FC/SE/2024-25/84
February 14, 2025

National Stock Exchange of India Limited	**BSE Limited**
Exchange Plaza, C – 1, Block G,	Phiroze Jeejeebhoy Towers,
Bandra-Kurla Complex, Bandra (E),	Dalal Street,
Mumbai-400051	Mumbai-400001
Symbol: FIRSTCRY	**Scrip Code: 544226**

Sub: Transcript of the Audio-video recording of Earnings Call of Brainbees Solutions Limited ('the Company')| Q3 & 9M FY25 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 February 08, 2025 bearing reference no. FC/SE/2024-25/80

Dear Sir/Ma'am,

In terms of Regulation 30 and Regulation 46 read with Part A of Schedule III of the Listing Regulations, please see enclosed herewith transcript of Earnings Call with the Analysts/Investors held on Saturday, February 08, 2025, post announcement of Unaudited Financial Results (Standalone and Consolidated) of the Company for the quarter and nine months ended December 31, 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.

Thanking you,

Yours sincerely,

For Brainbees Solutions Limited

NEELAM SITALDAS JETHANI
Digitally signed by NEELAM SITALDAS JETHANI
Date: 2025.02.14 15:11:03 +05'30'

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

Encl: As above

"Brainbees Solutions Limited (FirstCry) - Earnings Call Q3 and 9M FY25 Results"

February 08, 2025, 6.00 p.m. IST

Management:

Mr. Supam Maheshwari
Managing Director & CEO

Mr. Gautam Sharma
Group Chief Financial Officer

Mr. Anish Arora
Investor Relations

Mr. Anish Arora	Good evening, everyone. Welcome to the Brainbees Solutions Limited Q3 and 9M FY25 earnings call. This is Anish Arora, and I have with me, Mr. Supam Maheshwari, Managing Director and CEO of the Company, and Mr. Gautam Sharma, Group Chief Financial Officer.

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 the management concludes.

We will be covering the presentation in the beginning of the call and we will there after open for the Q&A forum. 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.

Also, there was some delay in uploading the presentation from our side due to some technical reasons. Apologies for the same.

With this, I request Mr. Supam Maheshwari to take it over.

Mr. Supam Maheshwari Good evening, everyone. Welcome again to our Q3 performance review and earnings call. Appreciate your time on the Saturday. So we'll take you quickly through some of the numbers and the qualitative journey of our OND quarter. We will now move to our first slide.

We are very delighted to highlight that this has been our best quarter in terms of profitability in the last four years. We are happy to report a consolidated profit before tax of INR 69 million in Q3 and INR 941 million consolidated cash profit after tax. And best ever India multi-channel adjusted EBITDA, adjusted for ESOP cost, at 11.2%. And consolidated adjusted EBITDA as well of 6.4%. These are all all-time high numbers, the best ever quarter in the last four years for all of us. Overall adjusted EBITDA for the consolidated business has increased by 54% on the nine-month basis compared to the nine months for the FY24. We will continue to work hard and we remain very optimistic for our journey forward to continue to improve both our top line as well as bottom line.

Before we dive into our Q3 performance, I would like to take you through our nine months snapshot as well. So this is a slide which talks about our nine-month snapshot. Continued growth momentum with improvements in profitability across our business segments. This is a consol. performance. Annual unique transacting customers in India and Middle East, 17% increase for the period ending Dec'24 vis-a-vis period ending Dec'23, annual unique transacting customers. Likewise, our GMV grew for nine months over last nine months by 17% and the net revenue from operations increased by 19% to INR 5,729 Cr. And consolidated adjusted EBITDA grew by 54% for nine months ending Dec'24 vs nine months ending Dec'23 to INR 293 Cr and India multi-channel as well grew by 26% for the same nine month period resulting into overall cash profit after tax of 47% increase for the similar nine months to INR 139.7 Cr. This is a nine month performance and now we'll take you through our journey for the Q3 performance. And then we'll go into the segment wise approach as well.

On our overall growth in the Q3 and OND, we'll give you a little more color and summary, business segment wise. But at a broad level, we had seen advancement of seasonal spends both in India multi-channel as well as in Globalbees segments. Annual Unique Transaction Customers continue to be robust at 17% increase. If you look at our prior period for FY24, Q1, Q2 and Q3, it has been continuously increasing from 12%, which became 14% in Q1, then 16% in Q2 and now it has become 17%. GMV increase in Q3 is 13%. Net revenue from operations has increased by 14% in Q3 over last year Q3'24. And consolidated adjusted EBITDA increased by 30% in Q3 over Q3 to INR 138.5 Cr. And at India multi-channel level, we grew by 20% resulting roughly around INR 169 Cr and a cash profit of close to INR 94.1 Cr, which is a 25% increase from a Q3 to Q3 window.

Now we'll take you through a little bit more deeper dive into our segmental performance. First of all, the key updates. On India multi-channel, the growth in Q3 was moderated primarily because of advancement of festivals. Dussehra and Durga Puja which was in early Oct'24, while in the prior period it was in late October in CY23 and which essentially meant that we had some advancement in Q2 of this year. And you should see our business in a Q2 and Q3 way or a nine month way. That will give you a true reflection. We also witnessed a delayed winter which resulted in moderation of some winter sales for us. We also, for the first time in our history, we have done some cleanup of a few COCO stores that we have closed and this is the first time since we have started expanding into our COCO stores and we'll give you a lot more color as we sort of go along. But these are the key updates that really happened from India multi-channel, which is our core business, which resulted into a little bit of a moderation of growth in the Q3.

Mr. Gautam Sharma In terms of growth in annual unique transacting customers, as Supam mentioned, it's continuously improving from 12% in FY24, improved to 14%, then 16% and for nine months, the growth is 17%. Orders and GMV in Q3, there is a slight, a lesser growth because of reasons Supam just explained which are - Advancement of festivals, moderation of winter wear and closure of few COCO stores. However, if you see the growth for the nine months, in terms of orders, it has grown by 17%

year on year and on the GMV, it has grown by again 17% on a year-on-year basis. Similarly, net revenue, a similar impact in the net revenue in Q3. For the three reasons mentioned earlier. But revenue for the nine months, it is 17% year on year. We continue to improve our adjusted EBITDA from 10.7% in Q3 FY24, we have improved this by 50 bps to 11.2%, which is an increase of 20% year on year for Q3. Similarly, talking about the nine months adjusted EBITDA performance, we have increased this to 9.5%, from 8.8% in nine months last year which is an absolute increase of 26% YoY.

This is a snapshot of our journey of EBITDA margins which you can see a clear improvement in the EBITDA margins. 6.2% in FY23, improving to 8.8% in FY24 and further to 9.5% for the nine months in FY25.

Mr. Supam Maheshwari So now we will move to the International business. International business, there were some key updates there. In Q3, OND specific period, November typically is our biggest month, typically for the year as well as the industry, industry has two sales which is Singles Day and Black Friday. And in that, there were two new Horizontal entrants into the market which has recently entered into the Middle Eastern market and they had some elevated promotional activities by these two horizontal e-commerce players. We consciously stayed away from these elevated promotional activities, as we wanted to continue to focus on our achieving sustainable growth by improving our margins through our moats that we have built and we continue to build as we have done in India. So for the shorter duration, it has definitely impacted some of our growth, especially in the key month of November, which witnesses two big events in the region. So that's what we wanted to highlight for the key update for the Middle East.

Mr. Gautam Sharma So again, in this business, which is KSA and UAE, the Annual Unique Transacting Customers continue to grow at a 17% growth, end of Dec’24 over end of Dec’23. Orders in Q3, as

Supam mentioned because of the promotional activities done by the two new entrants, it has slightly impacted the growth in orders and the GMV. The growth in orders in Q3 is 9%. Similarly, the GMV growth for the Q3 is 11%. Nine months, if you see, the growth in orders is 8% while the GMV growth is 15%. Again, I would like to mention here that, there is also impact of Q1 here. In the International business. As mentioned in the earlier calls, the Q1 also got impacted because of the advancement of festivals and the floods in UAE. This is the revenue growth, 13% revenue growth in Q3 and 15% revenue growth for the nine months on a year on a year basis. Adjusted EBITDA, we continue to focus on, while the growth is lesser in Q3, we continue to focus on improving our EBITDA performance. You can see a clear improvement year on year and quarter on quarter. From 16% negative EBITDA in Q3'FY24, end of December, we have improved this to minus 15%. And if we talk about the nine months performance, it is down from (20%) in nine months FY24 to (17%) in nine months FY25.

Mr. Supam Maheshwari On the Globalbees front, the key highlight for this is, as you will remember, this business is generated a lot on the marketplace platforms. And where again the impact of the advancement of, marketplace sales promotion, that happens on an annual basis during around the festivities and which was impacted in Q2. In Q2, if you remember, we had a growth around close to 55%. And because of the advancement of those promotional festivities, or by the platforms and in the Q3, we were expected to be moderating on that. And if you look at, on a nine month window, it is 29% growth.

Mr. Gautam Sharma Yeah. Similarly, a continuous improvement in EBITDA performance for Globalbees. From 0.6% in Q3 FY24, we have improved this to 1.4% in Q3 FY25. A jump of 2.6x. For the nine months performance, we have improved this to 1.6% in nine months FY25, compared to 0.4% in nine months FY24. Again, a jump of 5.9x. So this is continuously improving.

Before we talk about the consol. financial performance, there is a fourth business segment which largely consists of our franchisee preschool business. So, you know, as of today, we have close to 350 franchisee pre-schools, with more than 16 thousand students. We started this journey two years back only, two and a half years back. In terms of their performance, the growth in nine months is around 35% on a year-on-year basis. And the growth for Q3 is around 33%. EBITDA for the nine months is around 23% EBITDA, for Q3 is around 22%. Nine months EBITDA is a 71% year on year increase compared to a nine month in FY24.

On the consol. performance, the revenue growth is 19% for the nine months. And the revenue growth for Q3 for the reasons mentioned earlier for Globalbees, International and India multi-channel business, the growth in Q3 is 14%. You can see a continuous improvement in the Gross Margins. From 34.5% in Q3 FY24, we have improved this to 37% in Q3 FY25. Similarly, for the nine months, the gross margins has improved to 37.3% compared to 35.4% in nine months FY24. This is also reflected in our consol. EBITDA performance. 5.6% improving to 6.4% in Q3 FY25, which is a jump of 30% year on year. And the 4% consol. EBITDA in nine months FY24 has increased to 5.1% for the nine months FY25, which is an increase of 54% year on year. This is again, the EBITDA journey on a consol. basis, a significant improvement in the EBITDA, as a result of the improvement in the EBITDA in all the four business segments. India multi-channel business continuously improving, Globalbees business becoming profitable. Then, Education business, profit continuously improving and the International business, the losses continuously going down. So as a result, 1.5% adjusted EBITDA in FY23, has now reached to 5.1% for the nine months FY25.

Mr. Anish Arora Thank you, Supam and Gautam. We can open the Q&A forum now. 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 name of the organization you represent. The participants are also requested to limit their questions to maximum two. For a follow-up question, you may join the queue again.

First question is from Mr. Sachin Dixit.

Mr. Sachin Dixit Hi, Supam and Gautam and thanks for this opportunity. Congrats on turning PBT positive. My first question is with regards to gross margins, obviously on a consol. level, we are seeing a decent jump. Can you provide some color on gross margins on India multi-channel business and the parts of it?

Mr. Gautam Sharma So Sachin, gross margin in all the four business segments continue to improve. India multi-channel business is our core business, which is 70% of the total revenue. So the gross margin in the core business has to improve to improve the overall gross margin in the consol. business. So it's improving you know in all the business segments

Mr. Supam Maheshwari And the reasons remain the same, Sachin which is improvement in our home brand sort of a share, improvement in COGS reduction in our home brand, negotiation with third party brands, and improvement in our category mix, and the share of the COCO sales as well. And this is just for the India multi-channel and likewise the same story and same playbook is being reflected in the Middle East as well from a gross margin expansion window. And as we have mentioned in past, Globalbees is also a young company. So there is also a gross margin expansion there as well. While our education business is in any way, doesn't have much, it's a very small revenue so not worth talking about it from that perspective. But all our businesses have been expanding our gross margins. And as Gautam said, largely impact of our core India multi-channel business. And we have not reached steady state, as we have been saying in the past, we will continue to improve our gross margins even going forward.

Mr. Sachin Dixit

Got it. Got it. Fair enough. Coming to Middle East or International business, right? Obviously, Q1 we saw floods which were unfortunate, Q3 we see some horizontals becoming aggressive. And it continues to, I mean, more or less being a laggard, compared to the overall sort of thesis how we should have envisioned playing it out.

Do you still feel that this is a battle worth fighting for? Do you have a right to win considering the impact that we are seeing so far?

Mr. Supam Maheshwari

Sure, Sachin. A fair question. Look, this is the same story that we have played out in India where we had sort of multiple horizontals. Just the two new recent entrants that have come, horizontal ones, not a focused baby and kids sort of a player. It's very hard for a horizontal to play a mother's baby and kids sort of a vertical play with all kinds of moats that one has to build. So it is, the competitive intensity has definitely increased. So we will continue to play our game even more in a fine-tuned way, but this is a very long journey, and we will continue to improve, play out with our moats. And we'll continue to improve our sort of bottom line performance as we go along. But we can't just take a view just because of one or two quarter’s performance. Because we have exactly played out that in India and we feel very confident of playing out that in the entire region over a slightly longer journey. So we remain confident about it.

Mr. Sachin Dixit

Got it. Just quick follow up on this one, if I can squeeze that in. Have you proactively launched your home brands in Middle East region or they are still in a nascent stage?

That's the last question. Thanks.

Mr. Supam Maheshwari And so we definitely have our, I mean the home brands that we have in India and we have launched special home brands for the Middle East market as well. So there'll be a mix of both that we have launched in the Middle East and that story will pan out over a period of time as consumer, young parents, adapt and use those brands and as the network effect or the word of mouth, goes around and more and more usage of those brands across categories and subcategories and product types, they continue to buy more and more. So this is exactly how that story played out in India. It is what will play out in the Middle East as well.

Mr. Sachin Dixit Got it. Thanks so much and all the best.

Mr. Supam Maheshwari Thank you

Mr. Anish Arora Thank you, Sachin. Next question is from Percy.

Mr. Percy Panthaki Yeah. Am I audible?

Mr. Gautam Sharma Yes

Mr. Percy Panthaki Yeah, so sir, on the India margins, although there is an expansion there, I think our ambition was to expand about 150 basis points plus, per year, for the next few years. We are tracking below that level. So what is the reason that we are tracking below that and also what would be required or why do you think that we will come back to that level and by when?

Mr. Supam Maheshwari Sure. Percy, I think if you look at it, the reasons that we have talked about in Q3, we believe that we could have grown little higher than what we grew in Q3. And if you would have got because of the winter sale, we had a delayed winter in the country. And, that would have actually led to a slightly, I would say a higher proportion of even fashion as a category for us and winter sale, which would have meant more growth and given us more operating leverage, and more bang for our buck for our marketing spend. And also we had a few COCO stores that we cleaned up. And because of some of these reasons, we believe that we have left out some expansion that we could have had, being able to pocket which is not reflective in our numbers. And hoping that in the subsequent quarters and in the coming quarters, we'll be able to recoup that but in a long journey of next four to five years you will continue to see our margin expansion because our levers for margin expansion pretty much remain the same. If you look at our AUTC growth, it is the highest ever. We were at 12% for the FY24, it became 14% for Q1, 16% for Q2, and now 17% for Q3. Had we not had this winter sort of an impact, maybe we would have had a higher sort of a cohort leading to more higher sales, and more growth, given us, more operating leverage, more bang for our marketing cost and therefore you would have seen a little higher impact on the bottom line as well. So that's what I would summarize more of, I would say a short-term impact. But we still have grown 70 bps, on a nine-month basis. And we will continue to improve our gross margin, marketing efficiency, operating leverage, resulting into our core India multi-channel adjusted EBITDA over a long period of time.

Mr. Percy Panthaki So Supam, would you say that over a three-year period, 500 basis points EBITDA margin expansion in India is a reasonable sort of number for us to go with?

Mr. Supam Maheshwari While I'll not be able to specifically point out any specific number that you know would there be a 500 bps or x number of bps. But you should continue to see us performing every quarter on quarter, on a year-on-year basis, here when we meet every quarter and you should be able to see that performance improvement. Because we feel comfortable that we have not reached to a steady state, adjusted EBITDA.

Mr. Percy Panthaki	Got it. Got it. My second question is on the International business. With the increase in competition, do you think it needs us to revise our assumptions of what the medium term growth rate can be and how long we take to break even in this business? Or this is just something pertaining to one quarter and it doesn't require a revision in our sort of three year forecast of either top line or profitability.
Mr. Supam Maheshwari	Percy, it's a difficult question because we don't know that heightened sort of competitive activity will mean how long they will operate at that level. In India, over a prolonged period of time, we have seen everything becomes sober beyond a point in time. Everyone becomes capital efficient, everyone ties to become saner on that front. This was definitely recent two new entrants, which of course, splurged and created a lot of promotional activity. How long it will continue, we'll have to see it as you go along. But we believe that the moats that we have created being a niche mother's baby and kids vertical player, that will continue to deliver superior value to young parents like it does in India to the middle eastern market as well. So while it is very difficult for us to forecast in terms of exact impact of this competitive intensity, but we believe that our moats will play out in the longer run. So very difficult to really give you a very specific answer of time frame but we feel very confident about our moats and how will we play out as we go along.
Mr. Percy Panthaki	So these new players, are they sort of just adding the childcare category to an existing product portfolio that they have or they are completely new sort of players in all respects?
Mr. Supam Maheshwari	Completely new. Completely new in all respect.
Mr. Percy Panthaki	I see, I see.

Mr. Gautam Sharma And Percy, we believe in consistent growth, so we will continue to grow consistently and keep on improving our margins.

Mr. Supam Maheshwari For us, the bottom line is more important, Percy. We want to be ensuring our bottom line performance improvement is not being compromised. While we will have an eye on the top line in terms of how we have to manage to bring a balance between the two. But you should continue to see our improvement.

Mr. Percy Panthaki And last question from my side, what is the number of stores that we have closed and what are the net store openings, both on a nine month basis if you can give that?

Mr. Supam Maheshwari We had close to 508 store as of Dec'24 in terms of COCO. Out of which we have closed 38 stores. This is the first time that we have done this cleanup because we have never ever closed even a single store prior to this. We believe that, and the reason for closing these as well, we see the metric at an omni-channel way where two things are important for us. One is a footfall. And second is the wallet share of the customer in that catchment. We have a certain expectation at a multi-channel level, the wallet share of the customer as well as the footfall we had reasons and data to believe that in those 38 stores, we were not to the level that we would have wished. We are not exiting any particular city or location per se. But we had to close down to be able to optimize our location or our size and so on and so forth to be able to optimize the performance of those at a multi-channel way. So that, it solves our objective, obviously it will indirectly help to improve our profitability as well.

Mr. Percy Panthaki Got it. So 38 stores have closed down and have there been any additions in the nine months of the year?

Mr. Supam Maheshwari Of course.

Mr. Gautam Sharma So Percy, we have on a net basis, we have added around 73 COCO stores in last nine months, which effectively means roughly around 115 stores have been added in last nine months, on a gross basis.

Mr. Percy Panthaki Got it. Got it. That's all from me. Thanks, Gautam and Supam

Mr. Supam Maheshwari Sure, thank you.

Mr. Anish Arora Thank you, Percy. Next question is from Videesha. Videesha, please unmute yourself.

Ms. Videesha Sheth Hi, Good Evening. Thank you for the opportunity.

Just two small questions from my side. One is on the growth of home brands. If you could just elaborate on that. How is that been versus the overall India business growth of 17%? Even any indicative sense whether it's materially high or just marginally?

Mr. Supam Maheshwari Videesha, can you introduce yourself? Sorry we couldn't seem to recall.

Ms. Videesha Sheth Yes, I'm so sorry. Yeah. Hi, this is Videesha Sheth from Ambit Capital. Shall I repeat my question?

Mr. Supam Maheshwari No, no, your question was very clear. So Videesha, as we have mentioned in our prior calls as well, our home brand share is quite material in our business because of very fragmented brands out there in the mother's baby and child category. Although we have 8,000 brands on our platform, but most of the brands are not that big and are fairly fragmented in terms of size. So our home brand share is quite meaningful and it has been growing on a year on year basis at a much higher clip than our overall India multi-channel. If I talk about at an India multi-channel level, our home brand share has been growing at a higher CAGR than the India multi-channel CAGR for many,

many years in the past. So that has been compounding higher sort of a share. We have multiple brands that we have shared in the RHP, if you will recall. We have brands that are catering, Babyhug like, it is the India's largest mother's baby and kids product brand by GMV that was shared in the RHP. We believe that it continues to be the leading mother baby and kids multi-category product brand and it also happens to be, as was stated in the RHP, it is the largest product assortment brand in Asia Pacific, excluding China. We continue to believe it is the case even now, but as per the factual statement was stated in the RHP. So we believe with that, we will continue to increase our assortment, our power, what we can deliver better to our customers as we continue to learn from our analytics, to be able to find the products that with customer behaviors and customer changing trends and patterns, what we need to bring and we continue to innovate in our in-house team, which designs and develops all of these products, domestically and abroad. And that's how we will continue to do. So our home brand share will continue to improve and that's for India and even for the Middle East as someone asked, I think this was a question asked by Sachin. We continue to deliver we have built specific home brands even for the Middle East market we will continue to. This is a journey, it will take us time because, in the prior period before us, like in KSA, we have been there for only two and a half years now So it's just it takes time for a consumer to change patterns, change behavior and build comfort and trust with a brand. So as we go along on a longer time frame, we have built our product range. While our India home brands are gone to middle east and the specific home brands catering to that market also will continue to deliver in that market. So over a longer period of time, our home brand share will continue to improve. And that is why it gives us great confidence that we will continue to improve our overall gross margin. One of the factors, key factors to improve our gross margin as an overall India multi-channel and even in Middle East market

Mr. Gautam Sharma And Videesha, the growth in our home brands historically has always been disproportionate to the growth in the India multi-channel business and that will continue to happen. This is what we believe.

Ms. Videesha Shah Sure, sure. Thanks for that. And the second question was if you could just talk about how is the response for the older age segment of 6 to 12 years or 8 to 12 years and how many stores are you looking to open that?

Mr. Supam Maheshwari So we have a very handful of stores. We have not opened any stores in 6 to 12 in the last, quarter or last couple of quarters. We have few handful of stores that we had opened, we are fine-tuning our merchandise from an offline perspective and but online, I think we are doing fairly well that assortment has turned out quite nice as we've expanded our assortment. And the cohort of the customers actually is quite nicely compounding there from as we progress from six years to seventh year and eighth year and ninth year as this this tail will get formed over a longer period of time, because as customers move from six years of seven, seven to eight, eight to nine. So this funnel will be complete in another couple of years when there'll be a fully loaded pregnant sort of a base of customers who would have transacted from six to twelve. So this is a work in progress, but it has turned out quite well. We're quite happy with the progress of Pinekids which is our home brand and several other third party brands that we sell to our brand partners. We're doing quite well on 6 to 12.

Ms. Videesha Shah Got it. So net, net growth for this age cohort would be led by the online channel.

Mr. Supam Maheshwari Yes. Yes. Of course. Absolutely.

Ms. Videesha Shah Thank you. Thank you. I'll get back in the queue. All the best.

Mr. Anish Arora Thank you, Videesha. Next question is from Mr. Sudhir.

Mr. Sudhir Hey, Hi Supam. Hi, Gautam. This is Sudhir from Kotak Mahindra AMC. Thanks for the opportunity and congrats on decent set of numbers. So first question, you mentioned the 38 COCO store shut down. So, I mean, while you said that the customer wallet share expectations are not being met. Can you elaborate what has led to this? Is it these 38 stores are more impacted by, let's say competition from quick commerce place or the unorganized players are being more aggressive in those micro markets. And if you can give some color on where are these 38 stores, are they in the top cities or tier two, tier three towns? Some color and slicing and dicing of that data will help.

Mr. Supam Maheshwari Sure. So Sudhir, I appreciate your question. So first of all, we have our internal benchmark. I would out-rightly clarify that for our offline stores, quick commerce is not a right comparison. I mean we have a very different assortment. And these are largely set of Babyhug stores out of the 38 stores that we are talking about. And the reason are, multiple fold. The footfalls get impacted, sometimes also by the impact of a lot of construction activity happening in the country, which goes on for two three years in terms of the, sort of the metros that are getting constructed and which impacts the footfall. And at the same time sometimes while we get the data from online that this is the pin code that is the most suited in terms of opening up a store and that's how the science that we have built in terms of opening a store, but at the same time, a pin code in India is actually quite wide in terms of the physical territory of a particular town or a city. And the availability of the right catchment sometimes becomes also a challenge and within that constraint the size of the store as well. So some of these things has led to a suboptimal outcome in terms of the footfall expectations that we had from the store. From our online data source that told us like in this particular pin code you can open comfortably a store and usually you know, I would say 95 percent of the time you will be bang on. But for these particular 38 stores, we felt that we had a suboptimal outcome in terms of both footfall as well as the wallet share of the customer that we expect both from an online offline perspective, the offline customers going online or an online customer going offline, had not resulted into an enhanced sort of a wallet share and leading us to believe that we should nail this. So this is not a representative that we will, as I mentioned earlier, that we will come out of those cities or those towns. That's not what we are saying. It is just maybe, we don't want to call it replace, relocation and all of that, but we will ultimately find a new or fresh location. We are not exiting any particular territory or location or the city, not at all. And this is not one territory or one region, one south, north, west, east or one city or one town where we have exited all of this. So this is not an impact of any local store, this is not like one phenomenon. This is just an internal benchmark that we have had, which has resulted in for us to take this decision. And going forward, I can just sort of share that this is not like, we will, we hope that our churn rate for a COCO store will be lower than our churn rate for FOFO store that we have demonstrated in the past for so many years. So we are very comfortable on that. It will only mean it will improve our customer experience, our expectation of footfall, our wallet share, leading to an optimum outcome on the profitability as well as top line.

Mr. Sudhir Sure, Supam. So if I understand your response right, you are essentially saying the real estate suitability in a particular catchment or micro market is the bigger reason than any competition or sort of angle.

Mr. Supam Maheshwari Absolutely.

Mr. Sudhir Fair enough and in the overseas business, right, you mentioned about the two horizontal players impacting in this quarter. So what is our strategy of defense here? Assuming because they are newly entered horizontals, might be private equity funded, don't care about profitability, have a lot of cash to burn, while we have to be defensive on the profitability front also in line with your stated objective. So how do you ensure that you don't lose big market share to these horizontals? At least in the next one, two, three quarters.

Mr. Supam Maheshwari No, very relevant question, Sudhir. Look, it is a balance of growth and our laser focus on our improvement on profitability to reduce the burn. So we will try and balance out through the moats that we have built. Specifically moats on enhancing quality of the customers that we acquire, quality of our home brands that we are delivering out and expansion of those home brands as quickly as, we can get out there to the consumers proliferating that and improving the network effect of that to all our audiences, both in the UAE and the KSA. And overall improving our merchandising and our tech platform, operational leverage in terms of personalization. So I think some of these things will enable us to deliver a superior sort of a performance, from a discerning customer view and we believe both UAE and KSA have as discerning customers as in India. And while we have been able to battle it out in our initial journey of maybe five, seven years back when we had a lot of these horizontals in 2013 to 2016 in India. And like we will be able to battle it out, in a very balanced approach of sort of a burn prudence, while balancing the growth and the market share. But it's yet to play out. We'll be very focused, balance, monitor situation on a day-to-day basis. It will play out as it will play out. You know mostly most horizontal players are decently funded, decent backgrounds with a lot of capital but I think over a period of time, they all have their way of showing performance to their sort of investors or shareholders as well. So this will all balance out. Maybe we'll have some rough ride for maybe a few quarters is what probably, it might mean. But again, as I said, we will ride it out in a very, I would say, prudent way as we have done in the past.

Mr. Sudhir	Fair enough, sir. That would be from me. All the very best.
Mr. Supam Maheshwari	Thank you, Sudhir
Mr. Anish Arora	Thank you, Sudhir. Next question is from PS Rohit.
Mr. PS Rohit	Hi Gautam and Supam. Good evening. This is Rohit from Claypond Capital. So my first question is that I noticed that the GMV, both the GMV and the order growth for nine months year on year has been 17%, which could indicate that the order values are sort of stagnant. Any levers that could be at play there to improve them in the future?
Mr. Supam Maheshwari	So Rohit, we believe that there were a couple of reasons why this happened. Our expectation on Q3 internally was slightly higher than what we delivered. And we could have done better, as I said there are a couple of reasons. One reason being, we had, of course, the festive environment had, which is a Q2 and Q3 is a balanced way that you should see. But more importantly, winter was delayed in the country. Usually, in mother's baby and kids, because of the size issue every child or every family, literally has to change their winter garments every year because I mean, your children will out-grow and you have to buy, which had a delayed impact of winter. Order frequency could have been slightly better. Even AOVs could have been slightly better, which could have led to a higher growth in the Q3, which could have meant that nine months growth could have been slightly sort of a better. So that's how we believe and even also the COCO stores closure also had a minor impact, as well. So, if all of these reasons had played out positively, which is just in this particular quarter. I don’t think it is a natural phenomenon. We believe over a longer period of our journey, our moats remain absolutely strong. Our AUTC growth is absolutely strong, which we have been growing only 12% FY24 to 14%, 16% and 17% in Q1, Q2 and now Q3. So which will result into a superior growth and it should reflect in the coming quarters or in the quarters of the

subsequent year. And as we've taken some corrective actions in the COCO as well. So all of this will mean, our core business India multi-channel should continue to deliver a strong outcome. So you should be able to see some of these numbers subsequently, over a longer period of time, here and there, one or two quarters does happen because some of these things like winter is not in our control and this cleanup exercise was just one time.

I hope, Rohit, that gives you comfort.

Mr. PS Rohit Yeah. Yeah, yeah, it does. Just one more follow-up question. You know, we've seen that, the GM for this particular quarter has sort of gone down slightly. And while that's over Q2, while that's a phenomenon that typically happens, over the previous years as well, where Q3 GMs are slightly lower than Q2. Would that mean that you would see like a meaningful jump going into Q4 where you know some of that is uh some of the prior quarters reversed and then some added.

Mr. Supam Maheshwari So Rohit, you should not see actually quarter on quarter GMs. You should see GMs year on year only. Because there are certain seasonality in our business. So like Q2 and Q3 typically because of this Diwali, Dussehra and Durga Puja, festivities a lot of, there is a fashion sale and fashion gives us a slightly higher gross margin than other categories and therefore some of these, so quarter on quarter, you should not really see that you should see a year on year basis. If you look at our year-on-year gross margin, we have improved by 250 bps, from the last year at a consol. level. Obviously, India multi-channel, which is our core business, has to deliver a very meaningful, steep higher number to be able to deliver 250 bps increase at a consol. level.

Mr. Gautam Sharma So trend remains more or less same between the margin differences in Q2 versus Q3, for both the years. And we'll continue with the gross margin increase in the coming years.

Mr. PS Rohit Got it. Got it. Thank you, Gautam and Supam. This is really helpful. And All the best.

Mr. Supam Maheshwari Thank you

Mr. Anish Arora Thank you, Rohit. Next question is from Raj

Mr. Raj Vyas Yeah, Hi. Thanks for the opportunity. I'm Raj Vyas from TM Investment Technologies Private Limited.

So, I have question regarding like, how do you plan to sustain and further accelerate the profitability like as we can see the losses have narrowed down. So how do you plan to improve the profitability going ahead for, a consolidated business and the India multi-channel segment in the upcoming quarters, especially in the terms of cost efficiency, revenue generation and market expansion?

Mr. Supam Maheshwari So Raj, if you will see our first slide of the presentation, first, second, third slide of our presentation, you'll see we have been able to report the best quarter or a best performance both in terms of Adjusted EBITDA performance, at a consol. level, which has gone to 6.2% and also at India multi-channel, which has gone to 11.2%, which is in the last four years, the best ever. And year on year basis as well, it has continued to increase. We believe, as we've been saying it. And Gautam mentioned that if you just see our business in four segments. India multi-channel business hasn't reached to a steady state across different parts of our, if you look at our business from a gross margin perspective, operating efficiency, marketing efficiency, our operating leverage, all of these levers will continue to deliver as outcome to you know optimize and increase our adjusted EBITDA, for India multi-channel meaningfully, going forward in many quarters and years to come.

Our international business obviously has to become profitable as we are improving and reducing our negative EBITDA. And there's a journey there as well, which will overall impact our consol. performance, bottom line performance. And Globalbees is a very young business and less than a three and a half year sort of a track record right from inception. The company has delivered quite a meaningful performance both on the top line and bottom line. And as I said, it's a young business. So there is a lot more to happen in terms of the steady state, both our top line growth as well as the adjusted EBITDA. And preschool business is still very young again, it's an asset light model, although at a 22% adjusted EBITDA but if you look at our first three businesses, all of them will improve. On a longer period, you should be able to see you know improvement across all our businesses, therefore leading to more superior outcome across different metrics that you would want to see and resulting into more capital efficiency, marketing efficiency, operating leverage, gross margin improvement, which will remain in the business for a longer period of time. So those are not like one time, sort of performance indicator which will vanish. So we feel very confident about that.

Mr. Gautam Sharma In fact, while this is our third earnings call after listing. We have published the segment wise numbers from FY22, in our prospectus if you see. And you will see that, we have improved our margin performance in all the four business segments year on year. FY23 is better than FY22, FY24 is better than FY23, and so is 9MFY25. So you will see a continuous improvement, both in gross margins as well as the EBITDA performance. And we believe that it should continue to happen going forward.

Mr. Raj Vyas So, any ball park number that we are looking for in terms of revenue or margins or profitability, because some bit of any like that we can put a number in our minds as well while going forward.

Mr. Supam Maheshwari We really admire companies like Page Industries. That's something that we believe that is a very admirable company from a management perspective, to aim, aspire to be at the bottom line level.

Mr. Raj Vyas And any sort of challenges to make FirstCry as Page industries, any sort of challenges that you will be looking and how can you overcome those challenges?

Mr. Supam Maheshwari Just focused execution, not much strategy work is required. More of very, I would say, detailed execution, on a focused execution by the entire FirstCry team and Globalbees team together. All of us have to really continue to be at it to be able to deliver, there are I mean, and obviously, there are certain factors that are not in our control like winter, some of these factors that come into play or general sort of narrative around this slow down and all of that, although we don't believe that as much there is a little bit of a, so many factors are there which macros will make difference. But we believe we have enough internal moats to continue to focus, to be able to deliver the superior performance. But yes, we got to be lucky as we go along in some of the external environment situations. And we always have believed that as long as you are in the game and you are doing your best and you are delivering the best in the industry, luck will be your side as well, while external when facing external situations and thereby reaching to your goalpost, as I just mentioned.

Mr. Anish Arora Thank you. Next question is from Mr. Chintan. Please note that this will be the last question.

Mr. Chintan Hi, Supam and Gautam. This is Chintan here from JM Financial Family Office. So I had two questions. So one is on growth. So if you look at on a nine month basis, you've delivered a growth of around say 17% YoY. So my question is, there is this organized growth and the key thesis for us has been the shift from unorganized to organized for a player like us. So I wanted to understand slightly from a longer term perspective, this number of 17%, does it indicate that the shift we expect to happen from unorganized to organized in not happening and if that's the case can you highlight what could be a few reasons for it to play out. Is it just price points or it just customer behavior that is my first question.

And second one I would say is more so from an online platform perspective. If you could help us with few variables like the repeat purchase, in terms of customers how many repeat purchases happening if you give through some that number that would be helpful to gauge the performance. Those were my two questions.

Mr. Supam Maheshwari I think the first question answer is actually very simple, Chintan. If you look at our industry report, which was part of the RHP, the unorganized industry is roughly close to 84%. At the time of listing that we had, the industry report had mentioned and the overall industry is going between 13 to 14%. So we are and this is also you must remember, this is a CAGR for next four to five years. There can always be certain sort of a blips in between. So this 13 to 14% is the industry growth as stated in the industry report by Redseer. And we have been compounding at a far higher clip than that and our internal obviously aim is slightly higher than even what we have. But it just I mean, we have gone through the reasons so I won't sort of go through them again. But relatively speaking, we are obviously converting unorganized to organized and as India, as I would quote, our finance minister has said over the next four to five years as our per capita income will double up over a period of next few years. So growth of the unorganized to organized has to happen and being the largest sort of a multi-channel, multi-category mothers baby and kids player. We believe that we will be the biggest beneficiary in that journey. So I think that's how I would put it. So far we have been tracking nicely. Whether it'll compound faster, slower, I would say, we have seen the environment around us, in that which is where we are, but it is compounding far better than the industry growth which is also a little longer horizon, you can't say 13, 14% every quarter industry report. This is over a four or five year. That's exactly what will happen to us as well that our CAGR might be slightly superior. And over a longer, if you look at our four years CAGR, past and going forward, it definitely can be different than what you have just known for the nine months which is just 17, 18%. So that's the answer to your sort of first question.

Mr. Chintan Supam, if I may, just one follow up on this. So the message that I'm getting from this is clearly two points. One is we don't see any factors in terms of price point and customer behavior that is stopping the shift from unorganized to organized, that is one. And secondly, the growth that we are looking at is much higher than the 17% that we have delivered in the nine months. Is that the right understanding?

Mr. Supam Maheshwari And so the Q3 was impacted, I would say, for us, because of the delayed winter, we've gone through the reasons and you should see your business in Q2 and Q3. I would not try to say that you should benchmark like, a very steep growth curve from where do we stand. You should see in the backdrop of the overall industry, retail industry as well. While there will be a conversion from unorganized to organized without doubt. And that's happening in the market, and being a very large online domination in our multi-category approach, as you can see, it's almost 78% of our multi-channel business. The online is 70 sort of, it's a significant part and there if you will see as well, our AUTC growth has been stronger. So you will be able to see a superior sort of a performance, as we sort of go along, but industry is 13, 14%. We are compounding at a much higher clip, gives us the confidence that we are doing the right things. Yes, we as management, we remain hungry, we remain unhappy, we want to deliver more, but we don't want to promise more, so we will deliver more is how I would sort of put it.

Mr. Gautam Sharma And being the largest demand aggregator in terms of the largest platform, retail destination in India and being the largest supply aggregator which is Babyhug is the largest home brand in India. And I think, both these factors put together should give anyone a sufficient comfort that we'll continue to grow better than the industry growth.

Mr. Supam Maheshwari Our long-term moats are absolutely intact and compounding all the key moats that we have built in the business, they're all compounding and generating a strong defensibility, strong foundation for our future growth. I think you should be able to see it over a period of next couple of years.

Mr. Anish Arora Thank you. That was the last question. I hand it over back to Supam and Gautam for any closing remarks.

Mr. Supam Maheshwari I would like to thank you, everyone for all of you taking time out on a Saturday. And we really appreciate and looking forward to seeing you in our next quarter which will be a completion of the annual fiscal year. Thank you once again.

Mr. Gautam Sharma Thank you so much, everyone.

Mr. Anish Arora Thank you.