



“Brainbees Solutions Limited (FirstCry) - Earnings Call Q2 and H1’FY26 Results”

November 14, 2025, 6.00 p.m. IST

Management:

Mr. Supam Maheshwari
Managing Director & CEO

Mr. Gautam Sharma
Group Chief Financial Officer

Mr. Vivek Goel
Chief Business Officer

Mr. Abhinav Sharma
Country Head, Middle East Business

Mr. Anuj Jain
CEO, Globalbees

Mr. Anish Arora
Investor Relations

Mr. Anish Arora

Good evening, everyone. Welcome to Brainbees Solutions Limited Q2 and H1'FY26 earnings call. This is Anish Arora, and I have with me, Mr. Supam Maheshwari, Managing Director and CEO of the Company, Mr. Gautam Sharma, Group CFO, Mr. Vivek Goel, Chief Business Officer of the Company, Mr. Abhinav Sharma, Country Head of Middle East Business Operations and Mr. Anuj Jain, CEO of Globalbees.

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.

With this, I hand over to Mr. Supam Maheshwari.

Mr. Supam Maheshwari

Good evening, everyone. Sorry, am I audible? Because we had some trouble earlier. Good evening, everyone. Can you hear us?

Okay, all right. So, first of all, I'd like to say Happy Children's Day to all of you. Thanks for joining our Q2 and H1'FY26 earnings presentation. Anish, can we move to the next slide, please? Yeah. We'll take you through our H1 and Q2 performance highlights. In this quarter and in H1, happy to share the progress, a report card. On the consolidated basis,

we have been PBT positive, adjusted for ESOP cost in Q2 as well as H1'FY26. Also happy to report that Adjusted EBITDA increased by 51%, in quarter 2 of FY26, led by improvement across all our business segments. And we continue to remain, free cash flow positive as well for H1FY26.

Now on the segmental updates. At a broad level, India Multi-Channel, despite deferring of consumer demand due to implementation of new generation GST reforms, we witnessed sequential improvement in YOY basis on growth rate for GMV across, both online and offline channels. And, with further expansion of our faster delivery initiative, that we spoke about at length last time around, during our earnings call, and plus new scale-up of our new initiatives that we had discussed last time, but we will share more details this time around, we believe our year-on-year GMV growth rate for both online and offline will be sequentially better for second half of the FY26. We continue to be PAT, and Free Cash Flow positive in H1FY26. On the International business, we delivered another quarter of sustainable growth, as we have spoken about in our last several earnings call. And this comes with a significant improvement in the Adjusted EBITDA, which has been around 52% on a year-on-year basis for quarter 2 of FY26. On the Globalbees front, we delivered another strong quarter of organic growth, with core categories driving the growth momentum, as well as the profitability.

Mr. Gautam Sharma

We continue to improve our EBITDA across all the business segments. As Supam mentioned on the previous slide, our Adjusted EBITDA for the consol business in Q2 has grown by 51% year-on-year. And if we further break it down into different business segments, we can see India Multi-Channel Business EBITDA has improved by 14% year-on-year. International business, as Supam mentioned and we have talked about this on our previous calls that we will continue to focus on reduction of losses in the International business. You can see a significant reduction of losses in our

International business, from a loss of INR 39.4 crore in Q2 of FY25, we have reduced this by more than half to INR 18.9 crore rupees in Q2 of FY26. Globalbees EBITDA continue to improve, an increase of 23% year-on-year in Q2'FY26 over Q2'FY25. Others, which is a preschool business, continue to deliver a strong EBITDA, it's an increase of 55% year-on-year in Q2'FY26.

This is a snapshot of Q2 performance for the consol business. Annual Unique Transacting Customers, this is for trailing 12-months, stands to be 11 million. It's an increase of 11% year-on-year. This is for the India Multi-Channel business and the International business. Similarly, GMV has also grown by 11% for India and International Business put together. Revenue from operations, on a consol basis, has increased by 10% year-on-year. Similarly, the consol Adjusted EBITDA, which we talked about on the previous slides, has increased by 51% year-on-year. Talking about the India multi-channel business EBITDA, it has increased by 14% in Q2'FY26 over Q2'FY25. And we continue to improve the Cash Profit After Tax, which stands at INR 71.6 crore, with an improvement of 157% over Q2'FY25.

Now I hand over to Vivek to take you through the performance of India Multi-Channel Business.

Mr. Supam Maheshwari

Just give us one minute, please

Mr. Vivek Goel

Hello everyone. Apologies for the technical glitch. Happy Children's Day, everyone.

The Q2 for India multi-channel business played out for us in two parts. The first half of the quarter was very good and we also alluded to it in our earnings call during last time. The growth in the second half of the quarter was moderated as the customers deferred their purchases following the announcement of the new GST rate reforms, as Supam had

also mentioned. We witnessed this from mid-August to late September. In order to incentivize the customers, during this period, we increased our discounts on our platform, which has resulted in difference in GMV and revenue growth. And also a slight reduction in gross margin that you'll see in the next slide. However, our adjusted EBITDA margins continue to expand. Further, it is important to note that the GMV growth on year-on-year basis has sequentially improved on both online as well as offline channels in Q2'FY26. Also, would like to highlight that we witnessed very encouraging signs of growth both during and post-festive season for both online and offline channels. On the profitability front, I'm happy to announce again, that India Multi-Channel Business continue to be PAT and Free Cash Flow positive in H1 of FY26.

When it comes to annual unique transacting customers, we grew by 11% in Q2'FY26 to 10.5 million. India omni-channel business had orders growth of 8% in Q2FY26 and for half-yearly basis, for H1'FY26, we grew by 7%. Our GMV increased by 12% in Q2'FY26. And on a half-yearly basis in H1FY26 over H1FY25, we grew by 11%.

So, as I mentioned earlier, India multi-channel business witnessed continuous expansion of adjusted EBITDA margins. Our EBITDA margins for Q2'FY26 grew to 9.1%, from 8.6% and for half-yearly basis, we grew to 8.9% from 8.5%. When it comes to Gross Margin, as I mentioned, there's a slight decline, in Q2'FY26 to 37% from 37.3%, however, at half-yearly basis in H1'FY26, we grew to 37.4%, which is 40 basis point growth over last year

Mr. Supam Maheshwari

On India multi-channel business, just wanted to highlight few key initiatives that we are undertaking to drive growth. First one is the new generation GST reforms, it's obviously a gift from the government. Almost one-third of our portfolio transitioned to 5% GST. It'll help us spur demand for all retailers, including FirstCry. So that'll definitely be a very good



positive for us. Most importantly, what is in our control and what we are endeavoring to deliver, which we have spoken at length last time around. Happy to report that we have expanded our delivery network, from 4 cities to 13 cities, which is our in-house delivery network and that has helped us significantly to improve the TAT and has resulted in growth in those cities, as well as the customer experience. We continue to expand on this initiative. Our endeavor is to continue expand month on month, and add more cities to be able to cover half of our shipments by mid-next year.

And the next initiative that we would like to share with you all is that we have been witnessing, we had witnessed in the past, is around the footfalls in the offline channel. Here we are aiming to roll out a realigned product portfolio by H1'FY27. Here, instead of playing with a width strategy, we'll be playing more of a depth strategy, enabling us more margins which we will be able to pass to the customer and thereby expanding our certain customer base that we will be able to target additionally, without really losing any material margins, at a gross margin level. With this, we anticipate increase in footfall, as well as conversion. Also, with improvement in faster delivery network, that we are creating, this all has been created in the last 6 to 7 months only. And we rapidly continue to increase this. We are encouraged with this, to the extent that we will be actually spending more marketing money and we will still manage our unit economics and we will be able to accelerate the growth. Because we are able to now offer much superior customer experience that we have not been able to deliver in the past. So with these initiatives, we believe, the best is yet to come for us, and H2 and even FY27 looks more promising, as we progress towards in the H2 and the FY27 zone. Now I will hand over to Abhinav to take you through International business update.

Mr. Abhinav Sharma

Thank you, Supam, and Good Evening, everyone. Happy Children's Day to everybody. The best forum you can expect to get wished for Happy Children's Day, I believe.

Very excited and happy to share that we've launched our first store in Riyadh, in Saudi Arabia. It's a company-owned and operated store, in a mall. We launched it somewhere around the third week of August'25 and it is off to a very promising start, both from a customer experience or customer feedback standpoint, as well as the first sort of metrics that we've measured. Early days, but very promising and very excited and happy to share with you. And I think 14th November is a very good date to share with you this news as well. Anish, onto the next slide, please.

So, as mentioned in the previous calls, both by Supam and Gautam as well, as I, we're truly on our journey towards a very sustainable growth. This quarter as well, we've been able to deliver, in both the countries, both the markets, UAE and KSA, a very sustainable quarterly growth, by optimizing our top-line mix, resulting in a very superior GMV to revenue conversion, and superior gross margins as well. Also, a relentless focus on acquiring superior quality customers ensuring a very high probability of retention, which has been a key driver to the results that we'll see in the next couple of slides. AUTC grew by 12% in Q2 of FY26 versus the same quarter last year. Orders grew by 9%, in comparable quarters. We saw 8% order growth in the first half of this year versus last year. GMV grew by 9% in comparable quarters, and 6% versus the first half of last year.

Revenue, which actually is the metric that we all should look at from an International business, to measure the scale of the business, we grew 13% from INR 208 crores to INR 236 crores approximately, in Q2 of FY26 versus same quarter last year. To top it up, we expanded our gross margins by 300 basis points from 23.3% to 26.3%. Sort of a similar story for the first

half of this year versus last year. 13% growth in revenue, from INR 392 crores to INR 443 crores, with gross margin expansion of about 200 basis points from 23.6% to 25.6%. Having done that, we also ensured what we promised, over the last few calls, is a relentless focus on burn reduction and loss reduction. We saw a significant reduction in Q2 this year by 52%, INR 39.4 crores going to just under INR 19 crores, which then helped us with our EBITDA margins by 1,100 basis points from 19% to 8% in Q2 of this year. Progressively, even in the first half of this year versus last year, we saw 42% decrease in losses in absolute terms, and a similar sort of EBITDA margin improvement from 18% to 9%.

This shows us a progressive sort of a loss reduction journey that we've embarked upon. The sustainable growth journey that we've spelled out very clearly over the previous calls, as well as on this call. If you compare FY25 versus FY23, we had about an 831 bps reduction in our EBITDA losses, 25% going to 16%, and that continued in the first half of this year. 16% last year became 9% this year. So, there is a relentless focus and razor-sharp focus on both expanding the topline, gross margins, as well as reducing losses. So that's been, sort of our cornerstone for this year, and for this quarter, as well as last quarter. And we believe that subsequent quarters also, we will continue to deliver reduced losses and top-line expansion, on both fronts.

Mr. Anuj Jain

Good Evening, everyone. I'm sorry, because of a technical glitch, I think the video is not coming on, but nevertheless, let me continue with the update on Globalbees.

So our core categories, continue to demonstrate strong growth. These core categories witnessed a 30%+ year-on-year growth in H1'FY26. Further, the margin profile for core brands also continue to be strong. Core categories are operating at 5%+ adjusted EBITDA margins post-corporate expenses. As mentioned on previous calls, we continue to rationalize our

portfolio across other brands. And therefore, the overall growth and overall margins are the way that they are. Our endeavor is to complete this rationalization of other brands within the next couple of quarters. Overall, the revenue growth in H1'FY26 was 21% year-on-year with an adjusted EBITDA margin of 1.6%. Specifically for the last quarter, we have grown at 14% overall. However, if we focus on core categories, the growth is 20% plus year-on-year. And if we account for the new settlement policy of Flipkart, that some colleagues in the industry have also called out, the year-on-year growth is in the mid-20s. An important point I would like to highlight is that this entire growth is organic, and the last acquisition that we made was in September 2022.

We're four years into the business. The first year went in priming the engine, and we've been scaling up our businesses over the last 3 years. If we look at EBITDA performance over the last 3 years, you will see that the adjusted EBITDA has moved from 0% in FY24 to 5%+ adjusted EBITDA in H1'FY26. And we continue to endeavor to demonstrate, a great balance of growth as well as an improvement in adjusted EBITDA.

Mr. Gautam Sharma

So this is the combined result for all the four business segments. In fact, we didn't have any slide on the education business. The preschool business revenue in Q2 has grown by 22% and we talked about the growth in the EBITDA, which has grown by almost 26% in Q2 over last year Q2.

So if you combine the results of all the four business segments, we get a 10% growth in our net revenue for Q2 over previous year Q2, and the H1 revenue growth is 11% year-on-year. If you see the gross margins, while for the Q2 there is a slight dip in the gross margin, largely coming out of the Globalbees business, which Anuj explained in the previous slides, due to rationalization of other brands which should be over in a couple of quarters. And second is a slight change in the revenue mix within the business segments. However, H1

over H1, we continue to improve gross margin. It has increased by 10 bps in H1FY26. A clear focus on improvement of the Adjusted EBITDA on a consol basis. We talked about the Q2 EBITDA performance, a 51% increase in consol adjusted EBITDA for Q2 year on year, and similarly, if we talk about the H1 improvement, it's an improvement of around 38% year-on-year. From 4.3%, it improved to 5.4% in H1FY26 and 4.2% in Q2FY25 has reached to 5.8% in Q2FY26, largely coming out of improvement in profitability across all the four business segments.

Mr. Anish Arora

Thank you, team. We will now wait for a few minutes for the queue to get formed, and then we will start with the Q&A.

I request participants to raise the hand for asking questions. We will unmute you one by one, and you will have the access to mic. Please introduce yourself and the name of the organization you represent. The participants are also requested to limit their questions to a maximum of 2. For any follow-up questions, you may join the queue again.

First question is from Ms. Videesha Sheth. Videesha, please unmute yourself.

Ms. Videesha Sheth

Hi. Am I audible?

Mr. Anish Arora

Yes Videesha.

Ms. Videesha Sheth

Hi. This is Videesha Sheth from Ambit Capital. To begin with, can you double down on the initiatives that you talked about on the product portfolio in the offline channel? You did touch upon depth, focusing on depth versus width, but if you could elaborate on this as to whether the initiatives would be towards focused assortment, or tighter pricing, or what is it that you're thinking about over here, please?

- Mr. Supam Maheshwari** Videesha, yes, this will be focused on the product realignment. It will be around, sort of focusing on width, which allows us to have more leeway in margins and able to offer better prices to customers as well, without any material dent in our gross margin. This enables us to address more range of customers than today. We will attract more footfalls, more conversions, and also further lead to more online volumes. So, all of this will be enabling us from a multi-channel view. That is what our thought process is. We have done some experimentation, but the whole change will be actually applicable somewhere around H1'FY27.
- Ms. Videesha Sheth** Sorry, Supam. So, just to clarify, offering a wider assortment would be a part of this?
- Mr. Supam Maheshwari** It will be wide enough, let me put it that way. Today we have very wide, we want to make it adequately wide. And increase more depth to be able to get the leverage on economies of scale, to be able to have the more latitude on margins, to be able to get that extra set of customers who we are maybe losing out. And making ourselves to be a more destination play, as we have been in the past. So this will make us even bigger destination for mothers, baby, and kids, across all sort of price segments. As you know, both as an omni-channel player, both in our home brands, as well as in our third-party brand partners, we have products across price ranges. So we anyway cater to all kinds of price segments, but this latitude will also help. In offline, obviously you can't, the variety has to be slightly limited, you can't keep such a wide assortment, or such a wide price ladder, as what you can keep it online. But we are just realigning that a little bit on the offline front as well, so to be able to make, footfall and conversion to further improve for where we stand, is a change that we will be making without compromising any material sort of gross margin loss for us as a business. Hope that answers.

- Ms. Videesha Sheth** Okay, so if you've done any, like you said it's been rolled out in certain stores, so if you could talk about how is the growth profile improved over there?
- Mr. Supam Maheshwari** Look, it's a very early, only a few stores that we have done, so you can't do it at that level.
- Ms. Videesha Sheth** Sure, sure.
- Mr. Supam Maheshwari** Yeah, so therefore, it has to be done at a scale. But we are very confident that it will work out, and it'll actually deliver us the yield that what we are anticipating. So, we are very, very confident. That approach compounded with our faster delivery and increase in our marketing spend will drive the overall growth for the business in the India multi-channel. This is what we believe is something that we'll definitely accomplish, because we have had issues around delivery, which we have talked about last time, and as you have seen our progress, that instead of 4 cities, in less than a matter of 7 months, we expanded from 0 to 4, and now 4 to 12 cities, and we will continue to expand on a monthly basis. And our endeavor will be by mid-next year, we'll be able to take it to almost 50% of our business. And with that, increasing marketing spend will mean more retention of customers, new customers, and more retention of those customers driving the growth. So I think our whole ambition is to drive growth. And obviously, our gross margins and some of those things are structurally well-placed to continue to increase over a period of time.
- Ms. Videesha Sheth** Got it. Sure, I'll get back in the queue. Thank you for this.
- Mr. Anish Arora** Thank you, Videesha. Next question is from Mr. Rohit Mundra. Rohit, please unmute yourself
- Mr. Rohit Mundra** Hi. Namaste sir. Sir mai shareholder hoon. Ek suggestion tha. Jaise aapke store mai bhi mai gya hoon, mai Miniclub mai bhi

gya hoon, unhone koi foreign brand ke saath tie-up kiya hai, toh wahan cloth ki quality na bahut ache hai. Toh aapke paas area ka kami toh hai nhi, aapke paas bhi store hai, aap bhi tie-up kar skte hai. Usse aap premium customer ko tap krenge toh baaki bhi na sale increase hone ke chances hai. Bass ye ek suggestion tha. Aap Miniclub mai ek baar jaakar dekhiye, wahan kaise unhone kisi foreign brand ke saath tie up kiya hai kisi, toh wahan cloth ki range na badh gyi hai, toh apan bhi as a company kuch kar skte hai aisa. Bass ek suggestion tha.

- | | |
|-----------------------------|--|
| Mr. Supam Maheshwari | Sure, Rohit. Alright. Thank you |
| Mr. Rohit Mundra | Thank you. Usse aap premium customer ko phir cater kar skte hai, matlab phir dheere dheere na, jo premium khareedne aayega, wo normal bhi khareed lega, toh dono ka improvement hoskta hai use. |
| Mr. Supam Maheshwari | Sure, Rohit. Thank you |
| Mr. Rohit Mundra | Ok. Thank you. |
| Mr. Anish Arora | Thank you, Rohit. Next question is from Mr. Jay. Jay, please unmute yourself. |
| Mr. Jay Laddha | So, yeah, I'm audible? |
| Mr. Supam Maheshwari | Yes. |
| Mr. Gautam Sharma | Yeah Jay. We can hear you. |
| Mr. Jay Laddha | Hello. A very good evening, Supam, sir. So, myself, Jay Laddha, I'm from JL Capital. Actually, I am super bullish on this baby care sector and as we know, we are only player in an organized sector, and the totally market is unorganized. So, how we are going to penetrate ourselves in this market? And what's our strategy for this? |

Mr. Supam Maheshwari

So, Jay, you're right on one front that 84% of the market is unorganized. It's a massive market. We almost have 25 million babies born, almost, between 0 to 12, you have 300 million children across the country. We are the largest multi-channel mothers, baby, and kids platform, having around 1,100 plus stores and a significant online playbook. As a part of our strategy, we will continue to increase our store footprint, make our products more relevant, be able to address customer audience, through different tiering, and product tiering as well. From an offline perspective, get those customers from offline to online and a lot of our customers go from online to offline. In our online, we'll continue to invest behind a delivery experience that has been our pain point for the last couple of quarters, that we have started to improve materially. And plus, we are continuing to invest around technology and personalization, to be able to find relevance across different segments of socio-demographic, economic-demographic, and therefore be able to expand that. And then there are several initiatives around building connect programs with mothers, baby, and kids, whether through our schools, where they can enroll their kids and be a partner in that education journey. Or through our hospital initiative program, where we connect with them at the time of delivery. And a lot of other influencer programs that we do. In the mothers, baby and kid space, we run the largest influencer program in the country, through which we will connect. So, I think it's a whole ecosystem of digitally, physically, within the shopping, outside shopping in education, that we are trying to stitch together to remain on top of the mind, as a choice, both from a retail platform as well as a brand and product platform. Brand and product, both is what we are endeavoring to deliver and build long-term partnership, and build joy of parenting to the young parents. So that has been our journey, and we'll continue to pedal down across all of these facets that I described, to be able to capture more, and build penetration and capture more and more wallet share of those customers, from an offline and online perspective. So, in a

very short way, I've tried to explain this, but each facet has a very detailed sort of overview of how we're going to do it. And we're going to continue to innovate on that to be able to drive relevance and effectiveness, while building our KPIs from top line and bottom line, from a shareholder perspective.

- Mr. Jay** Yeah, so thank you for the opportunity. I'm super bullish on this baby-care sector. And all the best for ahead.
- Mr. Supam Maheshwari** Thank you, Jay.
- Mr. Anish Arora** Thank you. Next question is from Mr. Vraj Shah.
- Mr. Vraj Shah** Hello?
- Mr. Anish Arora** Yes sir, you are audible.
- Mr. Vraj Shah** Yeah. Hi Sir, this is Vraj from Satwik Digital Analytics. My question is with regards to India multi-channel business. So as you have rolled out the faster deliveries from 4 cities to 13 cities, so my question is that what is the growth profile that you are seeing in terms of GMV, or Revenue, if you can share some light there? In comparison to the other cities, for India multi-channel?
- Mr. Supam Maheshwari** Vraj, its significantly higher growth compared to the other cities where we do not have our own delivery network as of today. It's significantly higher. As I explained on the last call as well, the reason, the rational for doing and building our own sort of a network – it will yield us a better control on customer experience, reducing RTOs, reducing returns, improving customer experience. All of that will yield, at the end of the day, a superior customer experience and a repeat. And our particular category is a high repeat category, and therefore will enable us to drive growth, as we acquire more customers, building that cohort. So, we remain extremely, sort of bullish

on expanding our network, and then driving more marketing on top of it, to be able to accelerate our overall growth.

- Mr. Vraj Shah** Understood, sir. And sir, if you can share, like what percentage of a total GMV that can be coming from this 13 or 4 cities that you have rolled out faster deliveries.
- Mr. Supam Maheshwari** Broadly around, in the last 6 to 7 months, from 0% to almost we have covered 20% of the shipment and by middle of next year, we'll cross 50% of the shipments.
- Mr. Vraj Shah** Alright, so understood. Sir, my second question is with regards to the gross margin. So, in India multi-channel business, is there any increase in the share of home brands, in total revenues?
- Mr. Gautam Sharma** So, Vraj, we have talked about the gross margin improvement levers in previous calls as well. More or less the gross margin expansion levers remain same, which includes increase in the mix of home brands, increase in fashion mix and continuous improvement in margins with third-party brands with continuous negotiations. So all these factors put together led to an increase in margins. And it remains more or less same, every quarter and every year.
- Mr. Vraj Shah** Okay, so, sir, my question was more towards the number that you had said for FY25, which was 55% contribution
- Mr. Gautam Sharma** It's continuously increasing, Vraj. Yes.
- Mr. Vraj Shah** Ok, understood sir. Thank you
- Mr. Anish Arora** Thank you, Vraj. Next question is from Ashok. Mr. Ashok, please unmute yourself.
- Mr. Ashok** Yeah, Hi. Thanks team. Gautam, Supam, thanks and congratulations for the results.

I have a couple of questions. One, so your gross margin in India business has declined, but EBITDA is increasing continuously. Basically, what line items are leading to this improvement? Question number one. Question number 2 is on the International business, what are the improvement areas in the International business in terms of EBITDA and by when we'll reach our break-in stage? Third one, do we have any impact of quick commerce on our business?

Mr. Gautam Sharma

So, Ashok, on the first point, your question was, despite of a dip in the gross margin, we were still able to improve the EBITDA. So, first of all, gross margin dip is a one-off thing, which is a result of giving away higher discounts, to drive better conversions after the GST 2 was announced from mid-August. And gross margins post-festive season is back on track. However, despite of over 30 bps reduction in the gross margin, we were still able to improve the EBITDA by almost 50 bps, is a combination of efficiency in marketing spends, as well as driving efficiencies in SG&A as well.

Mr. Supam Maheshwari

And on the second one, Abhinav you want to take that, or do you want us to?

Mr. Abhinav Sharma

Yeah, so Ashok, Hi. So your question was around the gross margin expansion, correct, for International?

Mr. Gautam Sharma

Yeah, gross margin and EBITDA, where it is headed.

Mr. Abhinav Sharma

Yeah. So, yeah, I'll answer the gross margin first. It's along the similar lines. It's a function of, how we optimize our topline, and the category mix and the home brand share, progressively improving the home brand share, progressively also improving the mix of the categories that we operate in. And essentially a very, very strong focus on what rolls up to the topline, while the topline expands. That is very, very key to the gross margin expansion. That's point number one on the EBITDA. Obviously, gross margin play, it starts there. But

there are multiple other cost heads. KSA, and I would say even UAE, are fairly new businesses. UAE being about 5 years, and KSA in the third year. So with scale, we will see the opportunities for efficiencies kicking in, in all the line items. Optimizations and marketing, for sure, has been done by us. We've mentioned in previous calls, we mentioned earlier in this call as well, and again, that our focus is on acquiring quality customers. While there are strong headwinds for increased rates in CPCs, CACs and CPMs. We fundamentally believe that acquiring the right customer, with as minimal cash burn, while expanding top line and improving retention of the acquired customers, will help us with the EBITDA improvements, so that's one. Second is the operating leverage, you'll get those operating leverages in the SG&A as you scale. And there's a lot of headroom. We are a young business There's a lot of headroom to grow and improve on efficiencies for all cost line items.

Mr. Gautam Sharma

Just to add Ashok, in fact, during our March earnings call, we have talked about the levers which will expand gross margins in International business, which are pretty similar to what has led to a gross margin expansion in India also. So it's the same playbook that we have taken in Middle East. And in fact, we have also shown, where did we stand in terms of gross margin in India business for the first 7 years, the same gross margin, we have achieved in Middle East within 4 years. India business became profitable in 10 years and given the gross margin journey in Middle East, we believe that we should be profitable, much faster than we became in India. You can see the testimony to it is the losses have considerably gone down. It's a reduction of 52% in Q2 and almost 40% in H1. And the losses that we have reduced, from FY23 to FY25, a similar reduction is observed in 6 months itself. And that's the guidance we can give, Ashok.

Mr. Vivek Goel

So, Ashok, I'll take a third question on the quick commerce. We have mentioned, we have communicated in previous calls

as well, that our overlap with Quick Commerce remains small. So, exposure is fairly small. However, the quick commerce has led to an increase in consumer expectation when it comes to on-time delivery and faster delivery of goods being shipped online. And in order to meet those increased expectation is why we have been expanding our initiative around faster delivery. Where Supam has mentioned that we have expanded to 13 cities, from 4 cities over 7 months.

- Mr. Ashok** Okay, thanks. Thanks, team, for clarifying, and all the best for future.
- Mr. Gautam Sharma** Thanks
- Mr. Anish Arora** Thank you, Ashok. Next question is from Sheela. Sheela, please unmute yourself.
- Ms. Sheela Rathi** Yeah. Thanks for taking my questions. So my first question, again, is on faster delivery. Just want to understand, I mean now we have expanded into 13 cities, what kind of portfolio, what part of our portfolio is actually doing well on the faster delivery side? So that's the first part of my question on faster delivery. There's a second part to it, but I'll wait for your response before asking that question.
- Mr. Supam Maheshwari** Sheela, what do you mean by when you say, portfolio?
- Ms. Sheela Rathi** Yeah. Yeah Supam, so what I mean is, is it diapering which is doing well, or apparel, which is doing better there? I mean, that's the kind of question I have.
- Mr. Supam Maheshwari** Sure, okay. So, look, it's a total mix. We are taking city by city, it's not, we are not saying that in that particular city, we will only do certain goods, or hard goods, or apparel or fashion or diapering. When we are taking a city, we are building that network. In a city, you have to build a network, where the source can come from various different cities, we have

warehouses in different cities. Obviously, we'll try to have the first allocation within the same city, so that we don't have to work, I mean, the logistics cost reduces as the network design becomes superior. But having said that, we are delivering all products. I mean, whether it is, our consumables, whether it is hard goods or whether it is fashion, for the cities that we are mentioning. Especially where we have built a network where we can do the first mile and mid-mile as well. I hope I'm able to answer, so, as over time, as the network will become more and more stronger, with that, we'll be able to do a large part of that city, as we go along. And build more cities in the network itself. It's that the whole logistics is a network game and doing it for ourselves, we are custom-tailoring it in a way that it suits our requirement the most, keeping young parents in mind, in terms of meeting those standards, which we can't rely on as much as we can rely on our own sort of a network. So that's the idea. So covering all product portfolios.

Ms. Sheela Rathi

Understood. I mean, the follow-up which I have is the current proposition, which we have in terms of delivery, can it meet our requirement to be profitable in this channel? I think that's where I am getting to.

Mr. Supam Maheshwari

Okay, so look, we did share this in the last, or maybe last call itself that this is not coming at a sort of a huge sort of incremental cost. Yes, in the short term, there might be some bps change, but on a medium term, we will be as competitive or as cost-effective as we have been working with in the past with the third-party logistics. So it's not going to be denting our unit economics in a material way, is all what we can say, while improving the customer experience in a very, very dramatic way.

Ms. Sheela Rathi

Supam, as we are on the conversation of e-commerce. Do you have any updated thoughts on selling on third-party e-

commerce channels? The BabyHug products, or any of your own brand products?

Mr. Supam Maheshwari

Sheela, we remain glued to building our own network, our own ecosystem, as what we have seen. And, we would like building cohorts on our own platform, for both, from a window of being the largest multi-channel retailer as well as the product brand for which the customer will come back and shop with us through our multiple home brands and that has been our strategy for a long, long period of time. We had the similar questions around 2015 - 2016, we debated internally, we remained focused on that strategy. While as of today, we continue to remain on that path. However, we are analyzing, and we are thinking through that more closely. We haven't changed our mind yet. But, it's something that we'll continue to observe. There are other channels who may be better in certain things, because they're solving for a customer experience of, let's say, 10 minutes or a 15 minute. But so far, we haven't seen, as we said, those do not overlap so much with our business. So, I think we will retain our original strategy for now, unless anything dramatically changes, which we don't think it'll change over the foreseeable future. So, we will continue to be a dominant force, both as a shopping destination, online and offline, and also as a brand and product destination, or I would say preferred choice of customers from a brand and product perspective, driving back both cohort onto our platform. So I hope I've answered that, no change in strategy.

Ms. Sheela Rathi

Understood. My final question is, now given that the first half is behind us, how should we think about the full year F26 growth? On the revenue front for both India Multichannel and International?

Mr. Supam Maheshwari

So for India Multichannel, I think Vivek did mention this. Sequentially, we will certainly grow higher than what we have done. Q2 was higher than Q1. Q3 and Q4, which is H2 will be

higher than H1 for sure, is what we believe. Even during festive and post-festive season have been very good for us. And we believe that should continue, and given our inputs that we are putting, through increased marketing efforts on back-of better customer experience through delivery and our overall focus around, overall technology, personalization, sorting frameworks and so and so forth, should continue to drive us the cost efficiency while being able to make that spend happen on marketing to maintain our unit economics intact, but delivering higher growth, is what you should be seeing from us, for the H2 of FY26. That's for India.

And for International, I think Abhinav did mention, we will have a similar sort of a journey. Our focus is sustainable growth in the Middle East. And we heard this as a feedback when we came, we had a different playbook that we had in mind when we started our Middle East playbook. However, after entering into the public markets, we heard that the public market viewpoint as well. And we changed track to be able to build a sustainable growth track to bring first our unit economics in place, by getting the product mix, both category mix and the home brand mix, to be able to align, a faster, superior unit economics. And once you have done that, we will be able to accelerate the pedal around marketing to be able to drive even further growth, but the burn will remain very, it'll shrink faster. That's what we had all desired for, so we are walking down that path, as what we had promised, and I think we are delivering that. So you should continue to see that happening over the next few quarters including FY26 H2, as well as in FY27.

Ms. Sheela Rathi

Just to follow up here, and that's my last thing. Last quarter, you called out that the India multi-channel revenue growth will be early teens in F26. Do you hold on to that view, or it's going to be better than that?

Mr. Supam Maheshwari

We definitely believe that we should be somewhere there. Hopefully better than what we have said. There are signs. But we were caught off-guard when we said in the middle of August, the first half of the second quarter, we were in early teens, because of GST, which Vivek covered, we did not see that anticipated growth. I mean, while we grew on a GMV basis around 12%, however, we had to increase discount, ensuring that the customers don't defer their purchases. Although we are not seeing that now, during a little bit of a festive season, we were seeing a little bit of a heated approach. However, it has normalized. From a gross margin window, we are back on track. While the growth continues, we believe it should continue the same way for the remainder of the fiscal year, even in FY27, backed with all of the inputs that we are putting through, so we should be back on track, what we had promised earlier in our previous earnings call. Hopefully, we'll surprise, but I don't want to commit on that, or superior than that for now. But all we can say, as a management team, we are fully geared to deliver growth. While we have been able to expand our gross margins, and our EBITDA on almost on a recurring basis, since we have been sharing our results publicly. But we believe that all the inputs that we are taking, should continue to expand and deliver the growth, that we all, because we are, as a team, we are not very happy with the growth that we have delivered so far. And there is a lot more that we can deliver, we know for a fact. And we believe that we will definitely be able to deliver that growth with all the inputs that we have talked about with incremental marketing. So, we remain very bullish, hoping to sort of demonstrate that and walk the talk. Once it happens, we will be happy to thump it, on our next earnings call, or next to next earnings call. So, sequentially, you should be able to see better growths.

Mr. Anish Arora

Thank you, Sheela. The next question is from Mr. Sanjay. Sanjay, please unmute yourself.

Mr. Sanjay

Yeah, thanks for giving me the opportunity. I have one question. This Globalbees, now, is there any strategy for increasing, like how customers are coming to know that there exists a platform, Globalbees and there are so many wonderful brands. Because I have asked at least 10-15 persons in my group and nobody has heard about this platform.

Mr. Anuj Jain

Sure, okay. So Sanjay, firstly, we're not a platform in the typical sense as you would think about it. We have a host of brands in some key categories that we play in. And these brands are sold on marketplaces. So, if you go on Amazon, for example, or a Flipkart, you will see all our brands selling over there, and you will see them amongst the best sellers on these marketplaces. So it's really, these channels where you will find our brands.

Mr. Sanjay

But I was going through this even today. Products are being sold on Amazon or Flipkart?

Mr. Anuj Jain

That's right, that's right. So we have some fantastic categories that we operate in, and we've got a huge range of products that we sell on Amazon, Flipkart, Quick Commerce, across marketplaces.

Mr. Supam Maheshwari

Sanjay, think of us as a house of brands. Where our identity is brands, not Globalbees as a company. As you know, consumers will know, a lot of Hindustan Unilever brands, but may not know Hindustan Unilever, just think of that as an illustration.

Mr. Sanjay

Because just before this, there was a question from, I think, Sheela, so you mentioned that you'd like to have your own platform or your own channel for distribution or delivering goods?

- Mr. Supam Maheshwari** No, no, that was for India multi-channel, Sanjay. That question was for India multi-channel, not for Globalbees. Over a period of time, we will expand on channels, even in Globalbees, but right now, we remain focused as a preferred online sort of a channel, is what our playbook is. But yeah, over time, we will build more channels into that. While, we have many, many platforms to partner with.
- Mr. Sanjay** And what is a business value from this platform? Approximately in terms of percentage, if you can tell?
- Mr. Supam Maheshwari** 95% plus.
- Mr. Sanjay** 95% plus?
- Mr. Supam Maheshwari** From all these platforms, all online platforms.
- Mr. Sanjay** Online. Okay, that's all from my side. Thank you.
- Mr. Supam Maheshwari** Alright. Thank you
- Mr. Anish Arora** Thank you, Sanjay. That was the last question. Thank you, everyone. I hand it back to Supam for concluding remarks.
- Mr. Supam Maheshwari** No, no, nothing. Thank you, everyone, for attending our Quarter 2 result presentation on a Friday late evening. And once again, Happy Children's Day. Thank you once again, and see you next quarter.
- Mr. Gautam Sharma** Thank you, everyone.
- Mr. Vivek Goel** Thank you.