“Brainbees Solutions Limited

(FirstCry) - Earnings Call

Q2 and H1 FY27 Results”

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Management:

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Mr. Gautam Sharma
Group Chief Financial Officer

Mr. Vivek Goel
Chief Business Officer

Mr. Abhinav Sharma
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Mr. Anuj Jain
CEO, Globalbees

Mr. Harsh Kabra
Investor Relations

Note: *There was a technical glitch at the begining of earnings call and discussions around technical glitch has not been considered in the transcript.*

Mr. Harsh Kabra

Good afternoon, everyone.

Welcome to the Q2FY27 Earnings call of Brainbees Solutions Limited. This is Harsh Kabra, and I have with me Mr. Supam Maheshwari - Managing Director and CEO of the Company, Mr. Gautam Sharma - Group Chief Financial Officer, Mr. Vivek Goel - Chief Business Officer of the Company, Mr. Abhinav Sharma - Country head of Middle East Operations, and Mr. Anuj Jain - Chief Executive Officer of Globalbees.

Kindly note that this call is intended for analysts and investors of the company. The call is being recorded, and by participating in this event you consent to such recording, distribution and publication.

We will begin with the management presentation followed by Q&A session. All participants will remain on mute during the presentation and will be invited to unmute when it is their turn to ask a question. We would like to point out that some of the statement made on today's call may be forward-looking in nature, and the relevant disclaimer is included in the presentation shared with you.

With that, I would like to hand over to Mr. Supam Maheshwari

Mr. Supam Maheshwari

Thank you Harsh, Good evening friends.
We'll be making a presentation for our Quarter 2 FY27 performance.
Request Harsh to actually put up the presentation.

Mr. Harsh Kabra

Yes sir.

Mr. Supam Maheshwari

I hope some of you have read the letter that I had sent, we had filed along with the presentation of our performance for the Quarter 2. So, I think it certainly gives you a feeler of how the business we believe has been trending and will trend over years to come. So, we are on a very very positive note of where we have been trending despite all the challenges that we had faced and how we are overcoming them. So, we have been

very candid in sharing it through a letter as well this time, this is the first time we have shared that. We'll walk you through the whole journey for quarter 2 what we have accomplished in a bit.

Mr. Supam Maheshwari Okay, alright. So, we'll straight jump to our key highlights for the Quarter 2. We grew by around 14.1% year on year on a consol basis. It's been the strongest growth in the last 6 quarters and the losses after tax for Quarter 2 narrowed by close to 75% from Rs. 50.5 Crore to Rs. 12.6 Crore in Quarter 2 FY27.

Segment-wise update on India Multichannel, we grew by 18.6% in India Multichannel in Quarter 2, strongest revenue growth in last 8 quarters. Offline GMV grew by 13% and we expect the growth momentum should continue both in online and offline business in the subsequent quarters as well. India Multichannel continued to remain PAT positive even in Quarter 2 FY27.

International business, we grew by 5.8% year-on-year and adjusted EBITDA losses came down 15.9% for the quarter. We will talk about in a little more detail summary in subsequent slides and Globalbees back to growth momentum of 7.7% revenue growth with an adjusted EBITDA grew close to 83% for the quarter.

Some of the key consolidated matrices. Annual Unique Transacting Customers grew by 10% to 12.1 million, GMV grew by 9.2% year-on-year close to Rs. 3,077 crores. Revenue grew by 14.1% to Rs. 2,395 Crores. Gross margin at Rs. 842 crores, adjusted EBITDA to Rs. 117 Crores and Cash profit Rs. 66.7 Crores. This is for the entire consol business, for the Quarter 2 FY27.

With this, I will request Vivek to talk about the India multi-channel.

Mr. Vivek Goel Thank you, Supam. Hope I am audible?

Mr. Supam Maheshwari Yes.

Mr. Vivek Goel Yeah. So, in India Multichannel, we have delivered the strongest growth over last 6 quarters. So, there's a very strong growth momentum across both orders and AUTC. We continued a sequential improvement year on year in revenue growth with the strongest in the last 8 quarters as I mentioned. The diapering competitive intensity during this quarter has started to soften. Our non-diapering portfolio which contributes to about 85% of our GMV remains robust and continues to perform well. Our orders year-on-year growth has been again the strongest over the last six quarters as you can see it has been growing from 6% to 8% and continued towards its growth journey of 13% in the Quarter 2 of FY27 over Quarter 2 of FY26 .

Can we move to the next slide.

So, on our online and offline GMV trends, our online GMV has grown at around 8% in this quarter and offline GMV has grown at 12.9%. Our Q2 growth would have been stronger had festivals like Dussehra not fallen 3 weeks later this year. This has led to shifting of some of the festive sales from September'26 to October'26. I also want to highlight that our online revenue net of discounts, returns and taxes grew at over 10% year-on-year in Q2 FY27. This is again the strongest growth in last 6 quarters for our online business.

For offline store formats, in spite of 10 lesser stores, we have managed a healthy 13% GMV growth which is largely coming from growth in existing stores. This is mainly attributed to the changes made in product assortment strategy and execution. We had paused company owned store openings last year to focus on capital efficiency.

Mr. Supam Maheshwari Our India Multichannel revenue grew by close to in Quarter 2, 18.6%. As we said, strongest in 8 quarters now and adjusted EBITDA for the Quarter 2 came to around 6.9%, which is 120 bps higher than the Quarter 1 and would like to say the gross margin for online and offline business put together in Q2 has

improved by 100 bps compared to the gross margin in Quarter 3, when we started to have the diaper competitive intensity issues despite that we have started to improve our gross margin by 100 bps.

We are not close to where we were in the last year at 9.1%. Part of the reason is that the discounts are getting moderated from Quarter 2 of this year in the diapering intensity so that has helped us and the manufacturing margins remain under pressure because of the crude linked raw material prices. While Q4 impact has been passed to the customers but subsequent price increases have continued to have this extended lag which we expect to cover in Q3 and hopefully completely by Q4.

So, this should help us to improve our adjusted EBITDA in the coming quarters. Any reduction in the crude price obviously will help us materially as we go along in recovering all the lost adjusted EBITDA margins which were flowing because of the gross margin compression.

Mr. Gautam Sharma

So, just to add on the crude prices, the good news is starting first week of November, we have started seeing the crude prices falling down and in fact if you see the delta between the gross margins on a YoY basis and the EBITDA margins on a YoY basis, we have tried to optimize the cost below gross margin to make sure that the delta between the YoY gross margins and the YoY EBITDA margin reduces. So, we have saved around 90 bps on the cost which are coming below the gross margins, for India multi-channel business.

Mr. Supam Maheshwari

This time around we have given you additional data points around our cost structures as well, below the gross margin and that will give you improved quality of the business. Here, we would like to highlight that our direct cost despite adding two initiatives which is Rocketbees as well as Qwik, our direct cost has now in Quarter 2 has gone down materially. If you see from H1 FY27 to Quarter 2 FY 27, there is a drop of 50 basis from 9.2 to 8.7 but if you look at from Quarter 1 to Quarter 2, it will be almost like 100 bps improvement that we

have done for the direct cost.

And so, this is a shared impact. We front loaded all our costs while starting Rocketbees initiative and Qwik as they have expanded, the network has got built up. Overall, there has been a very positive effect on the outcome of the initiatives that's a separate sort of strategic reason that we started, but from a cost perspective they have significantly come down and hoping it'll get further optimized while we optimize the other facets of the marketing and the indirect cost over time.

Mr. Gautam Sharma So, the key impact of the reduction is the direct costs, is largely coming from the reverse pickups that the Rocketbees has started. So, the cost that we incur on the reverse pickups for Rocketbees is almost one-third of the cost that we used to pay to the third-party logistic players for the reverse pickup, so, that's the key reason of the direct cost coming down in Q2 and this will further go down.

Mr. Supam Maheshwari So, just to update on the three key initiatives that we have been talking about for quite few quarters now, happy to share that our Rocketbees initiative has now reached 102 cities, 20% faster delivery and now we cover almost 60% of our online shipments. FirstCry Qwik and assortment we'll talk about all of these three initiatives in a little more detail.

This is a snapshot of Rocketbees when we started in Quarter 2 of FY26. From 13 cities, now we are at 102, covering as I said 60% of the total online shipment volume with 90% plus on time delivery performance, 20% faster delivery TATs and 50% lesser return to origin (RTO) shipments, and very important what we felt the pain same time last year when we talked about a lot, now we have 60% lesser delivery complaints and all of the effect, impact of this initiative has been mentioned in above on the slide itself that are online transaction frequency cohort in RocketBees service cities have improved by 10% year on year basis, resulting in overall improvement of frequency cohort by 5%.

So, we're very happy, we believe it will further continue to improve and that's a testimony of what we have been building and what we thought we'll be able to build, although it took us almost a year as you can see on the graph to reach where we have reached. We will not stop here, we will continue to grow our journey with Rocketbees and able to improve performance and improve our frequency cohorts.

Onto the Qwik, as we have shared with you on Quarter 1 this year, we started our pilot somewhere around close to December from 3 cities. We have now moved to 16 cities in end of Quarter 2. From a 3 hour delivery to many cities, now we're doing 1 hour to 3 hours and literally doubled our shipment count from March to June, June to September. And this has been I would say very meaningful customer satisfaction index that we track internally. Now we can be very sharp in be able to meet the customer expectations of some of the customers who are looking to get goods in much faster delivery timeframe. So, in top 16 cities, I mean these are we are going by a certain method of selecting cities and the PIN codes around that and being able to deliver that. Obviously, we will continue to expand on our FC Qwik initiative in many more cities.

As we have talked about earlier in any catchment that we open Qwik, our ambition is to take 20% of the total overall shipments on that particular catchment to FC Qwik and we want to reach FC Qwik as a service to almost 50% of the overall serviceability that we do an entire PAN India. With that we should be able to reach to around overall 10% of our overall online volume to FC Qwik over a period of time.

Mr. Supam Maheshwari Yeah, so, we will be able to reach to around 10% of our overall shipment volume under FC Qwik. So, we have a lot to improvise and improve upon both in terms of assortment as well as sharpen the assortment as well as expand our FC Qwik coverage across many more cities to come. So, we'll keep you updated as we go along further next few quarters.

Moving further, the third initiative that we're talking about, we have been seeing the results from Quarter 4 of last year and Quarter 1 and Quarter 2 as well. Our strategy of sharpening the assortment at our stores really has worked very nicely despite having 10 less stores. We have been able to have in Quarter 2, 13% GMV growth which essentially means largely coming out from the same store growth. We believe stronger footfalls and conversions because of our assortment sharpening has led to this and we'll continue building on it and now our engine of adding more stores have started from last quarter. You will be able to see the impact of numbers going up in terms of new store additions in Quarter 3 onwards and it'll continue going forward.

So, that was on the India Multichannel, I would request Abhinav to take over on giving update on the international.

Mr. Abhinav Sharma

Thank you, Supam. Hello everyone, a quick update on the international business. Some of the highlights as we've spoken previously in many quarters, I think 4 or 5 quarters now, we've continued our focus on sustainable growth. In the quarter in discussion Q2 FY27, our GMV grew by 10% YoY while our adjusted EBITDA losses reduced by 15.9% in the same timeframe. Gross margins continue to improve which is a classic example of and shows our strength of the India playbook in execution here in the Middle East as well. One key point we all know we are all aware of the geopolitical disruptions that are ongoing since Q1 of this year and the domino or cascading effect we are seeing as we speak the Middle East business grew by 6% on the revenue terms with a much higher potential in a stable environment. So, 10% GMV growth and a 6% revenue growth with a 15.9% reduction in EBITDA losses.

This slide showcases our revenue growth progression. As you can see a 6% growth in Q2 FY27 over the last year same quarter. More importantly, 220 bps improvement in gross margins going to 28.5% from 26.3%. Adjusted EBITDA in absolute terms we reduced losses from Rs. 18.9 crores to Rs. 15.9 crores which is a 6.4% in terms of revenue which was

8% last year in the same quarter, and as you can see, the progression is very clear in terms of our path to profitability and reducing losses while we continue to sustain a very sort of a stable growth and reducing losses.

Next slide, please.

This is a comparison of the first half of FY26-FY27 and the quarters in discussion, Q2 FY26 versus 27. As you can see, our revenue growth in the first half was close to about 9 or 10%, Rs. 443 crores going to Rs. 481 crores. Again here 240 bps improvement in gross margins in the first half of FY27 versus FY26. Adjusted EBITDA losses shrunk to 6.8% versus 9% in the same half of last year. Similar story for the quarter, our revenue grew from Rs. 235.7 Crores to Rs. 249.3 Crores. Again gross margin improvements of 220 bps, 26.3 going to 28.5 and adjusted EBITDA going to near mid single digit negative 6.4% of revenue versus an 8% same quarter last year.

Next slide.

This is a progression of how we've performed so far from FY23 to FY26 full year basis, 25% negative EBITDA clocking at 10% negative in FY26 and in the first half of the two years FY26 versus FY27, we've reduced our losses from 9% now to 7%. 40 Crores going to 32.6 Crores largely the levers are the higher home brand mix which is again a testimony to the acceptance of our home brand categories and product mix and assortment that we have for the parents of the region and again a classic page taken out of the India playbook. Apart from the homebrand mixes, a higher margin category and brand selection for the non-home brand part of the business, very high quality acquisition of customers and more importantly retention because that in the longer term will help us improve our unit economics and therefore we can press the pedal on more acquisitions as we move along and as we scale, there is operating leverage that we can see across in the previous slide that you showed with the direct and indirect costs having leverage because of the revenue growth quarter-on-quarter and first half of this year versus first half of last year.

I think that's it from me. Anuj, over to you.

Mr. Anuj Jain

Yeah, thanks Abhinav. Good afternoon, everyone.

On the Globalbees front, Globalbees grew by 7.7% to Rs. 530.6 Crores after a largely flat Quarter 1 that we had, the adjusted EBITDA improved from Rs. 10.4 Crores to about Rs. 19 Crores and the margins if you compare Quarter 2 of FY27 stood at 3.6% versus the same quarter last year were at 2.1%.

Two things that have affected the growth, one was a planned warehouse move in one core brand during the quarter and there was some shift in platform promotions and festive sales also which last year were in Quarter 2 and this year have fall in Quarter 3 with the portfolio rationalization largely complete. We are focused on scaling our core brands and improving the returns.

Harsh, we can move to the next slide.

If you see our adjusted EBITDA and margin movement over time, you will see that in FY26 we were at about 2.9% adjusted EBITDA and H1 FY27 we stand at 3.8%. Other brands, the non-core brands rationalization as I mentioned earlier is actually complete and the core brand warehouse and inventory transition that we had mentioned last time would be completed by Quarter 2 is done. We are now expecting growth recovery from Quarter 3. One of the factors that has impacted the gross margins has been the rupee depreciation and hopefully over the next couple of quarters, we'll see a recovery in that as well. So, we should be able to move towards a stronger EBITDA.

That's about it from my side.

Mr. Gautam Sharma

So, this is the last segment which we report as others, which basically includes the performance of our preschool business. So, the preschool network has crossed 500 in numbers. So, as at end of September'26, we are at 512 schools in 218 cities and

the number of student enrolment, it stands at 28,785.

Revenue and adjusted EBITDA both continues to grow both in terms of absolute value as well as a percentage to net revenue. So, revenue in Q2 grew by 19.3% and H1 growth is roughly around 35%. If we talk about the adjusted EBITDA in absolute value it has increased from Rs. 2.9 Crore to Rs. 5.3 Crores which is 40.3% of the net revenue in Q2.

Next Slide.

So, we'll move to the consol financial summary. So, this is the sum total of all the four business segments which we just talked about. On a revenue basis, we grew by 14.1% in Q2 again this revenue growth is the strongest growth in last 6 quarters while there remains a bit of pressure on the gross margin largely coming out of the pressure on gross margins in the India multi-channel business which Supam and Vivek talked about. However, the lost delta in the gross margin on a YoY basis in Q2 is partially covered by our efforts on optimizing the cost with the gross margin and hence you see 5.8% EBITDA in Q2 has come down to 4.9% which is roughly a 70 bps saving below the gross margin cost.

Next slide.

This is the cost breakup below the gross margins. We can see direct costs more or less remains same both in H1 as well as Q2 on a YoY basis. Marketing spends continue to go down, so, we have saved roughly 60 bps in the marketing costs in H1 and roughly 50 bps in the marketing costs in Q2. Similarly, there is a reduction in the indirect costs as well, 14.5% in H1 going down to 14.1% and similarly there is a 40 bps saving in Q2 on a YoY basis. So, this leads to a 1,175 million INR adjusted EBITDA in Q2 compared to a 1,208 million INR adjusted EBITDA in Q2 FY26.

The next slide talks about our reported PAT journey as well as the adjusted PAT journey. Adjusted PAT is basically the PAT after adjustment of ESOP cost and the exceptional item.

So, you can see most of the quarters in last four quarters we have been positive in terms of adjusted PAT and the reported PAT also in terms of percentage you can see, it's continuously going down from minus 2.4% in Q2 FY26, we have now reduced the losses to minus 0.5%. In absolute value, this is a reduction from Rs. 51 Crore of reported loss after tax to a Rs. 12.6 Crore of reported loss in Q2 FY27. So, that's a significant return, roughly around 75% of the reduction impact.

Working capital trends, net working capital, it has gone down from 67 days to 61 days. However, the inventory has increased a bit from 99 days in end of September'25 to 105 days end of September'26. This is largely because of advancement of festival and sale by 3P platforms both in India multi-channel business as well as the Globalbees business.

Mr. Supam Maheshwari

So, our priorities for FY27 is absolutely clear to us. We want to focus on service improvement and leading to growth, so, we will continue to expand our Rocketbees coverage, improve delivery experience to more cities than 102 and we will continue to expand our FC Qwik which I talked about, our goalpost is at least reaching to 10% of our total overall online orders and be able to now we have reached to a very nice store productivity so we'll be able to continue to do our new store expansion which you should be able to see in Quarter 3 itself. So, all of these 3 buckets will lead to a very strong growth in Quarter 3 and quarters to come because of the transaction frequency, cohort improving as well as new store additions so that's on the growth side and the second focus area and priority for us will be walking through a tightrope on profitability. In India multichannel, as we talked about our diapering discounts have continued to moderate from Quarter 2 itself of this fiscal year and we believe it will continue to moderate further as well, as we go along and so that'll lead to an overall optimization and discounts and we will continue to improve our home brand mix leading to improvement in gross margin and obviously manufacturing related sort of crude link cost pressures as we know it's a little external but it looks like it is stabilizing or going down which will give us ability to pass on to the customers once and any

reduction further will actually help us improve the gross margin. So, I think it's recovery is in place, you will see it on quarter to quarter improvement in the India multi-channel gross margin both in Quarter 3 as well as in Quarter 4, significant change.

On the international side as Abhinav talked about, we'll continue to reduce our losses through product mix and operating efficiency. For the last 8 quarters, you have been able to see that we will continue to perform day in day out on accomplishing that objective to make sure our business becomes EBITDA neutral fairly sooner.

And on Globalbees as Anuj talked about, we have come back on a growth trajectory. We should be able to see more improvement in growth as Quarter 3 had festive season as well so which was there in the Q2 last year, so you should be able to see both growth as well as improved profitability as all the rationalization of brands and warehouse transition is almost completed.

So with that, we believe that, I think you should see both our priorities reflecting in material outcomes in form of numbers both in growth improvement as well as in profitability improvement. So, With that I think we can take your questions.

Mr. Harsh Kabra Thank you to the management team for the presentation. We will now open the floor for questions. I request participants who wish to ask a question to use the raise hand feature. We will invite you to unmute one by one. Please introduce yourself and mention the organization you represent. To give everyone an opportunity please limit yourself to two questions, for any follow-up question you may rejoin the queue. We'll allow a moment for the queue to form.

First question is from Mr. Mayur Gathani. Can you please unmute yourself?

Mr. Mayur Gathani I'll just come back on the queue, please.

Mr. Harsh Kabra Okay, so, next question is from Adithya Srinivasan, Aditya if you can unmute yourself.

Mr. Adithya Srinivasan Hello, I hope I'm audible?

Mr. Harsh Kabra Yes Adithya.

Mr. Adithya Srinivasan Yeah, so, thanks for the opportunity and congrats on a good set of numbers. So, I'm from IThought PMS, equity research analyst there. So, I just have a few questions on the India multi-channel side. So just looking at the conversion rate so that's the revenue conversion from GMV, it's at about 64%. I know we don't look at this number too much but it's quite the highest it's been in over the last few quarters. So, I just want to understand how much of this has been contributed from the manufacturing business side and if you could put a number on what percentage of the revenue the manufacturing business also is doing, so that would be my first question.

Mr. Gautam Sharma So, Aditya in fact if you see our FAQs that we have filed with the stock exchange.

Mr. Adithya Srinivasan Right.

Mr. Gautam Sharma Given the marketing restrictions since Swara is in the process of filing its RHP, we really can't talk about the manufacturing numbers separately for the FY27 because those are not published, so, we have restrictions on that. However, you have the Swara performance with the manufacturing performance for the last 3 years. That's what we can share about the manufacturing business.

Mr. Supam Maheshwari It's already a published data, Adithya.

Mr. Gautam Sharma Hopefully, this restriction will not be there in the next quarter when we expect that the manufacturing business will be a listed company.

Mr. Adithya Srinivasan Understood. Okay, Okay fine, no worries. So, just one more on the online growth side, so, the India online GMV grew about 8% in Q2. So, I just want to understand the reason is due to the Dussehra shift into October, so, if you can put a number on what the growth was in October and say halfway through November as well? has it like come back into maybe the low teens?

Mr. Gautam Sharma So, Aditya, what we should see in fact is basically the growth in the net revenue, the revenue post discounts, taxes and return. That's what we have published also that the online revenue growth post-discounts, taxes, and return is 10% plus which is the strongest in last 6 quarters despite of a slower GMV growth and that slower GMV growth is largely coming because of slight reduction in the AOV and second one is the festival moves by almost three weeks so some of the high AOV items which people generally buy during the festival times have now pushed from September to October, that's the key reason of a lower GMV growth. October is doing well, we believe Q3 growth should be better than the Q2 growth.

Mr. Adithya Srinivasan Understood, got it. Okay, thanks for that. I just have one more question on the logistics side, if time would allow so direct costs, I mean it's about 8.5 to 8.7%. So, now Rocketbees is if I'm not wrong, handling about 60% of the online shipments. So, when would you expect the Rocketbees to start bringing the cost per shipment down like a lot more on that coming into play.

Mr. Supam Maheshwari I did talk about it Adithya, a couple of minutes back, I did mention that between Q1 to Q2 itself or you look at H1 data versus Q2 data there is a 50 basis point drop in our direct cost itself from H1 to Q2 which essentially means Q1 to Q2 there is a drop of almost 100 bps in India multi-channel direct cost. So, it's already on the right sort of trending direction and as we had front loaded this cost to build up the network across 102 cities, so, the cost had actually gone up and now it started to retrieve back and you're already seeing the benefit and as Gautam mentioned, you would probably be able to see more rationalization of direct cost over time as we expand.

The expansion is on both accounts not just Rocketbees but also FC Qwik.

Mr. Gautam Sharma So, in fact, Adithya, you should look the logistic cost, so basically, it consists of the rocketbees cost as well as the FirstCry Qwik cost, right.

Mr. Adithya Srinivasan Got it.

Mr. Gautam Sharma FirstCry Qwik was not there in Q2 last year. So, despite of FirstCry Qwik coming in Q2 FY27 the direct cost is only higher by 20 bps on a YoY basis. So, this gap of 20 bps was roughly around 45 bps in Q1 so that suggests that the cost is continuously going down.

Mr. Adithya Srinivasan Got it, sir, that makes sense, makes sense. Just one more follow-up on the Qwik side. So, Qwik has doubled shipments to about 2,50,000 in September with only about 4 cities added whereas compared to like last quarter, you doubled the cities as well as doubled the shipments. So, what led to the doubling in shipments even though only 4 cities were added.

Mr. Supam Maheshwari So, Adithya you should not read actually the cities, it's just one number but within cities we expand multiple PIN codes and multiple catchments as well. So, while the city is a static number like in within city there are multiple PIN codes that we activate as we align our infra over in the micro catchments, so, the real number to look is not number of cities but the number of shipments that we are able to execute. So, within 16 cities you will see a growth and when we add more cities you will see further growth, so that's how you have to look at it. Like a city like Bangalore or NCR may have still more catchments to be covered in under FC Qwik which we haven't done so far despite being almost 9 months at it. So, you will see expansion happening within Bangalore within let's say NCR without adding the count of number of cities so that's how you have to read it.

Mr. Adithya Srinivasan Understood, so more depth across micro-markets essentially.

Mr. Supam Maheshwari That's correct. Yes.

Mr. Adithya Srinivasan Okay thank you thank you so much for your time, good luck.

Mr. Harsh Kabra Thank you, Adithya. The next question is from Ranodeep S. Ranodeep, if you can unmute yourself.

Mr. Ranodeep S Thank you for the opportunity, so my question was with respect to the Swara IPO, I mean what is the intended objective of listing it as a separate entity? Is it primarily to unlock value and provide independent access or to provide independent access to capital for growth or create a more focused business with its own strategic direction and how should Brainbees shareholders think about the long-term value creation opportunities from this exercise?

Mr. Supam Maheshwari So, Ranodeep, you have touched upon both the relevant points. We have actually shared one note, a couple of weeks back to stock exchange on our strategic reasons of participating in the OFS. It is exactly touching upon both the points that you talked about and it is both the kind of capital requirement that the manufacturing business requires and a very focused strategic initiative on building hygiene category, which they are the largest OEM in the country and Swara will continue to expand domestically as well as an export so that unique opportunity that presents to itself will help us unlock a lot of value creation rather than being part of the India multi-channel. So, that's the reason we enabled this direction for Swara. I think over time, we all as shareholders, should benefit out of this.

Mr. Gautam Sharma We will however continue to consolidate the Swara numbers in our financial statements. It will still be a holding company of Swara.

Mr. Harsh Kabra Okay, thanks. Thanks, Ranodeep. Our next question is from Shashank Pore, Shashank if you can unmute yourself.

Mr. Gautam Sharma Yeah, go ahead Shashank.

Mr. Harsh Kabra Shashank, you're not audible.

Okay, so we'll take next question. Next question is from Avnish Sharma. Avnish, if you can unmute yourself.

Mr. Avnish Sharma Hi team, thanks for the opportunity. I have three questions. So how much was the impact of certain rationalization exercises we had taken in Globalbees and how should we look at your performance in 3Q? Like, will there be the impact or is it still in the base?

Mr. Gautam Sharma Sorry, what was the first question, Avnish.

Mr. Avnish Sharma Your rationalization exercise in the Globalbees like we had taken some certain rationalization exercises.

Mr. Anuj Jain Yeah, so, the rationalization's been happening over the past year and it's already completed in Quarter1 and we're now directing more management time and capital towards the stronger categories and focused businesses that we've identified.

Mr. Avnish Sharma Okay and how should we look at Q3 for this Globalbees?

Mr. Anuj Jain So, Q3 should deliver stronger growth as well as improved margins. In terms of the rationalization of brand's impact if you're specifically asking that I think the Quarter 2 is already an indicator in terms of the impact because Quarter 2 does not have an impact of the rationalization of brands.

Mr. Gautam Sharma So, how you should look at the Globalbees business, so we have Anuj talked about in one of his slides that the growth could have been better had the 3Ps have not shifted their sales from September to October as well as the festivals like Dussehra have not shifted by almost 3 weeks, so, last year Dussehra was on 2nd October this year its on 19th October, so, a good part of Dussehra sales have now shifted to Q3, so, how you should look at the business is basically Q2 and Q3 combined. In term of margins on a YoY basis, every quarter we are doing better in Globalbees business and since there was some impact because of the currency fluctuation which Anuj

talked about, I think we believe that the Q3 margins should be better than compared to the Q2 margins.

Mr. Avnish Sharma Understood, and in India Multichannel so when can we expect the gross margins to come down to the normalized level of 36-37% and what will the key drivers for the improvement?

Mr. Gautam Sharma So, we talked about softening of competitive intensity in the diapering category so that's clearly visible. In fact Q2 if we talk about the online and offline gross margins only, right, it has improved by 100 bps compared to Q3 last year based on what we have seen in October. In fact, that's even mentioned in our FAQs, we believe that Q3 margins should be significantly better than the Q2 margins and we'll continue to improve the margins going forward and multiple factors like mix of home brands, continuous negotiation with third-party brands, benefits of scale and all these things will kick in and will continue to improve our margins going forward.

Mr. Avnish Sharma Understood and within this India multi-channel, so, the marketing cost has been flattish, so don't you think that this will have an impact on the growth of the segment?

Mr. Supam Maheshwari Now look if you'll see the absolute amount of marketing spend has been increasing. It's not just the percentage, so the absolute amount has been increasing and the cohorts are also improving, so, I think you should read it from a window of how we are optimizing as still generating superior growth and investing in activities where we are able to generate new customer acquisition at a much sharper and much higher retention of new customers and so, I think our focus has been built around improving service quality, improving product assortment to be able to get a better bang for our buck, and that is what is reflecting in the numbers that you have been seeing it.

And the whole idea of omnichannel or offline, online, and now FC Qwik, it'll help us from a parenting journey, if you look at from a young parent, we are there and across all three platforms. The customer wants to buy offline obviously out of

our almost 1200 stores they can buy. Customers want to buy in 60 minutes to 90 minutes or 180 minutes, they have FC Qwik and then long tail available through our regular e-commerce platform. So, I think with that we are very uniquely placed to be able to have the largest wallet share of the customers is how we have positioned ourselves and we'll continue to expand both in terms of our store coverage, physical store coverage from Q3 onwards substantially and our FC Qwik and our online delivery question in terms of serviceability through our Rocketbees expansion.

So with that, we believe, the marketing spend will continue to get better at acquiring more and more customers is how we believe will turn out to be leading to an improvement in EBITDA.

Mr. Avnish Sharma Okay, just one last question. So, as we expand this offline stores what sort of impact do we see on the working capital and what kind of Capex are we expecting?

Mr. Gautam Sharma So, Capex any which ways is roughly close to 2,000 to 2,200 per square feet and these are the stores that we are talking about each having a size of 3,000 to 4,000 square feet. So, that's the Capex requirement and we don't see any material change in the working capital because on the base of, so first of all offline business itself is 22% on the GMV and if you further break it down between FOFO and COCO that's again 50-50%. So, opening and on a base of say 50-60 stores or even further in the next year on a base of 1,200 stores, it's I don't think that there will be a material change in the working capital requirement.

Mr Avnish Sharma Understood. Thank you. Those were the questions that I had, All the best.

Mr. Gautam Sharma Thank you.

Mr. Harsh Kabra Thanks Avnish. Our next question is from Shushank Pore, Shashank if you can unmute yourself.

Mr. Shashank Pore Can you hear me properly now?

Mr. Supam Maheshwari Yes.

Mr. Shashank Pore My question was on could you clarify what is the original commercial dispute with Kuber Mart shareholders? And is there any underlying payment obligation or litigation still there?

Mr. Gautam Sharma So, there are two things. So, because of some interpretation issues on some of the liability they have filed under IBC as a financial creditor, it was more than a year back and very recently their appeal or their application for the bankruptcy of Globalbees has been rejected by NCLT. We have made this disclosure to the stock exchange.

Mr. Shashank Pore No, I've seen that particular thing. I just wanted to know is there an end of the story or there's some more litigation or something else which is pending?

Mr. Gautam Sharma No, so that discussions and those litigations are anyways going on and the law will take its own course but there is no additional liability that we expect in the books of Globalbees.

Mr. Supam Maheshwari And nothing to worry, business is back on track, so nothing to worry on around that a liability is capped anyway.

Mr. Shashank Pore The second question was on the preschool, seeing the importance is only one slide dedicated. Is it a strategic SBU for us or it is maybe someday you will spun it off or what is the way forward for the preschools because it doesn't get that seems at a desired attention which the other businesses do.

Mr. Supam Maheshwari Shashank, it is more of a strategic initiative. If you look at it, the objective here is to be able to be part of our mission to solve for important needs of young parents and one of the important needs when you have a young child at home is also education, while it is a completely asset-light business and we provide the tech platform, the curriculum and through our business partners that we have across, a few hundred cities

512 some centers that we have opened and we continue to open more.

The objective here is that in any catchment you will find young parents can shop on our platform online, offline, FC Qwik and also enroll their kids into a good quality branded preschool to be and therefore have peace of mind. That's objective and that ensures FirstCry as a platform remains top of the recall in their minds for solving all their key pain points. I think that's the objective that we are solving with and anyway these Intellitots schools, students and young parents become our power users for FirstCry both from an online and offline perspective. So, that's the objective since it is asset-light we'll continue to expand it. It fills our strategic purpose over a period of time our marketing cost, word of mouth, all of this will help us to reduce our marketing costs. So, that's the objective that we are going ahead with and we'll continue to expand.

Mr. Gautam Sharma And we are very much focused on this business, so in the last 12 months we have added almost 80 preschool and even the number of enrollments have also significantly increased. So focus is not lost.

Mr. Shashank Pore Thanks, thanks, thank you.

Mr. Harsh Kabra Thank you Shashank. Next question is from Garima Mishra, Garima please unmute yourself and go ahead.

Ms. Garima Mishra Hi, thanks so much for the opportunity. This is Garima from Kotak Securities. Our first question was on the India Multichannel business, you mentioned that you want to start adding stores again. What is the store count addition expected in the second half and where do you see the store count going in, let's say the next two, three years? And I'm asking this because your current store count itself is fairly decent in the overall scheme of things, so just some comments there would be helpful.

Mr. Supam Maheshwari Sure, Garima. Garima, actually, as you would know, and we have talked about in our previous calls, that we had paused

our store expansion especially in COCO reason being we were going through a product assortment strategy change having said this for the last 3 quarters from Quarter 4 of last year, Quarter 1, Quarter 2, we've seen significant improvement both in terms of our GMV expansion, GMV growth led by footfall as well as conversions improvement, so, we are back on our store expansion engine. It takes time to actually kickstart that we have signed many new properties but the store expansion roughly around close to you should be able to see around 50 to 60 stores coming up in for the remainder of the FY27.

Mr. Gautam Sharma Including franchisee and company owned, a healthy mix of both the formats.

Ms. Garima Mishra Alright, okay, understood.

Mr. Gautam Sharma And going forward next subsequent few years, I think roughly 90 to 100 stores is what we can target for at least next two to three years.

Mr. Supam Maheshwari Each year.

Ms. Garima Mishra Understood. You also mentioned in your comments that competitive intensity has come off to an extent, is this comment specific to the pricing competition in the diaper category? and also could you comment a little bit about new competitors such as OZi which have also raised PEVC money. What are they trying to do and are they doing anything significantly different?

Mr. Supam Maheshwari Sure. So, diapering intensity has moderated from Quarter 2 and we talked about in the last earnings call as well and the reason being is, there has been a lot of rationalization that has happened in the quick commerce space overall and that has led to focus back on the profitability of unit economics of the larger players in the horizontal quick commerce and that impact is visible to us which has led to reduction of discounts and we have already reported almost 100 bps improvement in Quarter 2 from our India offline online business compared to

Quarter 3 of last year FY26 when this pain had started. So, we've already seen that 100 bps improvement obviously a mix of host of factors and one of the factors is discount moderation as well.

So, that's on the first question and second question around OZi and other players like Peeko and all of that. Look, they are only operating in right now on single city format which is an NCR and Peeko in Bangalore, OZi in NCR, it will be a very I would say to find large, a dense populated areas to be able to build a model and scale that across hundreds of cities is going to be very difficult and our assortment led by almost close to 58% home brand share with Rocketbees network and a PAN India network and a store network which makes it asset-light for us from a FC Qwik perspective leads to a very high and I would say evolved unit economics so it will be very hard. I mean I cannot describe it unless it'll be unfair on my part but it'll take for them to raise a few hundred million dollars to be able to sort of compete on that direction. We are talking about 2 million SKUs that we are operating under have with a large part coming across categories into home brands and a PAN India network with fashion alone which is more than 50% of our business is very hard to do in a quick model. However, our FC Qwik actually pans across not just consumables like diapers and so on and so forth, but around along with baby gear nursery which are very high ASP and a large voluminous products and also, the entire fashion category and footwear category, which again led by our home brand so, with that we feel very comfortable. It will take years and a lot of burn for them to be able to compete and build what we have built. So, I wish them good luck.

Mr. Gautam Sharma I think we are focused on improving our unit economics and delivery performance, the testimony is doubling the shipments in 3 months, 125 to 250 thousand shipments, that's what we are focused on.

Ms. Garima Mishra Got it. Thank you so much for taking my questions.

Mr. Gautam Sharma Thanks Garima.

Mr. Supam Maheshwari Thanks, Garima.

Mr. Harsh Kabra Thank you Garima, as we lost some time due to technical disruption on Zoom, we are happy to extend the Q&A session. So, our next question is from Surender Singh, Surender if you can unmute yourself.

Mr. Surender Singh Hi, thanks for the opportunity. I hope I'm audible?

Mr. Supam Maheshwari Yes.

Mr. Surender Singh Yeah, so I recall reading the past conference calls where management admired the way page industries does its business and the kind of operating margins they command in the market, right. So, I was just wondering what kind of top line we should have in our India multi-channel business before we can start reaching to the benchmark we look forward to.

Mr. Supam Maheshwari Yeah, so Surender, I think we continue to admire what Page has built in terms of especially around the bottom line EBITDA and PBT margins. Our model fundamentally has been built around on the front end side of it as a retail platform and a multi-brand retail platform both online, offline very unique with 78% online, 22% offline and on the back end side almost close to 7,500 plus brand partnerships and a majority of that business being led through our home brands which is the power that we always relate it to like a Page Industries model, so, our model is far more durable in terms of the growth. We believe that our India multichannel growth should continue to be in mid to late teens for a longer duration a longer number of years to come and yes we had certain challenges in the past which we believe we have overcome and you should continue to see Q3 better growth and so on and so forth and long term growth we believe will be mid to late teens.

With that we will bring back our focus also on our margin expansion which is what who we admire as well and you should be able to see our margins both gross margin and EBITDA margins increasing quarter on quarter we should be

back on track. No questions and we'll let the numbers speak for itself in Quarter 3 and in Quarter 4 and thereby onwards. So, we are very very confident on that.

Mr. Surender Singh Okay, second question on Globalbees, my sense after reading your communications in annual report is that one fine day in future it will become an independent listed business, I'm just wondering like what kind of internal targets we have before we reach to that stage and like, what all we are doing around it.

Mr. Supam Maheshwari So, Surender, I think as some of our brands mature over time. we will continue to look for strategic financial opportunities to monetize some of these brands, some of the assets and to maximise both Globalbees shareholders' and as well as Brainbees shareholders' value so that is what we will be, it could be strategic, financial or it could be even capital markets over a period of time. So, that's how you should see it and we will not be able to give you any time commitments but as the business has been doing well, both in terms of top line growth as well as bottom line expansion, you should be able to see some of these monetization efforts also fruitify over next couple of quarters and leading to some monetization outcome for both shareholders of Globalbees and Brainbees.

Mr. Surender Singh Understood. I have another bookkeeping question, should I ask right away, or should I wait in queue?

Mr. Gautam Sharma Go ahead, Surender.

Mr. Supam Maheshwari Yeah, go ahead, please.

Mr. Surender Singh Yeah, so when I was having a look on the recent cash flow statement, one thing which caught my attention was there is an increase in the other current assets and compared to FY25, FY26 had a big jump because of GST receivables which went up to almost 500 Crores from below 200 Crores. So I was just wondering what led to this additional 235 Crores which you have disclosed in the current results?

Mr. Gautam Sharma Can you give us some time, please? By the time the other person ask the question, we'll be having this answer.

Mr. Surender Singh No, no issues. Thanks a lot, thank you for answering and giving me the opportunity.

Mr. Gautam Sharma This largely seems to be accumulation of GST credit, while, we will confirm this in a while.

Mr. Surender Singh Sure and it'll be good if you can just let us know that why it is being accumulated so heavily off-late, right.

Mr. Gautam Sharma Sure.

Mr. Surender Singh Thank you.

Mr. Harsh Kabra Thank you Surender. Ranodeep please unmute yourself and proceed with your additional questions.

Mr. Ranodeep S Yeah, thank you, for the opportunity once again.

So, Supam, I mean we've all gone through the bigger macroscope that you shared during the IPO and the TAM you spoke about and the bigger opportunity somehow when it comes to, if I think through from the shareholders' return point of view, we've seen the highs of 700 plus and now it's kind of at around 150 levels while we understand the market valuations are not entirely management's control but how does the leadership team view this significant erosion in shareholder wealth and what are the maybe key business milestones over the next two to three years that you believe could fundamentally change the market's perception of Brainbees and lead to meaningful re-rating?

Mr. Supam Maheshwari It's a fair question, Ranodeep. Look, as you know, how we internally view this as one obviously we can't control the share price and movements around that. We did go through a certain challenging period which I've kind of highlighted in my note as well and it just coincided with multiple factors like in

Quarter 3 of last year we had this Quick-comm, horizontal frenzy, everyone was trying to sort of be in a land grab mode led to impact both on the growth as well as significant impact on the margin erosion of 140 bps in Q3 and unfortunately backed by the next quarter in Q4 of last year, the crude impact due to geopolitical issues leading to another 140 bps of back-to-back gross margin reduction. These are events that we had not factored in but in the long journey of any organization these things happen. We have been at our game for last more than 15 years. We believe an institution is built for it's fundamental value, how best you can solve customer issues and build joy to parenting and our customers and third obviously was the impact of the customer deliveries for which we had a solve for building Rocketbees. So, we solved all of these issues along with our macros which were slightly in a deteriorated state from an offline perspective. So, we are solving each of them one by one and sharing in our quarterly presentation.

What steps that we can take as management to control the outcome or control the experience that our customers are looking from us as management, so, we did overcome the delivery experience as I in my presentation earlier talked about our delivery issues are 60% lesser in quantity because of the efforts that we have taken compared to the previous period. FC Qwik again has been doubling every quarter which is again leading to a very superior outcome of Gen Z's and millennials who are looking to solve for very quick deliveries and our store footfalls and conversion improving all the GMV growth that we are talking about is largely coming out of same store growth. With that, the unit economics will continue to improve as we add more stores the growth will come in offline and our online frequency cohorts are starting to improve with all the efforts that we took to improve customer satisfaction. So I think this is a phase that we went through a consolidation phase is how you should look once every quarter from here on, I don't think we are not able to visualize what could have gone wrong. It's like you hit by something and you hit by another is what happened in Q3 and Q4 last year.

We are now back in shape. We are going to demonstrate both top line growth, bottom line growth, improvement in gross margin and with that not only we will earn back I would say the confidence and the trust of our customers but also our shareholders. It's just a matter of time.

Mr. Ranodeep S Sure. Appreciate Supam for that long and elaborate answers, does give confidence. One last question, I mean is there a school of thought from a management from looking at FY30 numbers and if we are able to maintain the mid-teens growth, do you see the revenue doubling up from these levels by FY30?

Mr. Supam Maheshwari Look, we can do the math, I mean we have talked about our India multi-channel number should be in mid to late teens for a good period of time.

Mr. Gautam Sharma Our mid teen growth would lead to doubling the number in 5 years, Ranodeep. So, certainly not in 2030, we will be doubling the revenue from today where we are.

Mr. Ranodeep S Sure, sure, sure, appreciated. Thank you.

Mr. Gautam Sharma Surender ji, just to answer your question, two broad reasons for increase in the value of the other current assets, one is the GST as I mentioned earlier, the second one is a bit increase in the advances as well to suppliers both in India as well as overseas.

Mr. Surender Singh Yeah, yeah, that helps. Could you also mention that why GST is being accommodated so heavily now? Like compared to FY25 right FY26 had a huge jump and then.

Mr. Gautam Sharma You should see pressure easing on GST accumulation because of the new guidelines. One of our subsidiaries has gone into major expansion roughly 250 Crore rupees of capex done in last two years and another 500 Crore rupees of project that is basically being undertaking right now, that's a company called Swara which is due for its listing now.

So, a good part of the reason is the Capex both in manufacturing company as well as for the stores expansion. However, for the manufacturing company you should see the GST accumulation easing very soon because of the new regulations on seeking refund both on services as well as the capex starting 1st of April 2027.

Mr. Surender Singh Perfect, Thank you, thanks a lot.

Mr. Harsh Kabra Thank you, Surender. In the interest of time we'll take one final question. So Aditya, if you can unmute yourself.

Mr. Adithya Srinivasan Yeah, I hope I'm audible, thanks for taking my question again. So, just had a couple of questions, one on a little long-term basis, so, I just want to understand what ROCE you target for like India multi-channel business at a steady state and also if you could put a number on the EBITDA margin. What do you see as a steady state adjusted EBITDA margin? Do you think like mid-teens is achievable? And if so, maybe by when?

Mr. Gautam Sharma So, we really can't talk about a 3 or 5 year numbers, but yes, we believe in continuous improvement of gross margins and the items below the gross margin level to reach to a very decent margin in 5 to 6 years, that's what I can say. We're quite impressed and inspired by the story of Page Industries.

Mr. Adithya Srinivasan Got it. Just one more question, I just want to understand if you could, I wanted to understand the numbers the split between FOFO and COCO on a revenue basis. So, would you be able to put a number on there? Maybe a revenue share.

Mr. Gautam Sharma So, in terms of number Adithya, it's 55% FOFO and and 45% COCO. Total number of stores I'm talking about. The revenue numbers will not be materially different.

Mr. Adithya Srinivasan Understood, understood and growth-wise as well it'll be proportional to that?

Mr. Gautam Sharma See, the whole reason of expanding into COCO is we believe that we can run a store better and generate a good ROCE.

	So, certainly, the growth of COCO should be better than compared to the franchisee stores.
Mr. Adithya Srinivasan	Understood. Okay, thank you sir. That's it from my side. Thank you.
Mr. Gautam Sharma	Thank you Adithya.
Mr. Supam Maheshwari	Thank you.
Mr. Harsh Kabra	Thank you everyone for joining us today and for your continued interest in Brainbees Solutions Limited. This concludes today's earnings call. Have a pleasant evening.
Mr. Gautam Sharma	Thank you so much.
Mr. Supam Maheshwari	Thank you.

E&OE - This transcript has been corrected for readability, clarity and accuracy at some instances. In case of discrepancy, the audio video recordings uploaded on the stock exchanges on 16th November 2026 will prevail.