in the Prospectus, just to highlight the four business segments that we operate in, which is what we will summarize. The first one is our core 'India multi-channel business' segment, which has been at play for last 13+ years from the beginning and that consists of our online India as well as our 1000+ offline stores and our distribution, the new small sub segment that we started recently. These are the key drivers of our India multi-channel that constitutes to drive our India multi-channel business and this is a core and the first sort of a business segment which drives a large part of our revenues. The second business segment is international, which is a same playbook of India, we took it to UAE and then subsequently to KSA. So UAE and KSA put together constitute our second business segment, which is 'International'. The third business segment is 'GlobalBees', which is an initiative, a company that we incubated 3 years back, May 21, and the fourth one is a smaller business segment that we operating which is called 'Others' in our RHP and essentially it is the preschool business that is an asset like preschool business. So these are the four business segments that we will talk about during the course of this presentation to give a brief update about the Q1 FY25 results of the Company.

Although I can see some raised hands, I believe we will have some Q&A after the first, hopefully, 25-30 minutes when we will finish the presentation and then we can take up your questions subsequently, as Neelam talked about, maybe a raise of hands would be helpful to take your questions after that.

So we are very happy to report our first quarter's FY25 performance. Overall, we have been able to deliver growth at scale and significant improvement in our profitability. If you will see, our overall annual unique transacting customers both for India as well as international have grown to 9.5 Million annual unique transacting customer which is a growth of 15%



year-on-year which was earlier 14% and it has increased from Q1FY24 to Q1FY25 to 15%, for the fiscal year it was 14%. If you look at our consolidated GMV, that is India multi-channel + international, it has delivered 2,318 crores which is a growth of 17% for the quarter year-on-year and consolidated revenue from operations we have delivered 1,652 crores, which is also a 17% increase over the Q1 FY24. All of this growth has come back with a very positive improvement in the Adjusted EBITDA profitability, if you see our overall consolidated Adjusted EBITDA has increased close to 106% over the last quarter for the last fiscal year to 74.3 crores. We have delivered close to around 4.5% Adjusted EBITDA as a consolidated business which was around close to 2.6% for Q1 FY24 at a consolidated Adjusted EBITDA, adjusted for ESOP costs. If you look at our core business is in India, multi-channel, here the Adjusted EBITDA has grown by 25% again. It is because of 8.3% Adjusted EBITDA which we have been able to deliver for Q1 FY25 compared to 7.7% which was there for Q1 FY24. There has been an incremental EBITDA that we have been able to deliver thereby exceeding the revenue growth and delivering 25% absolute growth of EBITDA from Q1 FY24 to Q1 FY25.

Overall, we have also been able to deliver a Cash Profit After Tax which is 17.7 crores. It's almost a growth of 200% versus Q1 FY24 and the details of these are available in the supplementary slide. This presentation is already uploaded on stock exchanges and I'm sure you would have received a copy or have the access the same whenever you would like. In case of any questions, we are of course happy to answer these questions. The details of the cash profits are already available in that supplementary sheet. Now, I would like to take you know segment by segment, our performance, our first core business segment of India Multi channel, which we started right from our beginning 2010, which is a journey of 13 to 14 years that we have been at play. Before I walk you through this, I would like to tell you how we should look at this business. Let's first go through the



performance and I'll probably qualitatively give you some colour and highlight how we should look at this business for some of the folks that who have joined and new to this call and for their benefit as well. Our overall and annual unique transacting customer on quarter one has increased by 14% year-on-year growth. So overall we have added 0.4 million on quarter-on-quarter and overall on year-on-year basis 14% growth, which was there 12% for the last full fiscal year. So there has been an uptick in terms of Annual Unique Transacting Customer for this quarter. Also, we've been able to deliver basis this Annual Unique Transacting Customer growth. We have been able to deliver a strong growth in order volume as well growth of 19%, although there was a very marginal drop in AOV, but still we have been able to deliver a good GMV, robust growth of round close to 18% year-on-year for the Q1 FY25. Now our offline channel, we have added almost close to 147 stores from Q1 FY24 to Q1 FY25 and within that 20 COCO stores have been added just in the Q1 FY25 from the last quarter, and for the full year around 139 COCO stores have been added.

The most important highlight for this sort of a good growth in terms of both in GMV as well as the revenue which we will talk about. They've been able to deliver at 25% growth in Adjusted EBITDA for the Q1 FY25 compared to Q1 FY24 with a 8.3% Adjusted EBITDA, which was there close to 7.7% for Q1 FY 24.

Now I just want to give you a colour of how one should look at our business.

As I said earlier, we operate a very large online network in our mothers, baby and kids catering to young parents. Also, we cater to our offline channel which is 1,000+ stores and as I said earlier as well, we have presence through our retail general trade stores as well. So we are in a multi-channel approach, the historical trend has been that our customers who join our



journey through our platform; whether they join our journey through the first transaction in online or first transaction through our modern stores, over a period of time they cross pollinate into other channels as well. A customer who joins online goes back to enjoying the convenience of vicinity of the store from their home as well as the other way around when they transact first time offline, they also enjoy the selection and the width that we offer, and once they have built a trust in either of the channels to cross pollinate into online and offline. That has been historically that we have been able to observe and therefore we have continued with that journey of doing omni. Then we added distribution business where we distribute our home brands to general trade retail distribution where this is another demand pocket. India has three demand pockets: Online, Modern stores and then obviously your GT and this also helps us to proliferate our home brands into the GT demand pocket, where young parents can buy our product and essentially over a longer period of time when they want to buy more of our home brand products, we'll come back to our online or our modern stores, essentially helping us to reduce our CAG over a longer period of time. That has been the strategy that we have been following and you will see our financial performance that we will continue to draw benefit from this strategy over a longer period of time and also the key highlight, one of the other highlights I would like to make for this particular quarter is the we have been able to run the largest Influencer programme for mothers, baby and kids for the young parents digitally, obviously, and this is having to partner with a nano, micro or mega influencers who able to influence and able to build awareness for young millennial young parents, both mothers and fathers. So that has been a very great home, deliverable that we have been able to deliver and we will continue to build on it as we go along into building more awareness for our platform for our products and building word of mouth now with that qualitative statement, I would ask Gautam to take you through some of our numbers for the India multi-channel.

Mr. Gautam Sharma

Supam talked about increase in the AUTC that is Annual Unique Transacting Customers, growth in Orders and GMV. So you can see a healthy increase in the AUTC in Q1 over last year Q1 which is 14% as compared to a 12% growth in FY24 over FY23. We have added almost 1.1 million unique transacting customers in last 12 months. AUTC is basically for for Q1, it trading in 12 months, that is Unique Transacting Customers from 1st of July 2023 to 30th June 2024. Similarly, you can also see a healthy growth in the number of orders, the growth was 15% in FY24 over FY23, which has increased to 19% in Q1FY25 over Q1 FY24. GMV growth has increased from INR 16,494 Million to INR 19,389 Million which is a 18% year-on-year growth compared to a 19% growth in FY24 over FY23.

This is the revenue performance and the Adjusted EBITDA performance. India Multi Channel revenue growth, while it was 17% in FY24, we reached INR 4,579 Crore of revenue in FY24. In Q1 FY FY25, we posted a revenue of INR 1,150 Crore, an increase from INR 99 Crores in Q1 FY24. This represents a year-on-year growth of 16%. Similarly, Adjusted EBITDA, you can see we are continuously improving our Adjusted EBITDA. This is adjusted for ESOP cost from 6.2% in FY23 to improve this to 8.8% in FY24. Similarly, if we compare the quarterly performance, in Q1 FY25, we posted Adjusted EBITDA of INR 954 Million which is 8.3%, an improvement of 25% over Q1 FY24, which was 7.7%.

Mr. Supam Maheshwari

Now we will move to our second business segment. Before I go into the international segment, would like to just give you a brief background. We started our international journey in 2019, late 2019, October 19 is when we started our journey in UAE with a clear view to go to KSA subsequently and due to COVID, we could not go early and August 22 is when we began our journey which is less than two years or almost two years in in Saudi Arabia as well. Just a context, both of these market put together will be close to around \$12 Billion by FY29 and it's a very fairly meaningful



market and we took our entire playbook of what we have built for the India multi-channel to the international market. I'll just give you some highlights of the quarter.

If you look at our international market segment, our overall Annual Unique Transacting Customer base grew by 39% year on year Q1 FY24 annualised 12 months from Q1FY24. So a growth of 39%. However, our order volumes were affected due to unseasonal rain that had happened and caused floods in UAE during this quarter, especially around April and also there was an advancement of seasonal spend. So let me explain this. In this particular year, in this Q1 FY 25, Eid was in early April and all the products that consumers buy typically before the festivities was locked in into the prior quarter, which Q4 of FY24. Whereas if you compare the last quarter of Q1 of FY 24, the Eid was there at the end of April and therefore, the impact of that buying was sustained in April of FY24 itself. So this had dual effect this this particular year one was we lost our 10 to 12 days of precious time during this unseasonal rains and floods which happened in UAE, which we are all aware of and because of the advancement of seasonal spend, just wanted to highlight that. Having said this, our July and August, although we are on 30th of the month, but we can say with good confidence both July and August, we are back on track in terms of our performance from a growth perspective for both UAE and KSA. I would like to also highlight that average order value for our international Segment continues to improve. We had a quarter on quarter growth of 13% in average order value, which has reached to close to around INR 8,669 in in Q1 FY 25, which is at 12% GMV growth from the prior period. If you look at the profitability profile, we have significantly improved our you know losses since it is a journey which is relatively new, while India journey India playbook, we have been able to play for you know last 14 years and we have been having Adjusted EBITA profitable journey for last many years. For our international segment, since it is a relatively new segment for us and KSA being just 2

year old. Despite that, we have been able to improve our Adjusted EBITDA losses which has declined 22% in Q1 FY25 from Q1 FY24 and on a percentage basis, if you look at it, it is improved from 16.6% negative from it was 22.7% in Q1 FY24. With that, I will also like to give you some qualitative sort of a colour of how the business, some of the updates about our international, especially our Saudi Arabia business as some of you will probably recall that. Obviously KSA is a very large market, almost two 2.5 times of UAE, and we had taken around close to INR 80 Crores of capital that we had raised from use of proceeds from IPO. So we will be starting our journey to build our foray into offline into Saudi Arabia and hoping to give you some material update around that in our next earnings call because the IPO just finished. So we just wanted to acknowledge that we'll be starting our multi-channel journey in Saudi Arabia as well as we just go along and we'll give you some more update in our next quarterly sort of a call and also would like to highlight another first that, FirstCry has delivered across markets whether it is India, UAE and KSA, recently we have started you know, first of its own kind, in Saudi Arabia, Assembly service for all our baby gear, nursery and outdoor toys products, which has been well received in the Saudi Arabia market and we believe it will help us continue to build more brand salience with more customers and word of mouth as we go along and build our customer base in the market. So with that, I will ask Gautam to share some financial performance for our International segment.

Mr. Gautam Sharma

So as Supam mentioned, AUTC growth is 39% in Q1 FY25 over Q1 FY24. Again this is considering 12 months AUTC while the growth was higher i.e., 67% in FY24 over FY23. One of the reason of a lesser growth in Q1, as Supam mentioned you know business in UAE got impacted because of floods as well as advancement of Eid in April. Orders remain flat, you know, because of the two reasons we talked about. While there was a growth of 30% in number of orders in FY24

over FY23 and as Supam mentioned in July and August, we are back on track in terms of you know our growth plans. GMV growth is 12%. Again, the two factors have impacted all the three KPI that is AUTC, Orders and GMV. So the growth in GMV is much lesser, it is 12% compared to a 76% in FY24 over FY23.

We'll talk about the Revenue and Adjusted EBITDA. Again, this is Adjusted EBITDA is adjusted for ESOP cost. So revenue growth in FY24 is 55%. FY 23 is when we started you know our KSA operations sometime you know mid of FY23 and that is the reason we have seen a higher growth in FY 24 because we got the benefit of a full year of operations for KSA business. Growth in Q1FY25 over Q1 FY24 is 7% largely, because of the impact of advancement of festivals and the floods. EBITA margins, while it is on a higher side in FY23 i.e., -24.6%. This is the time when we started our KSA business. You know it's since it is a pure online business, most of the costs are front footed and hence you know the EBITDA were higher in FY23 but you can see a subsequent year-on-year and quarter-on-quarter improvement in our EBITDA. We have brought it down to -18.5% in FY24 and if we talk about Q1 FY 25, we have brought it down to 16.6% -, 16.6% from a - 22.7% negative adjusted EBITDA in Q1 FY24. So this is continuously going down which basically represents that we are started getting a very good operating leverage with the scale of our KSA business.

Mr. Supam Maheshwari

So now just before we go to the next business segment, which is GlobalBees, just wanna give you some backdrop. This is our third business segment, which we incubated a company around close to May 21, almost 3 years of the business and here you will see that we have delivered a very strong performance both top line and bottom line. The performance that we have been able to deliver and numbers will speak for itself. So, I would straight away dive and request Gautam to speak on the numbers straight away.

Mr. Gautam Sharma

FY22 was the first year of operations for GlobalBees. We started operation sometime in November 21. FY23 revenue was INR 97 Crores and we increased this by 35% in FY24 to reach our revenue of 1,209.3 Crores. Growth in Q1 FY25 year-on-year growth is 26%. So we have posted our revenue of INR 3,245 Million compared to INR 2,565 Million revenue in Q1 FY24. EBITDA margins – FY23 was the first full year of operations for GlobalBees. We posted a negative EBITDA of -5% in FY23, but you can see a subsequent improvement year-on-year and quarter-on-quarter. We made this business as EBITDA positive business in FY24. While there was a marginal profit which was only 0.2%. However, if you see the Q1 FY25, we have increased our Adjusted EBITDA to 1.4% from 0.2% in FY24 again as compared to the Q1 FY24 performance, it was -0.9% i.e., a negative EBITDA of INR 24 Million compared to a positive EBITDA of INR 46 Million in Q1 FY25.

So the next section talks about the consolidated performance. However, before we jump onto the consolidated performance, I would like to talk about, the fourth business segment. We talked about the three business segments. The fourth one is our Preschool Business. We don't have a separate slide for that, but we have posted our revenue of INR 120 Million in Q1 FY25 as compared to INR 90 Million revenue in Q1 FY24 that represents a 30% year-on-year growth. Also, talking about the Adjusted EBITDA, Adjusted EBITDA has increased from 12% positive in Q1 FY24 to 25% positive in Q1 FY25.

So this is our consolidated performance which includes the performance of all the four business segments. Our first one is core India multi-channel. Second is International, then GlobalBees and the fourth one is Education. So you can see in Q1 FY25, our consolidated net revenue is INR 16,521 Million which is a 17% year-on-year growth. Similarly, in FY24, we posted our revenue growth of 23% from

INR 52,622 Million we have reached INR 64,809 Million revenue.

You can also see at the top end, the gross margins are also continuously improving from 32.9% in FY23, we improved this to 35.8% in FY24. We can also see a quarter-on-quarter improvement in the Gross Margin from 35.7% gross margin in Q1 FY24, we have increased our gross margin by almost 199 bips to 37.7%. As a result, the improvement in gross margins, a very good improvement in EBITDA in all the four business segments, we have improved our consolidated EBITDA from 2.6% in Q1 FY24 to 4.5% in Q1 FY25. You can see this is going up from 1.5% in FY23 to 4.5% in Q1 FY25. This is a representation of the previous slide in terms of percentage. So we can skip this slide.

Mr. Supam Maheshwari

This is what we wanted to sort of share our highlights and brief financial sort of performance. We have shared this presentation. This is our first time as well. So we have shared this presentation. It is already on Stock Exchange sites. I'm sure you have a copy of it already. There are a lot of supplementary sections and financial data points that we have also already uploaded on a Stock Exchange. So if you have any questions that we are happy to take, you know one by one, hopefully.

Mr. Gautam Sharma

Neelam, I'm hoping that you want to say anything, Neelam here.

Ms. Neelam Jethani

We can open the Q&A forum.

Now the Q&A Forum is open, I request participants to raise hands for asking questions. We will unmute you and you will have access to the Mic. Please introduce yourself and the name of the organisation you represent. The participants are also requested to limit their questions to maximum two questions. For a follow up question, you may join the queue again.

So we have the first question from Mr. Yash Gandhi. Yash, you have been given the mic access.

Mr. Yash Gandhi from Stallion Asset

Hi, thank you for the opportunity. I just wanted to understand, so you know our losses have gone down by 30% year-on-year in this quarter, and this one of the management, if you have any guidance in terms of when can we expect first full year of PAT level profitability for the business?

Mr. Supam Maheshwari

So Yash, all we could say is that we would be continue to improve both our top line performance and our bottom line performance as we continue, if you look at our cash profits, they are already positive and from a PAT perspective, there are a lot of other variables that play in, but you should be able to see business performance continue to improve both from a top line and bottom line perspective, you know and that since it is our first call as well. So we are little. You know what to speak and what not to speak is some of these things we are learning. So please, you know, sort of pardon us on that. But having said this, we can only say that the business performance pure pure business performance will continue to improve. PAT has some functions and we have shared a lot of other information in the supplementary section that will help you to be able to route a plan that you will be able to visualize our PAT profitability in the subsequent periods.

Mr. Gautam Sharma

And just to add Yash, you know if you see the channel wise performance, it is only the International business which is right now a loss making business for us. Rest of the segments you know are making good profits and it is in fact improving year-on-year and also for the International business, the losses are going down as a percentage to net revenue.

Mr. Yash Gandhi from Stallion Asset

Sure, got it. Thank you.

Ms. Neelam Jethani

Thank you Yash. So the next question is from Videesha. We'll just enable the mic access. Videesha, please introduce yourself and ask your question.

Ms. Videesha, Ambit

Hi team, Thank you for the opportunity. I am Videesha from Ambit Capital. My first question was on the gross margin expansion, if you could elaborate on the drivers for the 200

basis points expansion that we've seen this quarter. Is it largely private label driven or sourcing efficiencies that have come into play?

Mr. Supam Maheshwari

Sure. So Videesha, I would request this being going forward, we like to call home brands because lot of our products are built with lot of love and care. So that's what we will request you to call going forward. But to answer your question. You know the gross margin improvement has happened on multiple levels. And if you look at our improvement in our home brand share. Improvement in our home brand, you know margins itself, COGS reduction, third party brands, you know sort of margin increase, all of these factors have helped us to continuously improve our gross margins and also our COCO Store expansion where we earn higher sort of gross margins as well.

Ms. Videesha, Ambit

Understood. And the second question was so if you could help us with the unit economics of FirstCry COCO Store as well as a Babyhug COCO store.

Mr. Gautam Sharma

So Videesha, in terms of the size of the store, you know FirstCry store which is a multi-brand format are a bit larger store measuring around 2,800 to 3,000 square foot stores and Babyhug stores, which is single brand retail stores, that's smaller in size around 1,400 to 1,500 square foot stores. In terms of unit economic, I would request you know. We have shared some details on the GMV bifurcation between online business and the offline business. I would request if you can, you know you have the number of stores, you have the GMV, probably you can very well understand the unit economics of you know all formats.

Mr. Supam Maheshwari

Videesha, I would like to just add here and this is a very important point because you should look at our business in a multi-channel way. As I mentioned earlier, a large part of our customers actually transact both online and offline. The customers who join our journey online also goes offline and they join our journey as offline goes online. So, we are able to improve our unit economics as we increase our expanse of our universe of reach to the customers as we build more

stores while our online we have a good presence, I mean, Pan India but there is a journey as of millennial customers building having awareness about us and transacting with us, building trust as they join their journey of parenting. Having said this, our unit economics is linked as a multi-channel, not just as a store platform or just a pure online platform. It's very hard to segregate since because of the overlap of the customers and the third segment that we have recently added which is distribution which adds to our firepower because as the customer consume, the young parent consumes product bought from our home brand, product bought from a you know demand pocket of channel of GT trade. Let's say they have bought our home brand, let's say Babyhug and then the extension of those brand products will be available only in our online or in our modern stores. Essentially being able to drive down our CAG and being able to build more repeats for us without having to, you know, sort of spend money on the category front. So all of our construct as a strategy has been built to be able to improve our unit economics at a multi-channel way.

Ms. Videesha, Ambit

Got it. I was just trying to get at the profitability profile of the offline channel, but point taken, I'll join the que for further questions.

Ms. Neelam Jethani

Thank you, Videesha. So the next speaker is Tejas Shah. Tejas, we have given you the mic access, please introduce yourself and ask your question.

Mr. Tejas Shah

Hi, thanks for the opportunity. Hi, this first question Supam, could you provide insights into the quarterly seasonality of margins within India's multi-channel business, specifically, how should we think about margins fluctuation on seasonal basis basically for example, is one Q generally the lowest and does it align more closely with the full year average later on?

Mr. Supam Maheshwari

Sure. Tejas, you are partly correct, but I we would not like to say that it is materially different from a margin profile. We are still lot of levers that we continue to you know work at therefore you are able to see the improvement across different levers that we have talked about. Few of them we

have talked about few of them are little smaller, so we have not spoken about. We will continue to play around building more home brand share to be able to drive more margins. We will be continue to drive more COGS reduction as economies of scale take up in some of the product types or categories or subcategories into our home brands and with the help of our third party brand partners, as we will be able to build a win-win situation for them to be able to grow volumes, you'll be able to drive that. And over a period of time, as we build our international business as well, some of those help us to build volumes. And in some quarters, we're able to build more meaningful. It's a journey. It will continue as a process. There are no, I would say, major seasonality, since we are in a growth phase in that sense. So we will continue improvement. But having said this, we would like it, since there are many levers that happen in step function way and that at a continuous play, so we would not be able to say that there is like in one season we will show more than one season, we'll show less. So it will be a little bit of a sort of a curve that you'll continue to improve year-on-year.

Mr. Tejas Shah

Thanks and 2nd last question. Could you shed some light on store expansion strategy? Will the focus primarily be on COCO stores or what mix between COCO and FOFO you will be comfortable with unsustainable basis going forward?

Mr. Supam Maheshwari

As a part of our proceeds that we have talked about in the RHP as well, we will be adding tools to around 350 stores over the next 2 to 2.5 years.

Mr. Gautam Sharma

This is in both the format that is FirstCry and Babyhug.

Mr. Supam Maheshwari

Having said that, this you will be able to see this store additions in over next period of 8 to 10 quarters, quarter-on-quarter and this is for the COCO and for FOFO, yes, there will be a little bit of a shift that you will see from FOFO to COCO that you have observed from numbers when we had filed in December then we had filed it in April and now for this quarter as well, there is supplementary information on that front as well. But it will have a little bit of an over indexation on the COCO stores, but we will continue to build FOFO stores

as well as we continue to find good partners, good business partners as franchise partners, who we believe can be our great partners for our success story in times to come. So we will continue to building our FOFO channel as well while we continue to build our COCO journey as we have enumerated in numbers of 350.

Mr. Tejas Shah

Sure. And just one follow up on COCO strategy, are we targeting any particular state or region as of now or is it pan India?

Mr. Supam Maheshwari

It is pan India Tejas. If you recall, if you look at our data point, we have 1000+ stores across 500+ cities. So we are pretty much Pan India. So we will continue to expand both in the same city as well as our new towns and cities as well.

Mr. Tejas Shah

Sure. So, no, my questions mostly on that, are we penetrating more into existing markets or we are adding new towns or new states that was the broader question.

Mr. Supam Maheshwari

Both

Mr. Tejas Shah

That's all from my side and all the best for coming quarters. Thanks.

Ms. Neelam Jethani

Thank you, Tejas. Our next question is from the Garima Mishra. Garima, you have the access to the mic and you may ask your question.

**Ms. Garima Mishra
Research, KIE**

Yeah. Hi, can you hear me? Am I audible?

Ms. Neelam Jethani

Yes, yes you are.

**Ms. Garima Mishra
Research, KIE**

OK, perfect. Thank you so much for the opportunity. Is there an echo or is it at my end?

Mr. Supam Maheshwari

No, you are loud and clear, Garima, at least for us.

Ms. Neelam Jethani

Garima, you can ask your question.

**Ms. Garima Mishra
Research, KIE**

Right. Thanks for that and I must appreciate the fairly detailed investor presentation as well. My first question is on the India

multi-channel business. Now, if I see the financial metrics that have been shared, GMV growth in the business is about 19%, revenue growth is a little lower. So can you help me understand, you know how we should read both of these numbers and why the sort of slightly different trend in the two months?

Mr. Gautam Sharma

Garima, there are multiple factors between GMV and net revenue. So largely you know there are three factors which is is Discounting, Taxes and the third one is Returns. So any change in these factors could probably create a delta between the GMV growth and the net revenue growth. However, what we should see is discounting change, for example, is it could be a factor of change in category mix also. So what we should really see Garima, is what impact it brings to the ultimate net gross margin and you can see that the net gross margins are improving, quarter-on-quarter and year-on-year.

Mr. Supam Maheshwari

Garima, for this particular quarter, we had I think 1% drop in AOV as well. I think that is one of the reasons that you are probably seeing that little bit of a delta that you can see in the supplementary information that we have shared. So not something that you should, I mean, I hope that probably answers your pretty much question what Gautam said and the AOV part point.

**Ms. Garima Mishra
(Research, KIE)**

It does. It does. Thanks. Second question is on the International business. Could you highlight your store addition plans for this year? The offline store edition?

Mr. Supam Maheshwari

Garima, in the next, I said as we have filed in our RHP as well, we will be adding close to 12 stores in Saudi Arabia, over a period of next 24 to 30 months, that's what we will be adding. We will, as I mentioned in the initial part of the presentation, we will be talking about some material update or some meaningful update about the store expansion because we have just started. See, this was a promise that we raised

capital for it. So we have started our journey in that direction. So in the next quarterly call that we will have second earnings call, we'll be able to give you some more meaningful update. This will be spread out, we will start with a few stores and try & optimise our learnings before we really expand. So you should see a little bit of a you know curve there in terms of building low, little bit of a learning curve before we expand, but all will be done these 12 stores that we have talked about will be all in the next 24 to 30 months.

- Ms. Garima Mishra (Research, KIE)** Understood. And the last question from my side, what is the current cash balance after the fundraising, the IPO?
- Mr. Gautam Sharma** So end of June, Garima, we had a net cash of around.
- Mr. Supam Maheshwari** June, or she's asking about IPO
- Mr. Gautam Sharma** In June, we had a cash of around INR 450 Crores and we raised around INR 1,666 Crores towards primary issue of capital. This is the gross proceeds. Net proceeds was what we got after adjustment of issue expenses which was close to INR 60 to 63 Crores. So the net what we have got is something around INR 1,600 Crore. We have started utilizing those cash as per the use of proceeds given in the prospectus, but the number is pretty decent.
- Ms. Garima Mishra (Research, KIE)** Understood. Thank you so much. Those were my questions.
- Mr. Supam Maheshwari** Thank you.
- Ms. Neelam Jethani** Thank you Garima. The next question is from Sachin Dixit. Sachin, you have been given the Mic access. Please ask your question.
- Mr. Sachin Dixit** Yeah. Hi, Supam, Gautam, Congrats on getting listed and a great set of results. So there seems to be a decent amount of

disclosure in the presentation that you have shared. Just one thing which I felt could have added some value at least for people like us, is the gross margin on segment basis. Obviously we have revenue, we have EBITDA, customer gross margin is a key driver of how we are going to forecast this business. Will it be able to show will you be able to share that?

Mr. Supam Maheshwari Sachin, this is our first sort of earnings call. We are also learning as a process but you can imagine, sorry go ahead.

Mr. Gautam Sharma Sachin, we are also bound by the disclosures that we have made in our Prospectus, it was a recently filed prospectus wherein we have not disclosed the segment wise gross margins, how we will you know we will discuss this internally and probably we will try to give some more colour on the segment wise gross margin in our next call.

Mr. Supam Maheshwari And also we can say that this gross margin improvement has happened across channels, I mean otherwise not be just possible to deliver, what we have delivered.

Mr. Sachin Dixit That's completely fair. My second question is on this disclosure that you put in about the fires in the update. I mean, 2 fires in the same quarter in couple of different warehouses. Can you give some detail about them? And secondly, the loss that you mentioned in the Bhiwandi fire, especially where are you putting it in your P&L?

Mr. Gautam Sharma The Bhiwandi losses are shown as an exceptional item in our consolidated financial statement. If you see our published results, it is shown as an exceptional item the Bhiwandi loss, which is somewhere around INR 122 Million that is around INR 12.2 Crores. On the losses, the fire at Kolkata, the insurance company is still reviewing the claim and we believe we don't see any adjustment that is required in our profitability from the final settlement of the claims by insurance company.

Mr. Sachin Dixit Quickly. I mean, did you get to the reason of the fire? So like?

Mr. Supam Maheshwari Yeah, Sachin, it is very unfortunate that what happened has happened. These are two unrelated incidents that happened in our 14 years of our journey. Never, ever has happened in past. This is the first time that we have encountered this is, that has happened. We have taken internal action. I mean it is something that was totally unexpected. It happened on a day when there was a voting day and there was nobody statutorily allowed in the warehouse and it happened on that day. But having said this, we have taken certain protocols, certain SOPs, we have strengthened that you know and basis that we believe that some of these things which are any rare incidents should not ever happen again with the Company. So that's all we can help you appreciate that the actions being taken.

Mr. Sachin Dixit Understood.

Sure, sure. Just one final question, ordering frequency wise, if you do a quick math between the number of orders and transacting users, it looks very healthy in International markets, even healthier than your India business. Is can you? I mean if there is any colour on how is that happening? Are people there as you highlighted during your IPO process as well that obviously GDP per capita being higher, people spend more money there on childcare. Is it just that or there are also some different habits so that you see between the two different segments?

Mr. Supam Maheshwari No, it is KSA, you know sort of impact as well. KSA has a slightly higher AOV than the UAE and as the share of a KSA increases in the overall mix, the AOV has increased that. That's how it is leading to, and we will continue to improvise on our product mix as we go along. But primarily that is the reason.

Mr. Sachin Dixit Understood. Thank you. And all the best.

- Mr. Supam Maheshwari** Thank you, Sachin.
- Ms. Neelam Jethani** Thank you. So we'll take last question from Ashish. Ashish, you have been given the access to the mic. Please ask your question and let's limit it to one in the interest of time.
- Mr. Ashish** Yeah. OK. Thank you. Am I audible?
- Ms. Neelam Jethani** Yes
- Mr. Ashish** Thank you. So just one understanding when we say multi channel online business, so does it include sales of other brand also that has been listed on our offline and online market?
- Mr. Supam Maheshwari** Yeah, yeah, of course.
- Mr. Ashish** OK, so these brands are not owned by us, they are only sales being sold by us or I mean can you give an understanding of how this business runs in the multi-channel business?
- Mr. Supam Maheshwari** So Ashish, first, let's understand both in our online and in our multi-brand FirstCry offline store, it's a multi-brand outlet, we sell multi-brands meaning we sell 7,000+ third party brands. We sell to around 1.6 million SKUs, 1.7 million SKUs across you know, 7,000+ brands that we sell in the online as well as in our FirstCry stores, FOFO as well as COCO, so that's how the model is. It's only a part of this is our home brands. Within the seven 7,000+ brands, we have a few home brands that we have. The revenue that you see in the multi-channel is a combination of all of that.
- Mr. Ashish** OK, understood. So do we have pure number which is being sold for our brand? The brands, which are not listed outside and just our brands.

- Mr. Supam Maheshwari** Ashish, for that we can only just say that look, we have disclosed that. Out of all our home brands, Babyhug today is one of our oldest home brand and it is India's largest multi category Mothers, baby and kids product brand by GMV for FY24 that was shared in our RHP as a part of the industry report that probably give you enough comfort that what we are building here and we still partner with 7000+ brands, both domestic and international, put together, so it's a very meaningful balance between the two.
- Ms. Neelam Jethani** Thank you, Ashish.
- Mr. Ashish** Ok, Sir. Thank you. Yeah.
- Ms. Neelam Jethani** Thank you. That was the last question we could take in this call and I would like Mr Supam Maheshwari to share the closing remarks.
- Mr. Supam Maheshwari** Thank you everyone for joining our first earning call and giving sort of a, you know flavour to us, we are also learning as we go along and happy to take your questions. Hopefully we will continue to meet every quarter on quarter as we build our Company and continue to bring more pride for all our shareholders and for our country. Thank you.
- Mr. Gautam Sharma** Thank you so much.
- Mr. Supam Maheshwari** Thank you very much.
- Ms. Neelam Jethani** So we will now conclude the call and thank you everyone.