Management Discussion

Harsh Kabra - Partner, AZB & Partners
Recording in progress. Good afternoon everyone. Welcome to the Q2 FY27 earnings call of Brainbee Solutions Limited. This is Harsh Kabra and I have with me Mr. Supam Maheshwari, Managing Director and CEO of the company, Mr. Gautam Sharma, Group Chief Financial Officer, Mr. Vivek Goyal, Chief Business Officer of the company, Mr. Abhinav Sharma, Country Head of Middle East Operations, And Mr. Anuj Jain, Chief Executive Officer of GlobalWeave. Kindly note that this call is intended for analysts and investors of the company.

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

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

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Thank you, Harsh. Good evening, friends. Uh, This is, uh, we'll be making a presentation for our Q2 FY27 performance. Uh, would request Harsh to actually put up the presentation.

Harsh Kabra - Partner, AZB & Partners
Yes, sir, give me

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
I hope some of you have read the letter that I had sent and we had filed along with the presentation of our performance for the Q2. So I think it certainly gives you a you know, feeler of how the business we believe has been trending and will trend over, you know, years to come. So we are on a very, very positive note of where we have been trending despite all the challenges that we had faced and how we are overcoming them. So we have been very candid in sharing it through a letter as well this time.

This is the first time we have shared that. Um, we'll walk you through, uh, the whole journey for Q2, what we have accomplished, uh, in a bit.

Harsh Kabra - Partner, AZB & Partners
So there's a glitch at my end, uh, give me a minute, I will just share my screen in a second.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Sure.

Harsh Kabra - Partner, AZB & Partners
Sorry, folks.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Yeah, can you hear us? Yeah, okay.

Harsh Kabra - Partner, AZB & Partners
Yeah, can you hear us? Yeah, okay. Yeah, can you hear us? Yeah, okay. Yeah, can you hear us?

Yeah, okay. I hope. Hello,

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Is it working now?

Abhinav Sharma - Country Head, Middle East, Brainbees Solutions Ltd.
Yes, Subab, I think we can continue.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Okay. Yeah, sorry about it. This was something unexpected, totally. We really appreciate- apologize for this, uh, small aberration. So we'll begin, uh, quickly, last couple of minutes. Um, I hope it is, um, her presentation is visible and it's loud and clear.

Abhinav Sharma - Country Head, Middle East, Brainbees Solutions Ltd.
Yes, super.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Okay, all right, so we'll straight jump to the Our key highlights for Q2. We grew by around 14.1% year on year on a consolidated basis. It's been the strongest growth in the last 6 quarters, and losses after tax for Q2 narrowed by close to 75% from Rs 50.5 crore to Rs 12.6 crore. Crore in Q2 FY27. Segment-wise update on India multichannel, we grew by, you know, 18.6% in India multichannel in Q2, strongest revenue growth in last 8 quarters. Offline GMV grew by 13%, and we expect that the growth momentum should continue both in online and offline business in the subsequent quarters as well.

India multichannel continued to remain PAT positive even in Q2 FY27. International business, we grew by 5.8% year on year, and adjusted EBITDA losses came down 15.9% for the quarter. We'll talk about it in a little more detailed summary in subsequent slides, and For GlobalBees, back to growth momentum of 7.7% revenue growth, with an adjusted EBITDA grew close to 83% for the quarter. Some of the key, you know, consolidated matrices: annual unique transacting customers grew by 10% to 12.1 million.

GMV grew by 9.2% year on year, close to Rs 3,775- Rs 3,700- Rs 3,077 crores. And revenue grew by 14.1% to Rs 2,395 crores. Gross margin at Rs 242 crores, adjusted EBITDA Rs 217, and cash profit Rs 66.7 crores. This is for the entire console business for the Q2 FY27. With this, I will request Vivek to, uh, talk about the India multichannel.

Vivek Goyal - Chief Business Officer, Brainbees Solutions Ltd.
Thank you, Supam. I hope I am audible.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Yes.

Vivek Goyal - Chief Business Officer, Brainbees Solutions Ltd.
Yeah, so, uh, in India multichannel, we have delivered the strongest growth, uh, over, uh, last 6 quarters. So there's a very strong growth momentum across both orders and AOTC. Uh, the- we continued a sequential improvement year on year in revenue growth, with the strongest in last 8 quarters, as I mentioned. The diapering competitive intensity during this quarter, uh, has started to soften. Our non-diapering portfolio, which contributes to about 85% of our GMV, remains robust and continues to perform well.

Our orders year-on-year growth has been again the strongest over last 6 quarters. As you can see, it has been growing from 6% to 8% and continued towards its growth journey of 13% in Q2 FY27 over Q2 FY26. Can we move to the next slide? So, uh, on our online and offline GMV trends, our online GMV has grown at around 8%, uh, in this quarter, and offline GMV has grown at 12.9%. Our Q2 growth would have been stronger had festivals like Dussehra not fallen 3 weeks later this year. Uh, this has led to shifting of some of the festive sales from September 26th to October 26th.

I also want to highlight that our online revenue, net of discounts, returns, and taxes, grew at over 10% year-on-year in Q2 FY27. This is again the strongest growth in the last 6 quarters for our online business. For offline store formats, in spite of 10 lesser stores, we have managed a healthy 13% GMV growth, which is largely coming from growth in existing stores. This is mainly attributed to the changes made in product assortment strategy and execution. We, we had paused company-owned store openings last year to focus on capital efficiency.

Happy to announce that with improvement in assortment for 4th quarter, we have resumed company owned store and we can expect a significant step up

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
In

Vivek Goyal - Chief Business Officer, Brainbees Solutions Ltd.
Store opening in H2.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
[Foreign Speech]

Vivek Goyal - Chief Business Officer, Brainbees Solutions Ltd.
We can move to the next slide.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Vivek, we missed you for last 30 seconds.

Vivek Goyal - Chief Business Officer, Brainbees Solutions Ltd.
Thanks,

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Tor. Is it us only or is it Vivek? Audible

Vivek Goyal - Chief Business Officer, Brainbees Solutions Ltd.
Now, Gautam?

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
You were not audible in between, at least to us.

Harsh Kabra - Partner, AZB & Partners
Yeah, Vivek, your voice is breaking, uh, from last 30 seconds.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Vivek, can you continue now? Can you hear us? Okay, no problem. Uh, we will- it looks like again some, uh, infra challenge. Uh, So I'll take it on behalf of Vivek. Our India multichannel revenue, you know, grew by close to, in Q2, 18.6%. As we said, strongest in 8 quarters now. And adjusted EBITDA

for Q2 came to around 6.9%, which is, you know, 120 bps higher than Q1. And I would like to say the gross margin for online and offline business put together in Q2 has improved by 100 bps compared to the gross margin in Q3 when we started to have the diaper intensity, competitive intensity issues.

Despite that, we have started to improve our gross margin by 100 bps. We are not close to where we were in the last year at 9.1%. Part of the reason, reason is that the discounts are getting moderated from Q2 of this year, uh, in the diapering intensity. So that has helped us, uh, and the manufacturing margins remain under pressure because of the crude-linked raw material prices. Uh, while Q4 impact has been passed to the know, subsequent customers. But subsequent price increases have continued to have this extended lag, which we expect to cover in Q3 and, you know, hopefully completely by Q4.

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

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Just, just to add, you know, on the crude prices, the good news is starting first week of November, you know, we have started seeing the crude prices, you know, falling down. And in fact, if you see the delta between the gross margins on a YOY basis and the EBITDA margins on a YOY basis, We have tried to optimize the cost below gross margin to make sure that the delta between the YOY gross margins and the YOY EBITDA margin reduces. So we have saved around 90 bps on the costs which are coming below the gross margins

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
For India multichannel

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Business.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
This time around, we have given you additional data points around our cost structures as well. Below the gross margin, uh, and that will give you an improved quality of the business. Here you would like to highlight that our direct cost, uh, despite adding 2 initiatives, which is Rocket Bees as well as Quick, uh, our direct cost has now in Q2 has, uh, has gone down materially. If you see from H1 FY27 to Q2 of FY27, there is a drop of 50 basis, uh, from 9.2 to 8.7. But if you look at from Q1 to Q2, it will be almost like 100 bps improvement that we have done for the direct cost.

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

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
So the key impact of the reduction in the direct cost is is largely coming from the reverse pickups that the Rocketbees has started. So the, the cost that we incur on the reverse pickups for Rocketbees is almost 1/3 of the cost that we used to pay to the third-party logistics place for the

reverse pickup. So that's the key reason of the direct cost coming down in Q2, and this will further go down.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
So just to update on the 3 key initiatives that we have been talking about for, uh, quite few quarters now, um, Happy to share that our Rocket Bees initiative has now reached 102 cities, 20% faster delivery, and now we cover almost 60% of our online shipments. FirstCry Quick and Assortment, we'll talk about all of these 3 initiatives in a little more detail. This is a snapshot of Rocket Bees when we started in Q2 of FY26. From 13 cities, now we are at 102. Covering, as I said, 60% of the total online shipment volume with 90%+ on-time delivery performance, 20% faster delivery times, and 50% lesser return to origin, RTO, shipments.

And very important, what we felt the pain same time last year when we talked about a lot, now we have 60% lesser delivery complaints And all of the effect and impact of this initiative has been mentioned above on the slide itself, that our online transaction frequency cohort in Rocketbee service cities have improved by 10% year-on-year basis, resulting in overall improvement of frequency cohort by 5%. So we're very happy. We believe it will further continue to improve. And that's a testimony of what we have been building and what we thought we'll be able to build, although it took us almost a year, as you can see on the graph, to reach where we have reached.

We will not stop here. We will continue to grow our journey with Rocketbees and able to improve performance and improve our frequency cohorts. On to the quick As we have shared with you on Q1 this year, we started our pilot somewhere around close to December. From 3 cities, we have now moved to 16 cities in Q2, end of Q2. From a 3-hour delivery to many cities, now we are doing 1 hour to 3 hours and literally doubled our shipment count from March to June, June to September. And this has been, you know, I would say, a very meaningful, I would say, customer satisfaction index that we track internally.

Now we can be very sharp in being able to meet the customer expectations of some of the customers who are looking to, you know, get goods in much faster delivery timeframe. So in 16 cities, top 16 cities, I mean, these are- we are going by a certain method of selecting cities and the PIN codes around that and being able to deliver that. Obviously, we will continue to expand on our FC Quick initiatives in many more cities. As we have talked about earlier, in any catchment that we open Quick, we typically are ambition is to take 20% of the total overall shipments on that particular catchment to FC Quick.

And we want to reach, you know, FC Quick as a service to almost 50% of the overall serviceability that we do in entire pan-India. With that, we should be able to reach to around overall 10% of our overall volume, online volume to FC Quick over a period of time.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Harsh can present it now.

Harsh Kabra - Partner, AZB & Partners
Yes, sir, just one second. So just to give an update, there's some technical problem at Zoom end, and so any analyst and investor who have joined through browser will not be able to see the screen. So request all the analysts to switch to the application if possible. Sorry for the inconvenience.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Harsh, will you be presenting the?

Harsh Kabra - Partner, AZB & Partners
Yes, sir. I'll present the screen. I'll present the screen, sir. Yeah.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Okay. Should I stop? Okay.

Harsh Kabra - Partner, AZB & Partners
Yes, sir. Let me know once the screen is visible.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Yeah, it's visible, sir.

Harsh Kabra - Partner, AZB & Partners
Okay. Okay.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Yeah, just stay here.

Harsh Kabra - Partner, AZB & Partners
Yes.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Yeah. So I think we are- yeah. So we will be able to reach around 10% of the total overall, you know, our overall shipment volume under FC Quick. So we have a lot to improvise and improve upon both in terms of assortment as well as sharpen the assortment as well as expand our FC Quick coverage across many more cities to come. So we'll keep you updated as we go along for the next few quarters. Moving further, the 3rd initiative that we are talking about, you have been seeing the results from Q4 of last year and Q1.

And Q2 as well. Um, we- our strategy of sharpening the assortment at our stores really has worked very nicely. Um, despite having 10 less stores, we've been able to have in Q2 13% GMV growth, which essentially means largely coming out from the same-store growth. We believe stronger footfalls and conversions because of our assortment sharpening has led to this, and we'll continue building on it. And now our engine of adding more stores have started from last quarter. You will be able to see the impact of numbers, uh, you know, going up in terms of new store additions in Q3 onwards, uh, And it'll continue going forward.

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

Abhinav Sharma - Country Head, Middle East, Brainbees Solutions Ltd.
Thank you, Supam. Hello everyone. A quick update on the international business. Some of the highlights we as as we've spoken previously in many quarters, I think four or five quarters now, we've continued our focus on sustainable growth and. In the quarter in discussion, Q2 FY27, our GMV grew by 10% YOY while our adjusted EBITDA losses reduced by 15.9% in the same timeframe. Gross margins continue to improve, which is a classic example of and shows our strength of the India playbook in execution here in the Middle East as well.

One key point we all know, we are all aware of the geopolitical disruptions that are ongoing since Q1 of this year and the domino or cascading effect we are seeing as we speak, the Middle East business grew by 6% on revenue terms with a much higher potential in a stable environment. So

10% GMV growth and a 6% revenue growth with a 15.9% reduction in EBITDA losses. This slide showcases our revenue progression growth progression. Uh, as you can see, a 6% growth in Q2 FY27 over the last year same quarter.

More importantly, 220 bps improvement in gross margins going to 28.5% from 26.3%. Uh, adjusted EBITDA, uh, in absolute terms, uh, we, we improved losses, reduced losses from Rs 18.9 crores to Rs 15.9 crores, which is a 6.4% in terms of revenue, which was 8% last year in the same quarter. And as you can see, the progression is very clear in terms of our path to profitability and reducing losses while we continue to sustain a very sort of a stable growth and reducing losses. Next slide, please. This is a comparison of the first half of FY26, FY27, and the quarters in discussion.

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

Next slide. This is a progression of how, how we've performed so far from FY23 to FY26 full year basis. 25% negative EBITDA clocking at 10% negative, uh, in FY26. And in the first half of the 2 years, FY26 versus FY27, we've reduced our losses from 9%, uh, now to 7%, uh, 40 crores going to 32.6 crores. Largely, uh, the levers are the, uh, you know, home brand mix, higher home brand mix, which is again a testimony to the acceptance of our home brand categories and product mix and assortment that we have for the parents of the region.

And again, a classic page taken out of the India playbook. Higher- apart from the home brand mixes, a higher margin category and brand selection for the non-home brand part of the business, very high quality acquisition of customers, and more importantly, retention. Because that in the longer term will help us improve our unit economics, and therefore we can, you know, press the pedal on more acquisitions as we move along. And as we scale, there is operating leverage that we can see across in the previous slide that you showed with the direct and indirect costs, you know, having leverage because of the revenue growth quarter on quarter and first half of this year versus first half of last year.

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

Anuj Jain - Chief Executive Officer, Globalbees Brands Private Limited
Thanks, Abhinav. Good afternoon, everyone. On the GlobalBees front, GlobalBees grew by 7.7% to Rs 530.6 crores after a largely flat Q1 that we had had. The adjusted EBITDA improved from Rs 10.4 crores to about Rs 19 crores. And the margins, if you compare Q2 of FY27, stood at 3.6% versus the same quarter last year were at 2.1%. 2 things that have affected the growth. One was a planned warehouse move in one core brand during the quarter. And there was some shift in platform promotions and festive sales also, which last year were in Q2 and this year have fallen Q3.

With the portfolio rationalization largely complete, we are focused on scaling our core brands and improving the returns. Ash, we can move to the next slide. If you see our adjusted EBITDA and margin movement over time, you will see that in FY26 we were at about a 2.9% adjusted EBITDA, and H1 FY27 we stand at 3.8%. Um, other brands, the non-core brands rationalization, as I mentioned earlier, is largely complete, is actually complete. And, uh, um, the co-brand warehouse

and inventory transition that we had, uh, mentioned last time would be completed by Q2 is done.

Uh, we are now, uh, expecting, uh, growth recovery from Q3. Uh, one of the, one of the factors that has impacted the gross margins has been the rupee depreciation and, uh, And hopefully over the next couple of quarters, we'll see a recovery in that as well. So we should be able to move towards a stronger EBITDA. That's about it from my side.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
So this is the last segment that we report as others, which basically includes the performance of our preschool business. Uh, so network, uh, the preschool network has crossed, uh, 500 in numbers. So as, as at, uh, end of September '26, we are at 512 schools in 218 cities. And the number of student enrollment, it stands at 28,785. Revenue and adjusted EBITDA both continues to grow, both in terms of absolute value as well as As a percentage to net revenue, so revenue in Q2 grew by 19.3%, and H1 growth is roughly around 35%.

If we talk about adjusted EBITDA, in absolute value it has increased from Rs 2.9 crore to Rs 5.3 crore, which is 40.3% of the net revenue in Q2. Next slide. So we'll move to the consol financial summary. So this is, uh, the sum total of all the 4 business segments which we just talked about. Uh, on a revenue basis, we grew by 14.1% in Q2. Again, this revenue growth is the strongest growth in last 6 quarters. While there remains a, you know, a bit of pressure on the gross margin, largely coming out of, you know, uh the pressure on gross margins in the India multichannel business, which Superman Vivek talked about.

However, you know, the lost delta in the gross margin on a YOY basis in Q2 is partially covered by, you know, our efforts on optimizing the cost below the gross margin. Hence, you see 5.8% EBITDA in Q2 has come down to 4.9%, which is roughly a 70 bps saving below the gross margin cost. Next slide. Uh, this is the cost breakup below the gross margins. Uh, we can see direct costs more or less remain same both in H1 as well as Q2 on a YY basis. Marketing spends continue to go down, so we have saved roughly 60 bps, uh, in the marketing cost in H1.

And roughly 50 bps in the marketing cost in Q2. Similarly, there is a reduction in the indirect cost as well, 14.5% in H1 going down to 14.1%. And similarly, there is a 40 bps saving in Q2 on a YOY basis. So this leads to a 1,175 million INR adjusted EBITDA in Q2 compared to a 1,208 adjusted EBITDA in Q2 FY26. The next slide talks about our reported PAT journey as well as the adjusted PAT journey. Adjusted PAT is basically the PAT after adjustment of ESOP cost and the exceptional items. So you can see most of the quarters, you know, in last 4 quarters we have been, you know, positive in terms of adjusted PAT.

And the reported PAT also, you know, in terms of percentage, you can see it's continuously going down. So from 2.4% in Q2 FY26, we have now reduced the losses to -0.5%. In absolute value, this is a reduction from Rs 51 crore of reported PAT to Rs 12.6 crore of reported loss in Q2 FY27. So that's a significant reduction, roughly around 75% of the reduction in PAT. Working capital trends, uh, Uh, net working capital, it has gone down from 67 days to 61 days. However, the inventory has, has, you know, increased a bit from 99 days in end of September, uh, '25 to 105 days end of September '26.

This is largely because of, you know, uh, advancement of festival and sale by 3P platforms both in India multichannel business as well as the global bees business.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
So our priorities for FY27 is absolutely clear to us. We want to focus on service improvement and leading to growth. So we will continue to expand our Rocket Bees coverage, improve delivery experience, to more cities than 102. And we will continue to expand our FC Quick, which I talked about. Our goalpost is at least reaching to 10% of our total overall online orders and be able to- now we have reached to a very nice store productivity, so we'll be able to continue to do our store, new store expansion, which you should be able to see in Q3 itself.

So all of these 3 buckets will lead to a very strong growth in Q3 and, you know, quarters to come, uh, because of the frequency, transaction frequency cohort improving, as well as, uh, new store additions. So that's on the growth side. And the second focus area and priority for us will be, uh, you know, walking through a tightrope on profitability, uh, in India multichannel. As we talked about, our, uh, you know, dampening discounts have continued to moderate, uh, from Q2 itself, uh, of, uh, this fiscal year, uh, and, uh, we, and we believe it will continue to moderate, uh, further as well as we go along.

And, um, uh, so that will lead to overall optimization in discounts, uh, and we will continue to, you know, improve our home brand mix, uh, leading to improvement in gross margin and And obviously, you know, manufacturing-related, you know, sort of crude-linked cost pressures, as we know, it's a little external, but it looks like it is stabilizing or going down, which will give us, you know, one ability to pass on to the customers once, and any reduction further will actually help us improve. The gross margin.

So I think its recovery is in place. You will see it on quarter-to-quarter improvement in the India multichannel gross margin, both in Q3 as well as in Q4. Significant change on the international side, as Abhinav talked about, we'll continue to reduce our losses through product mix and operating efficiency. For last 8 quarters, you have been able to see that we will continue to perform day in, day out on accomplishing that objective to make sure our business becomes EBITDA neutral, uh, fairly sooner.

And on GlobalBees, as Anuj talked about, we have come back on a growth trajectory. Uh, we should be able to see more improvement in, uh, you know, growth as Q3 had, uh, you know, a festive season as well, so, uh, which was there in Q2 last year. So you should be able to see both growth as well as improved profitability as all the rationalization of brands and warehouse transition is almost completed. So with that, we believe that I think you should see both our priorities reflecting in material outcomes in form of numbers, uh, both in growth improvement as well as further improvement, as well as in profitability improvement.

So with that, I think we can take your questions.

Questions & Answers

Harsh Kabra - Partner, AZB & Partners
Thank you to the management team for the presentation. We will now open the floor for questions. I request participants who wish to ask a question to use the raise hand feature. We will invite you to unmute one by one. Please introduce yourself and mention the organization you represent. To give everyone an opportunity, please limit yourself to 2 questions. For any follow-up question, you may rejoin the queue. We'll allow a moment for the queue to form. Our first question is from Mr. Mayur Ghatani.

Uh, please unmute yourself.

Aditya Srinivasan - Analyst, iThought PMS
No, I'll just come back on the queue, please.

Harsh Kabra - Partner, AZB & Partners
Okay. Okay, uh, so, so next question is from Aditya Srinivasan. Uh, Aditya, if you can unmute yourself.

Aditya Srinivasan - Analyst, iThought PMS
Hello, I hope I'm audible.

Harsh Kabra - Partner, AZB & Partners
Yes,

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

So that would be my first question.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
So so Aditya, in fact, if you see our you know FAQs that we have filed the stock exchange,

Aditya Srinivasan - Analyst, iThought PMS
Right?

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Given the marketing restrictions since you know the Swara is In the process of filing its RHP.

Aditya Srinivasan - Analyst, iThought PMS
Correct. We really

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Can't talk about the manufacturing numbers, you know, separately for the FY27 because those are not published. So we have restrictions on that. However, you have the Swara performance with the manufacturing performance for the last 3 years. That's what we can share about the manufacturing business. It's already

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
A published data. Yes.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Hopefully this restriction will not be there in the next quarter when we expect that, you know, the manufacturing business will be a listed company.

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

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
So Aditya, what we should see in fact, so what we should see Aditya is basically the growth in the net revenue, the revenue post discounts, taxes and return. That's what We have published also that, uh, the online, uh, revenue growth post discounts, taxes, and return is 10% plus, which is the strongest in last 6 quarters despite of a, you know, a slower GMV growth. And that slower GMV growth is largely coming of- coming because of, you know, slight reduction in, uh, the AOV, uh, and, uh, second one is the you know, the festival moves, you know, by almost 3 weeks.

So high- some of the high AOV items which people generally buy during, you know, the festival times have now pushed from September to October. So that's the key reason of a lower GMV growth.

Aditya Srinivasan - Analyst, iThought PMS
Understood. So would there be

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
A- we believe Q3 growth should be better than the Q2 growth.

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

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
See that? Yeah, words, words.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
I did talk about, Aditya, if you, you know, I mean, couple of minutes back, I did mention that between Q1 to Q2 itself, or you look at H1 data versus Q2 data, uh, there is a 50 basis point drop, uh, in, you know, our direct cost itself from H1 to Q2, which essentially means, uh, Q1 to Q2 there is a drop of almost 100 bps in India multichannel direct cost. So it's already on the right sort of trending direction. And, uh, as you know, we had front-loaded this cost to build up the network across 102 cities.

So the cost had actually gone up, and now it started to retreat back, and you're already seeing the benefit. And as Gautam mentioned, you would probably be able to see more rationalization of direct cost over time as we expand. The expansion is on both accounts, not just RocketBees but also FCQuick.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
So you should look at the logistic cost, you know, So basically it consists of the RocketBees cost as

well as the FirstCry Quick cost, right?

Aditya Srinivasan - Analyst, iThought PMS
Got it. FirstCry

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Quick was not there in Q2 last year. So despite of FirstCry Quick coming in Q2 FY27, the direct cost is only higher by 20 bps on a YY basis. So this gap of 20 bps was roughly around 40-45 bps in Q1. 1. So that suggests that the cost is continuously going down.

Aditya Srinivasan - Analyst, iThought PMS
Got it, sir. That makes sense, makes sense. Just one more follow-up on the Quick side. So Quick has doubled, uh, shipments to about 250,000 in September, and with only about 4 cities added, whereas compared to like last, uh, last quarter, you doubled the cities as well as doubled the shipments. So what led to the doubling in shipments even though Only 4 cities were added.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
So Aditya, you should not read- actually, the cities is just one number, but within cities we expand multiple PIN codes and multiple catchments as well. So while the city is a static number, but within city there are multiple PIN codes that we activate as we align our infra, you know, over, you know, in the micro catchments. So the real number to look is not number of cities, but, you know, the number of shipments that we are able to execute. So within 16 cities, you will see a growth. And when we add more cities, you will see further growth.

So that's how you have to look at it. Like a city like Bangalore or, you know, NCR may have still more catchments to be covered in under FC Quick, which we haven't done so far despite being, you know, almost 9 months at it. So you will see expansion happening within Bangalore, within, let's say, NCR, without adding the count of number of cities. So that's how you have to read it.

Aditya Srinivasan - Analyst, iThought PMS
Understood. So more depth across micro markets, essentially.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
That's correct. Yes.

Aditya Srinivasan - Analyst, iThought PMS
Okay. Thank you. Thank you so much for your time. Good luck.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Thank you. Thank

Harsh Kabra - Partner, AZB & Partners
You, Aditya. The next question is from Ranodeep S. Ranodeep, if you can unmute yourself.

Ranadeep Singh - Analyst, F6S
Thank you for the opportunity. So, uh, my question was with respect to the Swara IPO. I mean, what is the intended objective of listing it as a separate entity? Is it primarily to unlock value and provide independent access, or to, you know, provide independent access to capital for growth, or create a more focused business with its own strategic direction? I mean, and how should Brainbees shareholders think about the long-term value creation opportunities from this exercise?

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
So, Pranavdeep, you have touched upon both the relevant points. We have actually shared one note, uh, you know, a couple of weeks back, uh, to stock exchange on our strategic reasons of participating in the OFS. Uh, it is exactly touching upon both the points that you talked about. Um, you know, and it is both, uh, the kind of capital requirement that the manufacturing business requires and a very focused strategic initiative on building hygiene category, which they are the largest OEM in the country.

Uh, and they- and, and Swara will continue to expand domestically as well as in exports. So that's that unique opportunity that presents to itself will help us unlock a lot of value creation, you know, rather than being part of the Ondia multichannel. So that's the reason we enabled, you know, this direction for Sora. I think over time we all as shareholders should benefit out of this.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
We will, however, continue to consolidate the Sora numbers in our financial statements.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
It will still be

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
A, you know, a holding company.

Harsh Kabra - Partner, AZB & Partners
Okay, thanks, thanks, Randeep. Our next question is from Shashank Puri. Shashank, if you can unmute yourself.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Yes go Shashank

Harsh Kabra - Partner, AZB & Partners
Shashank you are not audible. Okay, so will take next question. Next question is from Avnish Sharma. Avnish, if you can unmute yourself.

Avnish Sharma - Analyst
Thanks for the opportunity. I have 3 questions. So how much was the impact of certain rationalization exercises we had taken in Global Bees, and how should we look at your performance in 3Q? Like, will there be the impact, or is it still in the base?

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
So sorry, what was the first question?

Avnish Sharma - Analyst
Uh, your rationalization exercise in the global piece, like we had taken some certain rationalization exercises.

Anuj Jain - Chief Executive Officer, Globalbees Brands Private Limited
Yeah, so, um, so, uh, the, the rationalization's been happening over the past year and, uh, uh, it's already completed in, uh, Q1. And, uh, we're now directing more management time and capital towards the stronger categories and focus businesses that we've identified.

Avnish Sharma - Analyst
Okay, and, uh, uh, and how should we look at Q3 for this Global Bees?

Anuj Jain - Chief Executive Officer, Globalbees Brands Private Limited
So, uh, so Q3, uh, Q3 should, uh, should deliver stronger growth as well as improved margins. Uh, uh, uh, the- in terms of the rationalization of brands impact, if you're specifically asking that, I think the Q2 is already an indicator, uh, in terms of the impact, because quarter 2 does not have an impact of, uh, the rationalization of brands.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
So, so how you should look at the Global Bees business, you know, so we have Anujit talked about in one of his slides that the growth could have been better had, you know, the 3Ps have not shifted their sales from September to October. As well as the festivals like Dussehra have not shifted by almost 3 weeks. So last year the Dussehra was on 2nd October, this is- it's now 19th October. So a good part of Dussehra sales have now shifted to Q3. So how you should look at the business is basically Q2 and Q3 combined.

In terms of margins, you know, on a YOY basis, we are every quarter we are doing better in Global Bees business. And since there was some impact on the- because of the currency fluctuation which Anuj talked about, I think we believe that the Q3 margins should be better than compared to the Q2 margins.

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

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
So, so we talked about, uh, softening of, you know, uh, competitive intensity in the diapering category. So that's clearly visible. In fact, Q2, if we talk about the online and offline gross margins only, right, it has improved by 100 bps, uh, compared to Q3 last year, uh, based on what we have seen in October. In fact, that's even mentioned in our FAQs. We believe that Q3 margins should be, should be better than, significantly better than the Q2 margins, and we'll continue to improve the margins going forward.

Uh, and multiple factors like, you know, mix of home brands, uh, continuous negotiation with third-party brands, uh, you know, benefits of scale and all these things will kick in and will continue to improve our margins, you know, going forward.

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

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
No, look, if you will, if you'll see, the absolute amount of marketing spend has been increasing. It's not just a percentage. So the absolute amount has been increasing and the cohorts are also improving. So I think you should read it from a window of, uh, how we are optimizing, still generating superior growth and investing in activities where we are able to generate new customer acquisition at a much sharper and much higher retention of new customers. And so I think our focus has been built around improving service quality, improving product assortment to be able to, you know, get a

web better bang for our buck.

And that is what is reflecting in the numbers that you have been seeing it.

Aditya Srinivasan - Analyst, iThought PMS
And the

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Whole idea of omnichannel or offline, online, and now FC Quick, it'll help us from a parenting journey. If you look at from a young parent, we are, we are there and across all 3 platforms. The customer wants to buy offline, obviously out of our almost 1,200 stores they can buy. Customers want to buy in, you know, 60 minutes to 90 minutes or 180 minutes, they have FC Quick, um, and then a long tail available through our regular e-commerce platform. So I think with that, we are a very- we are very uniquely placed to be able to have the largest wallet share of the customers, uh, is how we have positioned ourselves.

And we'll continue to expand both in terms of our store coverage, physical store coverage from Q3 onwards substantially, and our FC Quick and our, uh, you know, online, uh, delivery question in terms of serviceability through our Rocket Beans expansion. So with that, we believe, uh, the marketing spend will continue to, uh, you know, get better at acquiring more and more customers, uh, is how we believe will turn out to be leading to an improvement in EBITDA.

Avnish Sharma - Analyst
Okay, and just one last question. So as we expand these offline stores, um, what sort of impact do we see on the working capital, and what kind of CapEx are we expecting?

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
So CapEx, uh, you know, any which ways, uh, is roughly close to Rs 2,000 to Rs 2,200 per square foot. And these are the stores that we are talking about, each having a size of, uh, 3,000 to 4,000 square feet. So that's the CapEx requirement. And we don't see any material change, you know, in the working capital because on the base of- so first of all, offline business itself is, you know, 22% of the GMV. And if you further break it down, uh, between Fofu and Coco, that's again 50-50%. So opening, and on a base of, say, You know, fifty sixty stores or you know even further you know in the next year on a base of one thousand two hundred stores.

It's I don't think that there will be a a material change in the working capital requirement.

Avnish Sharma - Analyst
Understood. Thank you. Those were the questions that I had. All the best.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Thank you. Thank

Harsh Kabra - Partner, AZB & Partners
You. Thanks, Amnish. Our next question is from Shashank Puri. Shashank, if you can unmute yourself.

Shashank Puri - Analyst
You hear me properly now?

Vivek Goyal - Chief Business Officer, Brainbees Solutions Ltd.
Yes.

Shashank Puri - Analyst
Yeah, uh, my question was on, uh, uh, on, uh, could you clarify what is the original commercial dispute with, with Kubair Mart shareholders, uh, Is there any underlying payment obligation or litigation still there?

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
There are 2 things. Because of some interpretation issues on some of the liability, they have filed under IBC as a financial creditor. More than a year back, and very recently, uh, uh, their, uh, appeal or their application for, uh, the bankruptcy of the- of Global Bees has been rejected by NCLT. We have made this, uh, distributed to the stock exchange.

Shashank Puri - Analyst
No, I, I've seen that particular thing. I'm just wanted to know, is there a- is the end of the story, or there's some more Litigation or something else which is pending?

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
No, so so that discussions and those litigations are anyways going on, and and the law will takes it take its own course.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
But there is no additional

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Liability that we expect in the books of global bees.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
And and nothing to worry business is back on track. Yes yes so nothing to worry on around that. Liability is capped anyway. So, uh, and

Shashank Puri - Analyst
Yeah, the second question was on the preschool. Maybe seeing the, uh, importance is only one slide dedicated. Is it a strategic, uh, SBU for us, or it is maybe someday you will spun it off, or what is the way forward for the preschools? Because, um, it, it, it doesn't get that seems that desire attention which the other businesses do.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Sushant, it is more of a strategic initiative. If you look at it, the objective here is to be able to be, you know, as part of our mission to solve for important needs of young parents. And one of the important needs when you have a young child at home is also education. While it is a completely asset-light business, and we provide the tech platform, the curriculum, And through our business partners that we have across, you know, a few hundred cities, 512 centers that we have opened and we continue to open more.

The objective here is that in any catchment you will find young parents can shop on our platform, online, offline, FC Quick, and also enroll their kids into a good quality branded preschool to be and therefore have peace of mind. That's objective. And that ensures FirstCry as a platform remains top

of the recall in their minds for solving all their key pain points. I think that's the objective that we are solving with. And anyway, these IntelliTots schools, students, and young parents become our power users for FIRSTCRY, both from an online and offline perspective.

So that's the objective. Since it is asset light, we'll continue to expand it. It fills our strategic purpose over a period of time. Our marketing cost, word of mouth, all of this will, you know, help us to reduce our marketing costs. So that's the objective that we are going ahead with, and we'll continue to expand. And

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
We are very much focused on this business, you know. So in last 12 months, we have, you know, added almost 80 preschools And even the number of enrollments have also significantly increased. So focus is not lost.

Shashank Puri - Analyst
Thanks, thanks, thank you.

Harsh Kabra - Partner, AZB & Partners
Thank you, Shashank. Next question is from Garima Mishra. Garima, please unmute yourself and go ahead.

Garima Mishra - Analyst, Kotak Securities
Hi, um, thanks so much for the opportunity. This is Garima from Kotak Securities. Our first question was on the India multichannel business. You mentioned that you want to start adding stores again. What is the store count addition expected in the second half, and where do you see the store count going in, let's say, the next 2-3 years? And I'm asking this because your current store count, it's itself is fairly decent in the overall scheme of things. So just, just some comments there would be helpful.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Sure, Garima. Garima, actually, uh, as you would know, and we have talked about in our previous calls, that, uh, we had paused our store expansion, especially in CoCo. Uh, reason being we were going through a product assortment strategy change. Uh, having said this, uh, for last 3 quarters, from Q4 of last year, Q1, Q2, We've seen significant improvement, uh, both in terms of our GMV expansion, GMV growth, uh, led by footfall as well as conversions improvement. Um, so we are back on our store expansion engine.

Um, we, uh, it takes time to actually kickstart that. We have signed many new properties, uh, but the store expansion roughly around close to, you should be able to see around 50 to 60 stores coming up in, you know, for the remainder of the FY27,

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Including franchisee and company-owned. Yeah, a healthy mix of both formats.

Garima Mishra - Analyst, Kotak Securities
All right, okay,

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Next subsequent few years, I think, you know, roughly 90 to 100 stores is what we can target For at least next two to three years each year.

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

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Sure. So yeah, diapering intensity has, you know, has moderated from Q2, and we talked about in the last earnings call as well. And the reason being is there has been a lot of rationalization that has happened in the quick commerce space overall, and that has led to you know, focus back on the profitability of unit economics of the larger players in the horizontal commerce. And that impact is visible to us, which has led to reduction of discounts. And we have already reported almost 100 bps improvement in Q2 from our India, you know, offline, online business compared to Q3 of last year, FY26, when this pain had started.

Uh, so we already seen that 100 bps improvement, obviously a mix of host of factors, and one of the factors is discount moderation as well. Uh, so that's on the first question. And second question around OZ, uh, and other players like Pico and all of that, uh, look, they are only operating in, uh, right now on single city format, uh, which is an NCR and Pico in Bangalore, OZ in NCR. You know, it will be a very- I would say to find large, dense populated, you know, I would say areas to be able to build a model and scale that across hundreds of cities is going to be very difficult.

Um, and our assortment led by almost, uh, close to 58% home brand share, uh, with, you know, Rocketbees network and a pan-India network, uh, and a store network which makes it asset light for us from an FC Quick perspective, uh, leads to a very high and, uh, very, I would say, evolved unit economics. So it will be very hard. I mean, I cannot describe it unless it'll be unfair on my part, but it'll take for them to raise a few hundred million dollars to be able to sort of compete on that direction.

We are talking about 2 million SKUs that we are operating under, have, with a large part coming across categories into home brands and a pan-India network. Uh, with fashion alone, which is more than 50% of our business, it's very hard to do in a, uh, a quick model. However, our SC Quick actually spans across not just consumables like diapers and so on and so forth, but around along with baby gear, nursery, which are very, you know, high ASP and large voluminous products, and, and a Also the entire fashion category and footwear category, which again led by our home brand.

So with that, we feel very comfortable. It will take years and a lot of burn for them to be able to compete and build what we have built. So I wish them good luck.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
I think we are focused on, you know, improving our unit economics and delivery performance. So Uh, the testimony is, you know, doubling the shipments in 3 months, uh, 125,000 to 250,000 shipments. Uh, that's what we are focused on.

Garima Mishra - Analyst, Kotak Securities
Got it. Um, thank you so much for taking my questions.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Thanks, Karima. Thanks,

Harsh Kabra - Partner, AZB & Partners
Karima. Karima, uh, as we lost some time due to technical disruption on Zoom, we are happy to extend the Q&A session So our next question is from Surendra Singh. Surendra, if you can unmute yourself.

Surendra Singh - Analyst
Thanks for the opportunity. I hope I'm audible. Yes. Yeah, so I recall reading the past conference calls where management admired the way Page Industries does its business and the kind of operating margins they command in the market, right? So I was just wondering what kind of top line we should have in our India multichannel business before we can start reaching to the benchmark we look forward to.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Yeah, so Surendra, I think we continue to admire what Page has built in terms of especially around the, you know, bottom line EBITDA and PBT margins. Our model fundamentally has been built around on the front-end side of it as an, you know, as a retail platform and a multi-brand retail platform, both online, offline, very unique with 78% online, 22% offline. And, you know, on the backend side, you know, almost close to 7,500+ brand partnerships. And a majority of that business being led through our home brands, which is the power that we always related to like a Page Industries model.

So our model is far more durable in terms of the growth. We believe that our India multichannel growth should continue to be in mid to late teens for a longer duration, longer number of years to come. And yes, we had certain uh, you know, challenges in the past which we have- believe we have overcome. And you should continue to see Q3 better growth and so on and so forth. And the long-term, uh, growth, uh, we believe will be in mid to late teens. Uh, with that, we will bring back our focus also on our margin expansion, which is what- who we admire as well.

And you should be able to see our margins, both gross margin and EBITDA margins increasing, uh, quarter on quarter, uh, we should be back on track. Uh, no questions and no- you should- we'll let the numbers speak for itself in Q3 and in Q4 and, uh, thereby onwards. So we are very, very confident on that.

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

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
So, Sohinder, I think as, uh, some of our brands mature, uh, over time, uh, we will continue to look for strategic financial opportunities to monetize some of these brands, some of the assets. Uh, and to maximize both the GlobalBee shareholders as well as BrainBee shareholders, uh, value. So that is what we will be, uh, it could be strategic, financial, or it could be even capital markets over a period of time. So, uh, that's how you should see it. And, uh, uh, you know, we will not be able to give you any time commitments, uh, but as the business has been doing well both in terms of top-line growth as well as bottom-line expansion, uh, you should be able to see some of these monetization efforts also, uh, fructify over next couple of quarters and, and leading to some monetization outcome for

both shareholders of Globalbees and Brainbees.

Surendra Singh - Analyst
Understood. I have another bookkeeping question. Should I ask right away or should I wait in queue?

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Go ahead, yeah, go ahead.

Surendra Singh - Analyst
So when I was having a look on the, on the recent cash flow statement, uh, one thing which caught my attention was there is an increase in other current assets. And, and compared to FY25, FY26 had a big jump because of GST receivables, which went up to almost Rs 500 crores from below Rs 200 crores. So I was just wondering what led to this additional Rs 235 crores which you've disclosed in the current results.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Can you give us some time, please? You know, by the time, you know, the other, uh, person asks the question, we'll be having this answer.

Surendra Singh - Analyst
No, no issues. Yeah, thanks a lot. Thank you for answering and giving me the opportunity. This largely

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Seems to be a, you know, accumulation of GST credit.

Surendra Singh - Analyst
All right, we'll

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Confirm this in a while.

Surendra Singh - Analyst
Yeah, sure. And, and it will be good if you can just let us know that why it is being accumulated so heavily of late, right? So

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Sure.

Surendra Singh - Analyst
Thank you.

Harsh Kabra - Partner, AZB & Partners
Thank you, Surendra. Ranadeep, please unmute yourself and proceed, proceed with your additional questions.

Ranadeep Singh - Analyst, F6S
Thank you for the opportunity once again. Now, uh, Supam, I mean, we've all, uh, gone through the, um, uh, the bigger macro scope that you shared, uh, during the IPO and the, the TAM you spoke about and the bigger opportunity. Uh, somehow, uh, when it comes to, uh, you know, if I think

through from the, um, shareholders' return point of view, uh, we've seen the highs of 700+ and now Uh, it's kind of, uh, it's around 150 levels. While we understand the market valuations are not entirely management's control, uh, but how does the leadership team view this significant, uh, erosion in shareholder wealth?

And what are the maybe key business milestones over the next 2 to 3 years that you believe could fundamentally change the market's perception of Brainbees and lead to meaningful rerating?

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
It's a fair question, Ranadeep. Look, as you know, how we, you know, internally view this as one, obviously we can't control the share price and movements around that. We did, you know, go through a certain challenging period, which I've kind of highlighted in my note as well. And it just coincided with multiple factors. Like in Q3 of last year, we had this quickcom horizontal frenzy. Everyone was trying to, you know, sort of be in a land grab mode, led to, you know, I would say impact both on the growth as well as significant impact on the margin erosion of 140 bps.

In Q3. And unfortunately, back by this next quarter, in Q4 of last year, uh, the crude impact due to geopolitical issues, uh, leading to another 140 bps of, uh, back-to-back, uh, gross margin reduction. Uh, these are events that we had not factored in, you know, but in the long journey of any organization, uh, these things happen. Um, we have been at our game for last more than 15 years. We believe an institution is built for, you know, its fundamental value, how best you can solve customer issues, solve, you know, and build joy to parenting and our customers.

And third, obviously, was the impact of the customer deliveries for which we had a solve for building Rocketbees. So we solved all of these issues along with our macros, which were slightly in a deteriorated state from an offline perspective. So we are solving each of them one by one and sharing in our quarterly presentation what steps that we can take as management to control the outcome or control the experience that our customers are looking from us as management. So we did overcome the delivery experience, as, as I in my presentation earlier talked about.

Our delivery issues are 60% lesser in quantity, uh, because of the efforts that we have taken compared to the, uh, you know, previous period. Uh, FC Quick again has been doubling every quarter, which is again leading to a very superior outcome of Gen Zs and millennials who are looking to solve for, you know, very quick deliveries and our store footfalls and conversion improving. All the GMV growth that we are talking about is largely coming out of same-store growth. With that, the unit economics will continue to improve as we add more stores.

The growth will come in offline and our, and our online frequency cohorts are starting to improve with all the efforts that we took. To improve customer satisfaction. So I think this is a phase that we went through, a consolidation phase is how you should look. Once every quarter from here on, I don't think we are not able to visualize what could have gone wrong. It's like, you know, you hit by something and you hit by another is what happened in Q3 and Q4 last year. We are now back in shape. We are, you know, going to demonstrate both top line growth Bottom line growth, improvement in gross margin.

And with that, not only we will earn back the, I would say, the confidence and the trust of our customers, but also our shareholders. It's just a matter of time.

Ranadeep Singh - Analyst, F6S
Sure, appreciate, uh, Supam, for that long and elaborate answers. Uh, does give confidence. One last question, uh, I mean, is there a school of thought from a management from looking at FY30

numbers. And, uh, if, if we are able to maintain the mid-teens growth, do you see, uh, the revenue doubling up from these levels by FY30?

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Look, you can do the math. Yeah, I mean, we've talked about, uh, our India multi-channel numbers should be in mid to late teens, uh, for a good period of time. So our

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Mid-teen growth would lead to a doubling the number in 5 years. So certainly not in 2030 we will be doubling the revenue from today where we are.

Ranadeep Singh - Analyst, F6S
Sure, sure, sure. Appreciate it. Thank you.

Surendra Singh - Analyst
All right,

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Just to answer your question, uh, 2 broad reasons for, you know, increase in, uh, uh, the, the value of, of, uh, the other current assets. One is Uh, the GST, as I mentioned earlier. The second one is, uh, you know, a bit increase in the advances as well, uh, to suppliers both in India as well as overseas.

Surendra Singh - Analyst
Yeah, yeah, that helps. Could you also mention that why GST is being accumulated so heavily now, like compared to FY25, right? FY26 had a huge jump, and then

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
You should see, you know, pressure easing on GST accumulation because of the new guidelines, uh, one of our subsidiaries has gone into major expansion, uh, roughly Rs 250 crore of CapEx done in last 2 years, and another, you know, Rs 500 crore of project that is basically being undertaken right now. That's company called Swara, which is due for its listing now. Uh, so a good part of the reason is, uh, the CapEx both in manufacturing company as well as, uh, as well as, uh, for the stores expansion. Uh, however, you know, for the manufacturing company, you should see the, the GST accumulation, you know, easing very soon because of the new regulations on seeking refund both on services as well as, uh, the CapEx starting 1st of April 2027.

Surendra Singh - Analyst
Perfect. Thank you. Thanks a lot.

Harsh Kabra - Partner, AZB & Partners
Thank you, Surendra. In the interest of time, we'll take one final question. So Aditya, if you can unmute yourself.

Aditya Srinivasan - Analyst, iThought PMS
I hope I'm audible. Thanks for taking my question again. Yeah, thank you for taking my question again. So I just had a Couple of questions, one on a little long-term basis. So I just want to understand what ROC you target for like India multichannel business at a steady state. And also if you could put a number on the EBITDA margin, what do you see as a steady state adjusted EBITDA

margin? Do you think like mid-teens is achievable? And if so, maybe by when?

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
So, so we really can't talk about a, you know, a 3 or 5-year number. But yes, uh, uh, you know, we believe in, you know, continuous improvement of, of, uh, gross margins and the items below the gross margin level to reach to a very decent margin in 5 to 6 years. Uh, that's what I can say.

Supam Maheshwari - Managing Director & Chief Executive Officer, Brainbees Solutions Ltd.
Quite

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Impressed and, you know, inspired by the story of Page Industries.

Aditya Srinivasan - Analyst, iThought PMS
Got it. Got it. Just one more question. I just want to understand if you could- I wanted to understand the numbers, the split between Fofo and Coco on a revenue basis. So would you be able to put a number on that? Maybe a revenue share?

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
So in terms of number, Aditya, it's 55% Fofo and 45% Coco, uh, total number of stores I'm talking about, uh, the revenue numbers will not be materially different.

Aditya Srinivasan - Analyst, iThought PMS
Understood, understood. And growth-wise as well will be proportional to that.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
See, the whole reason of, you know, expanding into Coco is we believe that, you know, uh, we can, uh, Run a store better and generate a good rosy. So certainly the growth of Coco should be better than compared to you know the franchise stores.

Aditya Srinivasan - Analyst, iThought PMS
Understood. Okay. Thank you, sir. That's that's it from my side. Thank you.

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
Thank you, Aditya.

Harsh Kabra - Partner, AZB & Partners
Okay. Thank

Gautam Sharma - Group Chief Financial Officer, Brainbees Solutions Ltd.
You.

Harsh Kabra - Partner, AZB & Partners
Thank you, everyone. For joining us today and for your continued interest in Brainbees Solutions Limited. This concludes today's earning call. Have a pleasant evening.