



“Brainbees Solutions Limited (FirstCry) - Earnings Call Q3 and 9M’FY26 Results”

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Management:

Mr. Supam Maheshwari
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Mr. Anuj Jain
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Mr. Anish Arora
Investor Relations



Mr. Anish Arora

Good evening, everyone.

Welcome to Brainbees Solutions Limited Q3 and 9M'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 Chief Financial Officer, 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 thereafter 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 request Mr. Supam Maheshwari to take it over.

Mr. Supam Maheshwari

Good evening, everyone.

Once again, welcome to our Q3 and nine month performance for FY26. We will be covering both Q3 and nine months as well as the segmental performance of all our four business segments. Financial summary, business overview, and some other supplementary information is attached in the presentation uploaded.

Straight diving into the Q3 and nine months performance. Happy to share that we have been PAT positive on a consol level for the Q3 FY26 adjusted for ESOP cost. Also, for the nine months, adjusted EBITDA has increased by 25% year-on-year basis and we continue to remain cash flow positive for nine month FY26. On segmental updates, India multichannel business witnessed sequential improvement, as we had promised in our earlier calls, as well, despite relatively muted consumer sentiment.

If you look at the right-hand side, you will notice that we had on Q1, 7.5% year-on-year growth, Q2 7.9%, and Q3 has been 8.9% growth. And we faced certain challenges around supply chain volatility, otherwise our growth would have been around 11% for Q3 year-on-year basis. We have undertaken a lot of initiatives that we have spoken about in the past. We will speak more during the course of the presentation. We strongly believe that with those initiatives, structurally our growth rate for both online and offline channels will remain much superior in FY27, as those initiatives would have taken certain scale and size. We continue to remain PAT and free cash flow positive in India multichannel for the nine months FY26.

For the International business, we witnessed elevated promotional activities led by the two horizontal e-commerce players that we have spoken about a few quarters back as well. However, we have continued to remain laser focused on sustainable growth and not participating in those events. And maintaining our focus towards reducing adjusted EBITDA losses, which has reduced by 25% year-on-year basis for Q3 FY26 and 36% for the nine month FY26.

Globalbees delivered another strong quarter of organic and profitable growth. Core categories delivered 30% year-on-



year growth in nine months FY26. And adjusted EBITDA of close to 70 crores post corporate expenses.

Moving further, you will see, these are snapshots for our consol business. AUTC grew by 10% and GMV for online, offline and international business grew by 10% and revenue from operation grew by 12%. And Adjusted EBITDA of consol business stands at 6.3% and India multichannel at 10%. Cash profit after tax grew year-on-year for Q3 by 23%. For the nine month performance, on the consol basis, AUTC again grew by 10%, revenue from operations grew by 11% over nine months compared to last year nine months. And our consol adjusted EBITDA grew by 25% on year-on-year basis. India multichannel adjusted EBITDA was at 9.3% and cash profit after tax grew by 72% on an equivalent 9-month basis.

With that, I would like to move to the segmental performance and hand over to Vivek for talking about our India multichannel segmental performance. Vivek.

Mr. Vivek Goel

Hi. Good evening, everyone. I will share some key updates about the India multichannel business.

So, as Supam also mentioned that we saw sequential improvement in year-on-year growth rate for the revenue. And this was despite, a bit of muted consumer sentiments in Q3, that we witnessed. We also saw (voice break)

which contributes to 85% and continues to perform well. We also witnessed, as Supam was mentioning, some supply chain volatilities in a few select categories.

Mr. Anish Arora

Vivek, we missed last 15-20 seconds.

If you don't mind, can you please speak from the point 2 again?

Mr. Vivek Goel

Sure, sure. Am I audible?

Mr. Gautam Sharma

Yeah

Mr. Vivek Goel

So, as I was mentioning that we witnessed some heightened competitive intensity in the diapering category during the quarter, which led to pressure on growth and margins. Our non-diapering portfolio, which contributes to 85%, about 85% of our GMV, remains robust and continues to perform well. We also witnessed, as Supam had mentioned, some supply chain volatilities in a few select categories, which impacted overall growth by 200 bps in Q3'FY26.

Anish, if you can move to the next slide. We saw about 9% growth in Q3 FY26. At a nine months level, we saw about 8% growth. And if I talk about adjusted EBITDA, at a nine months level, we saw growth of about 6% to 395 crores.

Supam, do you want to take this slide?

Mr. Supam Maheshwari

Yeah. So, I think I just wanted to give you the new initiative updates that we had been talking about, a few of them and a few new ones, one significant new one that we'll speak about.

As in the last few quarters, we have mentioned that we had some customer experience issues through third-party logistics service providers, and we had taken our own logistics initiative to serve our customers. And the last time when we had talked about, we had expanded our logistics service, we branded it as RocketBees, that's our own internal in-house logistics initiative. And this is a totally asset-light model we have spoken about in the past. We maintain the entire tech stack here. These are third-party, dedicated service providers who are working on that tech stack. Regional, local ones to be able to work with us directly, and directly work for FirstCry shipments. This, RocketBees initiative has expanded in less than 9 to 10 months from the time we started from the scratch. Last time when we spoke about, we had expanded to



13 cities, now we have expanded by December end to 22 cities. And happy to share that with this increased volume and increased number of cities, we have witnessed 20% improvement in delivery TATs, resulting in much superior growth and customer experience than what we had, when we started this initiative. We continue to expand this, we believe we should be able to cross close to around 45 to 50% of our total volumes by the middle of this year. So this is an initiative on RocketBees which has given us tremendous boost and will continue to give us superior customer experience in times to come.

While we built this architecture of RocketBees and our own delivery initiative, we had also been cognizant of the fact that customers in India, overall have been experiencing a desire to get the products much faster than has been traditionally been served a few years back. And over the next few years, that desire to get products much faster will continue to only increase and improve. With that in mind, to cater to those expectations of the customers, we started a new initiative called Firstcry Qwik. We are currently underway on a pilot in three cities, in Pune, Bangalore and Hyderabad, where we not only serve our diapering category, but service all other full range of products, including baby gear, nursery, fashion, toys, everything that we normally serve across all categories. And we are leveraging our COCO stores in these three cities as a pilot, in few pin codes, to begin with and few of our stockist network and also we'll be extending it to the dark stores. With that, we believe over a period of time, we'll be able to leverage our 1,200 stores over a period of time once we streamline the entire tech product as well as the supply chain, ops for the entire FC Qwik, to be able to deliver all products. Currently, we are promising three hours, as a promised delivery. We intend to reduce promised delivery over a period of time. The objective here is to ensure that we remain future proof, foolproof, in terms of being able to meet customer expectation, while RocketBees will continue to serve across,

over a period of time, a large number of cities, not just only a few hours, but SDD, NDD and, across states deliveries as well. FC Qwik is, as a pure few hours delivery is what we are endeavoring to deliver to cater to the future requirements of our young mothers and young fathers.

Third initiative, that we have spoken in the past is going to take shape in SS'26, which will help us address more footfalls, more conversions through realigning product portfolio by getting into a width to a depth strategy. Part of our product portfolio will move to a depth strategy, releasing the COGS benefit to the MRP reduction, getting to a wider audience and enabling us to have better conversions.

So with all these three initiatives, we remain super, super confident about structurally delivering superior growth in FY27, once these policy initiatives are fully rolled out.

Yeah, I'll hand over to Abhinav for International business update.

Mr. Abhinav Sharma

Hi. Good evening, everyone. One second, I think I have a tech glitch. Can you hear me, guys?

Mr. Supam Maheshwari

Yes.

Mr. Abhinav Sharma

Alright. Good evening, everyone.

So our story for Q3, looking back at Q3 this year, we witnessed, as Supam had mentioned in his first slide, we witnessed very elevated promotional activities, led by the two horizontals that we've spoken about in the previous quarters as well. However, we on our part stayed relentless with a razor sharp focus on not participating in that kind of a frenzy or negative spiral, as we call it, and wanted to ensure that we are on a path to sustainable growth with improvement in our gross margins. Anish, next slide, please.

So, having said that, we expanded our gross margins in like-for-like quarters by 150 bps and over a nine month comparative period by 180 bps. We also saw a reduction in our EBITDA losses from 15% to 11% in percentage terms and in absolute value about 25% reduction, like-for-like quarters. The same in the nine month comparative period, we reduced our losses from 17% to 10% and in absolute value, by about 36%. So, if you look at the trend, the path that we've sort of sustained over the last few quarters. As we've discussed previously, we've seen reductions or improvements rather in our EBITDA losses. Right from FY23 to FY25, we've reduced our losses by 831bps. And if you compare FY25 over the nine month period of FY26, we've reduced it by 705 bps. So, a very sustained focus on both, a very sustained healthy top line sort of a growth. When I say healthy, I mean looking at, ensuring that EBITDA losses quarter on quarter and year on year are reducing as we speak.

Over to you, Anuj.

Mr. Anuj Jain

Thanks Abhinav. Good Evening, everyone.

Here's the update on Globalbees. As you're aware, over the last few quarters, we've been speaking about rationalizing certain brands because they were delivering a relatively lower revenue growth as well as incurring losses. And we believe that we should be able to complete this rationalization in the first quarter of FY27. Therefore, we'll first focus on the core categories performance for nine months FY26. We did a revenue of 1,417.4 crores, which was a 30% year on year growth. If I were to compare this to H1 as well as quarter one of this year, we were at very similar levels of growth of 30%. So as of now, we're delivering pretty consistent 30% growth. Adjusted EBITDA was 69.8 crores, which is 4.9%. If you look at the consolidated view, it's been a good quarter and it's been a good nine months. In the last quarter, we delivered a 22% growth from 422.3 crores to 515 crores. And even on a nine



month basis, the growth has been 22%. So again, the overall story of growth is consistent across the year. All of this growth has been organic, the last acquisition that we made was in September 2022.

Moving on to the adjusted EBITDA. The adjusted EBITDA for the last quarter grew by 147% year on year and moved from 1.4% in the previous year to 2.9% this year. If I look at it on a nine month basis, we grew by 54% and from 1.6% in the previous year to 2% this year. We just look at the overall trend of adjusted EBITDA that we've seen over the last few years. In FY23, we were at minus 5%. In FY24 and 25, we moved to a zero and 1%. And in this year's nine months, we're at 2%. However, again, looking at if I were to remove the brands that we're rationalizing, and if I was to focus only on the core categories, the adjusted EBITDA becomes 4.9%.

So that sums up the Globalbees update. Thanks

Mr. Gautam Sharma

So this is the consol performance of all the segments put together. So while three segments were just explained by Vivek, Abhinav and Anuj, the fourth segment, which primarily represents our school business, it continues to perform very well. In terms of percentage of EBITDA to the revenue, for the Q3, the EBITDA was roughly around 31% and for the nine months, it stands around 27%. So that continues to perform very well. So if we add all the four segments, what we get is a 12% year-on-year growth in Q3. Rs.2172 crore increasing to Rs.2423 crore. Similarly, if we talk about the nine months performance, a growth of 11%. There is some dip in the gross margins, as presented and talked about in the previous slides. Largely because of some decline in our India multichannel business gross margins, which is largely because of heightened competitive intensity, especially in the diapering category that we have seen in Q3. And the second one is a drop in gross margins in Globalbees business. While it continues to improve EBITDA, the gross margins have reduced

because of two reasons, one is a drag on gross margin because of the other categories, which is non-core, other than the core categories. And the second one is some change in the revenue recognition policy of Flipkart that has reduced the margin. However, on our EBITDA level, Globalbees continues to perform very well. With this gross margins and the revenue growth, what we achieve in terms of EBITDA is a 25% year-on-year growth for the nine months FY26 over FY25, which is from 5.1%, we have reached to 5.8% of EBITDA.

All the business segments continue to see EBITDA growth on a nine-month basis. India multichannel increasing by 6%, Globalbees increasing by 47%, school increasing by 27% and international business, the losses have come down by almost 36% on nine months. So all the four business segments have contributed to the improvement in EBITDA.

Mr. Supam Maheshwari Yeah, happy to take questions.

Mr. Anish Arora Thank you, team. We will now move on to Q&A. I now request participants to raise the hand for asking questions. We will unmute you one by one, and you will have access to the 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 Mr. Sachin Dixit. Sachin, please unmute yourself.

Mr. Sachin Dixit Hi, Supam and Gautam. I have three questions. The first one was on our brand partnership. So while yes, we are struggling with growth for sure, but I also noticed that in the nine-month FY26 period, the number of brand partners we have is actually lower than what we had last year. What is happening there? Is it also driving some of the headwinds that we are facing?

- Mr. Supam Maheshwari** Yeah. So you want to complete the questions? Okay, we can address this particular point. You're talking about from some 8,000 number to some ...
- Mr. Sachin Dixit** 7,800. Yeah.
- Mr. Supam Maheshwari** That point absolutely needs to be ignored because those brands don't even contribute, less than 0.5% of our revenue. So you can continue to ignore that. That's, we are rationalizing at our end to be able to manage our own curation in a much smarter way.
- Mr. Sachin Dixit** Understood. I mean, largely for most marketplaces, one would be anticipating that the number of brands goes up rather than goes down.
- Mr. Supam Maheshwari** No, Sachin, that's not a metric that really impacts us. So nothing to worry. It's completely to be ignored because that's not the brands that are contributing much. There are a lot of mompreneur brands and there are a lot of new brands that come and go, they completely get wiped out over a period of time in their own journey. A lot of entrepreneurs, young mompreneur as well. So we can't continue with them once they can't give us the sort of customer experience of the products that we are requiring for. So we take those calls as well in terms of curation of the brands that we are catering to, for our customers. So, but these are long tail, I would say the far end of the long tail. So nothing to worry about at all.
- Mr. Gautam Sharma** No impact on revenue, Sachin
- Mr. Supam Maheshwari** Yeah, no impact. Zero.
- Mr. Sachin Dixit** Okay. On the second question, on our own supply chain initiative, right. I mean, obviously I think this question has come up earlier as well. You had XpressBees, which as far as media reports suggest is faltering. And now you are again

doing a RocketBees. Do you, I mean, how certain are you that you really need to build this, right? I mean, as far as the broader e-commerce goes, one large layer, which is shipping like 2 billion shipments is probably doing insourcing, which makes sense probably at that volume. But for your volume, how certain do you feel it is needed? And especially in the light that we have highlighted supply chain issues now for two quarters in a row. So we'll love some color there.

Mr. Supam Maheshwari

So Sachin, if you look back, last two quarters that we have talked about, third-party logistics is hugely dominated by, their demand is dominated by players like Meesho and others. And the customer sensitivity of, and I wish to mention that there is no distinguished service for a player like us versus someone else. So, while we are very, very particular, the kind of customers that we are catering to is far more particular in metro, Tier I, Tier II or Tier III, whereas players who are dominating the demand of some of these LSPs are Tier III plus. So the consistency of service doesn't exist there and our customers are suffering. So we have to take things, we waited for quite some time and I think I acknowledged in the last call as well that we were late. But I think we had to take things in our own control, in terms of being able to provide that kind of a service, which customers will love. And these are young moms, young parents who cannot wait beyond the promise that you are promising. And on top of it, with I would say, the feature of quick commerce and general commerce being so pervasive in today's world and today's Gen Z audience and so on, so forth, it is very important from our future perspective as well, to build our supply chain, which you can tailor to your requirements rather than being dependent on the third party. It's not like in US where you have a FedEx being same day delivery or a one day delivery versus a three day delivery, you can decide as a customer, for a shipper like FedEx. In India, we don't have that kind of models. So we had to take things in control. And for any large e-commerce player like us, I would say logistics is a very, very integral part of our journey.



Initially, Xpressbees was built like that. But I think they moved in their own direction, in terms of managing their own P&L and their own sort of a story. And likewise for Delhivery, likewise Shadowfax and so on and so forth. We believe we are in much better shape. We track metrics of performance of third party, we work with all of them still and we are scaling our own RocketBees as well. We are far superior in terms of customer experience. As I told in my presentation a few minutes back, we have a 20% superior delivery TAT compared to the third party logistics. That itself is critical for us to be able to provide that experience and it helps in reducing RTOs and so on and so forth, which I can talk a lot about it, but I will reserve my comment saying that it is important to build that architecture and it's an asset light model. It is at the same cost. Initially, there is a little bit of a bump up, but as you scale and you build your own network in cities, you are able to have the similar cost as a third party logistics. So it doesn't come at an incremental cost in a medium to long run. And on top of it, if you have your architecture, you can actually build an FC Qwik kind of a model, which otherwise you cannot. You can only dream and wait for the performance to be done by somebody else, whereas the core, if you look at any large player, everyone has their own fleet, everyone has their own model, to be able to deliver that kind of a service. And it had to happen, probably it happened now.

We wish, we had anticipated it a couple of years back, but I think it was imminent that it happened. And now we feel more confident, having taken RocketBees to 28 cities and it will continue to grow week on week, fortnight on fortnight basis. And as I said, 45 to 50% of our shipment will be done by middle of the year, which will mean a lot improved customer experience, help us in growth of the same customer, who we are serving through RocketBees and on the same architecture be able to scale up our FC Qwik as well, which otherwise would have not been possible.

- Mr. Gautam Sharma** Just to clarify Sachin, you talked about the supply chain issues. So what we talked about as a supply chain issue is not anywhere related to logistics, I am just clarifying that.
- Mr. Supam Maheshwari** Yeah, those supply chain were related to sourcing led supply chain, not the forward looking supply chain, which is from our warehouse to end consumer.
- Mr. Vivek Goel** So Sachin, just wanted to add on to what Supam was mentioning that we continue to work with all third party logistics and they are critical for our business. But while RocketBees also continue to give us more flexibility towards making sure that the consumer sentiment improves and solve for micro nuances of the consumers.
- Mr. Sachin Dixit** Understood. Just my final question on the margin outlook for India business, if I can. So we have been generally trending, I mean, earlier we were doing 80-90 basis point expansion, then we dropped to 50-60. This quarter, it looks like we have dropped margin. Is there any new outlook on how margin should look like on the India business? That's my last question.
- Thank you.
- Mr. Supam Maheshwari** So Sachin, on a medium to long run, nothing changes. I think this correction that has happened is largely because of a certain heightened competition that we saw in one of our categories, which is diapering. We have seen this kind of events even in earlier years. These are irrational events that has happened. Obviously, we don't control these because it's been done by large players. I think once it improves, that improvement will come back sharply. But we can't anticipate the time. However, our structural improvement in gross margin across our 85% of the portfolio will continue to happen quarter on quarter, year on year basis. When we improve our category mix and improve our home brands mix. So that doesn't change at all. Hope that answers.

Mr. Sachin Dixit

Yeah, that does. Thank you.

Mr. Anish Arora

Thank you, Sachin. The next question is from Ajay Agarwal. Ajay, please unmute yourself.

Mr. Ajay Agarwal

Thanks. Hi, Supam, Gautam and team. Good set of results. I have three questions. I will take the first one on the India business. So how are you viewing the new players that have emerged in the baby and kids vertical, with one-hour delivery being a proposition? There are a couple of the players, I think, in the market, especially in the metro cities that have emerged in this segment.

So this is my first question. Should I repeat all three and then you will take them or you want to take one by one?

Mr. Supam Maheshwari

No, no, we can go one by one. It helps to remain focused.

So Ajay, I think, look, your point is fair, but I can just say that we have heard about two small venture funded companies. Look, these are early days. There is a frenzy of quick commerce and I think people are just riding on that bandwagon. They're operating out of a single dark store in a few catchments of a city like NCR and Bangalore. And scaling this model to a level, where they attain scale, build a acquisition engine, ecosystem of a certain competitive game, or a unit economics, and on top of it, being able to build home brands, it will take them many, many number of years. And currently their unit economics is at a CM-2 level is so terrible that it will take, in our estimate, hundreds of millions of dollars for anyone to really take certain shape and size. So in our opinion, in our assessment, it's very, very hard to replicate what has been built for players like us, by the new players that you are mentioning, especially in the quick commerce, baby and kid space. So good luck to them and good luck to being able to generate hundreds of millions of dollars in investment

to be able to fund their growth and fixing their unit economics.

Mr. Ajay Agarwal

Thanks Supam, it makes sense.

The other question is on International business. So when we will be able to turn EBITDA breakeven in the International business and by when can we expect the growth to bounce back to higher level?

Mr. Abhinav Sharma

Hi Ajay. So Ajay, good question, slightly longer answer. Stay with me. So Ajay, early days and if you've seen the last few quarter results, especially the expansion of gross margins and a certain sort of a top line growth as well as reduction in losses, I think the path that we've chosen for ourselves here for the International business is ensuring that we grow, and while we grow, we are very, very focused on reducing our losses. First, that's the top most priority because we believe fundamentally that while the competition intensity is very high. We saw that last quarter also. We must remain very absolutely focused on ensuring that we are not joining that bandwagon because retaining customers, acquiring the quality customers is the top most priority. Especially in the ecosystem, which are inducing your CACs to be on the higher side or even the CPCs and CPMs to be very high, just because of the intensity, we have to remain focused. We are ensuring that our home brand mix in the business, what we are selling, the mix of home brands is improving, the mix of brands that are higher gross margin or higher repeat categories for us is improving. While we do that, our profitability path is very clear that we are not going to achieve a certain step function growth in topline or we are not going to commit to a step function growth in topline, while having a steep drop in gross margin or steep drop in EBITDA. So the first priority is obviously improving or reducing our losses.

Having said that, I think three and a half years into KSA and about just over five and a half in UAE, still early days. We've seen the same frenzy in India, if you go back 10 years or 15 years in India, we've seen the horizontals play similar sort of a business game plan. While they expand the ecosystem for e-commerce in the baby and kids category for us and for the larger ecosystem, we ride the wave once we have our unit economics in a zone where we're very comfortable to press on the pedal to grow faster and also breakeven. So very early days to commit anything. But definitely India, I think, and Supam, you can correct me if I'm wrong, but India, I think, took about 10 years to achieve that sort of a profitability or breakeven mark. One thing we know is we'll get there faster. It'll not take us 10 years.

Mr. Ajay Agarwal

Thanks Abhinav. Thanks for the detailed response.

My last question will be on Globalbees. Anuj, good set of results in GB. I heard there was a mention of Flipkart impact of some growth in Q3. Can you help us understand how much did Flipkart impact growth in Q3? And again on Globalbees, any plans on listing of Globalbees? Can you share the tentative timelines or any sense on the same?

Mr. Anuj Jain

Yeah, Sure. So I would say that overall, with the readjusted model that Flipkart has, there has been an impact on the revenue level itself. And that has got depressed. Overall, our gross margin profile remains pretty, pretty consistent. And at a fundamental level, there's no material change in the margins of the core business. So really the impact of Flipkart we've seen over the last couple of quarters has stabilized and in the coming year, I think we should be able to simply grow from there.

Mr. Gautam Sharma

Ajay, the right way of looking at the Globalbees business is you look at the EBITDA growth rate. Which is around 150%

increase year on year in Q3 and roughly 50% increase year on year in nine months. I think that's a metric that we should see.

Mr. Ajay Agarwal

Sure. Thanks for patiently answering all the questions. Wish you all, best of luck. Thank you.

Mr. Gautam Sharma

Thank you, Ajay.

Mr. Anish Arora

Thank you, Ajay. The next question is from Mr. Ranjit. Ranjit, please unmute yourself.

Mr. Tejas Shah

Hi. Am I audible?

Mr. Supam Maheshwari

Yes

Mr. Tejas Shah

Yeah. Hi, this is Tejas from Aventus Spark.

Hi Supam, Gautam. Supam, if you can just elaborate a bit our plan with RocketBees and Qwik, what exactly are we trying to solve here and what it will entail in terms of capital commitment and bandwidth commitment in coming period?

Mr. Supam Maheshwari

So, look, Ranjit, we have spoken about RocketBees initiative. RocketBees is a nomenclature that we have expressed first time on this call. But I think this initiative is almost a nine-month-old. We started somewhere around February, March, it's almost like 11, 12 months old now. So we've been speaking about a couple of quarters in our earnings call. We faced a lot of challenges in late 2024 and in CY25, where customer experiences because of our delivery delays and painful experiences because of disruption in the last mile service provider sort of ecosystem, gave our customers a lot of pain. And we waited, we tried all kind of all players, but we could not really get the kind of output, the kind of experience that we would really desire to give to our customers. And with that sort of a landscape that this will not get fixed, because as I said, Indian logistics do not provide differentiated service as



what you will find probably in developed nations like US, where you can have a shipper ship your order for a priority delivery versus a regular delivery. India doesn't have as sophisticated nuance at scale and at a cost that you would like it to be. And therefore, we had no choice left but to take this last mile service sort of a game in our hand. We built totally an asset light model. Total tech stack is being built by Firstcry. And on that, we have third party logistics, regional local players who are providing dedicated manpower, who are attached to fulfilling those shipments or delivering those shipments to the last mile. Dedicatedly only our shipment, not mixing shipment with some other shipper. So with that, we have not only improved, I would say the delivery TAT by around 20% compared to the third party logistics provider for our end customer, but also improve a lot of other metrics in terms of RTOs, in terms of, other metrics that come around damages and so on and so forth, which essentially means superior sort of a customer retention, superior customer cohort.

As more and more customers come under the area, under the curve of RB, we will be able to improve our growth with higher retention and higher LTV from those sort of customers. So it will pan out very beautifully for us. Also, I must say in the same breath, that it doesn't cost much extra compared to the third party LSPs cost. Initially for a few months, it is a bump up, but after that, once the city stabilizes onto a higher network of RB deliveries, the cost really comes down to the same third party logistics sort of service provider cost. So it is something that I wish we would have not faced this issue in the first place, but since we faced it, we had to build it.

And having built it, there was also a strategic sort of an understanding with the undercurrent of last couple of years, that couple of quarters, we are seeing how quick commerce has been rapidly changing the consumer behavior of getting products much faster. With RocketBees sort of architecture,



we are able to now control our destiny or control our customer experience for FC Qwik as a model as well. Otherwise, it becomes super difficult to just keep waiting for third party LSPs to really build a model for you and being able to scale up as quickly as you would wish to. That would have not happened. So it's just taking things in our control the way we did it in 2013. When we started Xpressbees, we had to take that in because at that time, there were no LSPs other than DTDC and BlueDart and so on and so forth. Historically, I don't want to go there and tell you the whole sort of a story. You may already know that. So we had to build what we built at that point in time. But we had to do another innovation again, once again, because of the disruption in the LSP ecosystem in the last couple of years, and therefore ended up building our own RocketBees, dedicatedly only working for Firstcry. So I hope I have answered this question unless you have any specific question on this particular point.

Mr. Tejas Shah

Yeah. Thanks, Supam. This was quite comprehensive.

Just one follow up there, so when we look at a player like Nykaa. Now, two years back, they also called out that because of logistic issues and other challenges, they are not able to give, the customer experience was getting compromised, and especially they were getting into Nykaa Luxe also, so they wanted it to be much more premium. Now they addressed it by investing in fulfillment centers closer to larger markets. And as the result shows now, they seem to have solved the problem and in a very good way. So just wanted to know this stencil that we are trying to use, or we are using now we are committed to, has it been used and hence it gives us confidence or we are the first to try it? Because to our naked eyes, Nykaa model also seems to be doing fine, which also had similar challenges as we had.

Mr. Supam Maheshwari

So I'll just tell you the broad difference between us and some other players that you are mentioning. Look, we are a mini-



horizontal in some sense. We are shipping from a 10 gram diaper pin to a 30 kilogram toy car. So our supply chain, our logistics model is far, far different than half a kg of a shipment of a typical sort of a fashion or a beauty, BPC as a product category. So the supply chain is far, far different right from storage to a line-haul, mid-mile, first-mile and last-mile perspective. So I think it is very, very complex. So it cannot be compared with what you are mentioning in real terms. Therefore, while things may work out with others in a different way, same paintbrush cannot be applied onto our kind of a mini-horizontal, product mix, where the spectrum of the product in physical form or a volumetric form is far different than what the others are providing. So we had to build, what we therefore built. And as you will remember, we already have 85 warehouses, somewhere around 83 or 85 warehouses, from a proximity standpoint. That network, we built it a fairly long period of time back. In fact, we were the pioneers of building a sort of dark store, when the dark store model as a name, nomenclature did not exist. We built our first so-called, today's dark store, in 2013, or 2014, somewhere around that. So we have been fairly innovative in those terms. We enjoyed the fruits of that journey fairly early in our overall 15-year journey. But I think things change, environment changes, service models change, consumer expectations change, and we had to re-innovate, reinvent ourselves. And that is where it led to building what we have built now. This will be long lasting. This will be very strong pillar of our growth going forward.

In fact, in the cities that we are already delivering through RB, we see a very significantly higher growth than the cities that we do not have RB today. I hope that really gives you, and it's significantly different. So therefore, that gives us internal sort of a boost as well, that what we're doing is right, not just vanity metric, in terms of customer satisfaction, but also in terms of real growth, that we'll be able to demonstrate once more and more customer experience RB and the RB network

increases to many more cities. And we'll be able to demonstrate our India multichannel growth or online growth into a very different curve in FY27. We mentioned that in our presentation, and hopefully we'll continue to demonstrate sequentially, not just FY27, but sequentially a superior growth in our India multichannel.

We are super confident on that, on back of these initiatives, in fact.

Mr. Vivek Goel

In a way, this is a long term investment. It is a long term benefit that we are building for the consumers. So it is important from that window as well for us.

Mr. Tejas Shah

And just for last, if I may squeeze in a follow up there. What percentage of our revenue or client pool or customer pool will we be able to service with this initiative, by let's say in next two quarters and by the end of FY27? And you have said that witnessing 20% improvement in TAT, wherever we have implemented this. So other than TAT, this customer experience shows up in which KPI? And how we should think of it translating into financials going ahead.

That's all from my side.

Mr. Supam Maheshwari

So as I alluded, we are witnessing significant superior growth.

So if you're talking about 8.9 or maybe 11, if you want to iron out the supply chain deficiencies, that we witnessed in quarter three, you can apply definitely a much superior growth than that. We have in cities where we have RB, we're talking about mid-teens plus growth. So as we expand our RocketBees network to more and more cities, we should be able to expand that mid to late teens growth model in those cities as more and more customers really get area under the curve. So as I said, Rocketbees, by middle of the current

calendar year, we should be able to touch 45 to 50% of our overall shipments.

Mr. Tejas Shah

Thanks and all the best for coming quarters.

Mr. Supam Maheshwari

Thank you, Tejas.

Mr. Anish Arora

Thank you, Tejas. Next question is from Vineet. Vineet, please unmute yourself.

Mr. Vineet

Hi. Thanks for the opportunity.

So just a follow up on FC Qwik, I get your point around the third party logistics, but how would you view Q-commerce players as our competition who are delivering within say like 10 to 15 minutes, and what will be our value proposition if we are, if our delivery promise is two to three hours? So is it going to be the assortment depth or it will be largely pricing led?

Mr. Supam Maheshwari

So Vineet, if you think, let us go back into the shoes of a mom. Typically, our AUPT is fairly high compared to a quick commerce. A mother typically will put multiple number of units in a typical order. Number one. Number two, our assortment itself, we are talking about not just diapering or consumables, we are talking about entire fashion, footwear, and baby gear, nursery, toys, the entire product categories that we serve in a regular business, is also being served in the FC Qwik. So it's a very different experience. And today we are leveraging, on a pilot basis, in these three cities, on few pin codes, through our COCO stores and through our current sort of warehouse. Over a period of time, we will be leveraging close to around 1,200 of our COCO stores as we progress further. That will give us an extremely high operating leverage, and as well as in certain pin codes, we will also be able to increase coverage of dark stores as well.



So over a period of time, we believe that while 10 minutes is what we are not solving for. The young mother who is probably looking for a single item, we are not catering to that. And we have talked about there's not so much of an overlap between what quick commerce assortment is and what our assortment is. We're talking about a full assortment. Just to give you an example, in non-fashion assortment itself, we have 300,000 SKUs, just in non-fashion assortment. So it's a very large assortment that we are talking about. And with that, we believe, the objective here is not to solve for 10 minutes or half an hour. It is to solve for that customer experience where they have a certainty that will come in a few hours with the full basket that they have ordered for. That is what we want to give assurance rather than and to catch on to that customer experience is what we want to solve for. And that will remain the bulk of the customer experience that young mothers or young fathers would want to solve for.

Look, majority of the products that we sell are our home brands, that we have already acknowledged in the past. So that is not available anywhere. And in particular, babies and kids space, there is a challenge on size and scale of brands, third party brands that are available. That essentially means that customer would come back, would shop with us, and will shop more and more with us, provided he gets a certainty on a quality of delivery experience, and through FC Qwik, we'll raise the bar. That's the objective that we have. We have already had a few weeks of FC Qwik already live. Ofcourse, you can try it in few, these three cities and some pin codes. And the experience or the pilot, our results have been very superb for us. We just are ironing out the tech product and the overall supply chain, overall efficiency, and we'll continue to scale this up.

Like we are giving you RB update, we hope to give you the FC Qwik update over next few quarters as we go along. So we

remain super excited on these three initiatives that we've talked about today.

Mr. Vineet

Perfect. So I have a slightly structural question over our growth.

While I appreciate our focus on profitability, but over say like last four to six quarters, our India multichannel growth has moderated significantly versus our own historical growth, say like pre listing. And we've also alluded to say sort of weaker consumer sentiments. But other multichannel platforms, say Nykaa, has grown significantly faster while expanding margins. So structurally beyond FC Qwik, what are the other levers that we are working on to reaccelerate growth back to say like mid teens or higher?

Mr. Supam Maheshwari

I think with these initiatives itself. Look, there are always many projects and many initiatives that we undertake in our regular day to day and which we have not spoken about. But these were three large worth mentioning initiatives that we spoke about, which will really move the needle. We remain super confident about our mid to long term story of being able to deliver mid to late teens growth for our India multichannel.

So we remain committed to that. In last three quarters itself, in my first slide itself I think we talked about the growth increasing, quarter on quarter, year on year basis and sequentially for last three quarters. And you will continuously see that happening over next few quarters. And I think structurally, with these three initiatives, we are destined to be able to see that and deliver that without any compromise. We don't see any challenge. We have to just execute on these initiatives hard, day in day out and ensure that we are retaining and delivering those results that you're all anticipating. So I think it should happen sooner than later.

FY27 will be far superior than FY26. And I didn't mean to say back ended. I mean, sequentially quarter on quarter, you should be able to see a continuous increasing growth year on year.

Mr. Vineet Perfect. That's it from my side. Wish the team, all the best. Thank you.

Mr. Supam Maheshwari Thank you

Mr. Anish Arora Thank you, Vineet. In the interest of time, we'll just take one last question.

Arvind, please unmute yourself.

Mr. Arvind Hey, Hi. Thank you for the opportunity. So Supam, like given the unique lifestyle of baby and kids product, how we are working to extend our customer engagement beyond early childhood and maximize lifetime value?

Mr. Supam Maheshwari So, Arvind, we have a couple of initiatives, a couple of things that we have talked about a few times and maybe ...

Mr. Gautam Sharma It's in the supplementary slides.

Mr. Supam Maheshwari It is in the supplementary slides as well. We cater to products from minus nine months, when the mother is pregnant, even prior to that, we engage with the mother through our parenting platform, which is part of our FirstCry app. From there, from that time, once before the mother conceives a child from that time itself, we have the product range up to 12 years of the age of the child. So, many years back, we had started the journey from minus nine months to three years, then we extended it to six years, then later extended from six years to 12 years. We have compartmentalized our app. If you look at our front end, a three-year-old mother or a six-month-



old, I mean, three-year-old young one mother or a six-month young one's mother or a six-year-old kid's mother, will see a very different homepage as they progress, as the kids progress over age, over time.

Mr. Gautam Sharma

Even based on the gender also, it's very personalized.

Mr. Supam Maheshwari

So it's hyper-personalized from both gender and age and being able to show the relevancy of the products and being able to therefore retain the lifetime value of the customer from almost up to a 15-16 years. Because there are almost 1.5 kids a family and therefore two, a couple of years of gap, two or three years of gap in between first and second child. Between almost 15 to 16 years of a lifetime value is what we are able to sort of map with driving engagement through the product journey that we have been able to build.

Initially, the engagement is from parenting platform, which is a far superior engagement but over a period of time, it is more, I would say, through the products and the superiority of products and our home brand play and the curated play through partnership with our thousands of brands is how we are able to retain those customers and superior customer experience. So that's how we have been able to manage and intend to grow the lifetime value and the cohort and frequency of customers.

Mr. Gautam Sharma

In fact, in the supplementary slide, there's a slide on the revenue cohorts as well. You can refer to that slide in the presentation we have shared with the stock exchange.

Mr. Anish Arora

Thank you, Arvind. That was the last question.

I'll just hand it over back to the management for any concluding remarks.

Mr. Supam Maheshwari

Nothing Anish. Thank you everyone. Thank you for your time.



We promise, we continue to deliver on what we have mentioned here. So you'll continue to see improvement in our India multichannel growth and overall growth of the consolidated business.

Looking forward to seeing you in the next quarterly update.
Thank you once again.

Mr. Gautam Sharma Thank you, everyone.

Mr. Anuj Jain Thank you. Thank you so much everyone.

Mr. Abhinav Sharma Thank you

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio video recordings uploaded on the stock exchanges on 13th February 2026 will prevail.