

Brainbees Solutions

Sculpting the Future of Childcare

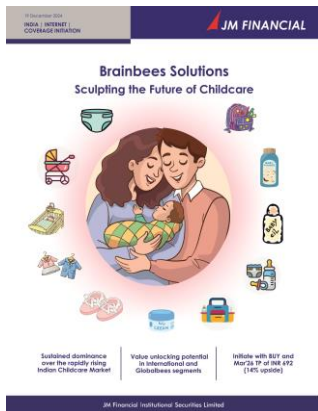


Sustained dominance over the rapidly rising Indian Childcare Market

Value unlocking potential in International and Globalbees segments

Initiate with BUY and Mar'26 TP of INR 692 (14% upside)

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FirstCry is the largest childcare platform in India with a disproportionately high mindshare in this category. To better service its customers, FirstCry launched home brands early in its journey with BabyHug becoming one of the largest and most loved brand for parents with young kids. FirstCry also has a presence in the UAE and the KSA, where it has become the largest specialised online platform in this category. Through its perfected, replicable playbook, FirstCry has also incubated Globalbees Brands, the largest and the only profitable D2C roll-up play in the country. With a founder-led team, FirstCry has managed to bring forth three Indian unicorns over the past 14 years across childcare, 3rd party logistics and D2C brands, a testament to the significant investor value creation delivered.

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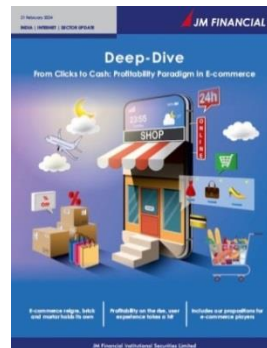
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Brainbees Solutions Limited

Sculpting the Future of Childcare

FirstCry is the largest specialised childcare platform in India across online as well as offline with complete dominance in the 0-4 year age group. Founded in 2010, the company has since solved for its customers by launching carefully crafted home brands along with c.8k brand partnerships, which are distributed through its online platform and 1,124 physical stores. FirstCry has been at the forefront of rising awareness for the category, with accessibility driven by physical store expansion and affordability of its home brands. BabyHug has since become one of the largest childcare brands in India with an estimated GMV of over INR 25bn and the company is generating a substantial mix from its home brands.

Company has also made its international foray in the UAE in 2019 and in the KSA in 2022 and has since become the largest specialised online platform in both countries despite the limited time spent. While in-housing warehousing and logistics, FirstCry UAE has also achieved operating profitability and KSA business is likely to follow suit in another two years. Further demonstrating the replicable nature of its refined playbook, the company incubated Globalbees Brands – the largest and only profitable D2C roll-up play in India. FirstCry management has a rarefied track record of spawning 3 unicorns over the past 14 years.

We initiate on Brainbees Solutions Ltd. (FirstCry) with a BUY rating and a Mar'26 TP of INR 692 (14% upside), valuing the business using SoTP-based valuation approach. We value the India Multi-channel business at 40x FY27E Adj. EBITDA - 20% discount to implied target multiple of Nykaa BPC segment. We expect the company to deliver ~3.5% gross margin expansion by FY27. Meanwhile, Globalbees is valued at 30x FY27E EBITDA and International segment at 4x FY27E Revenue, broadly in line with other fast growing brands and retailers.

Key risks to our investment thesis include 1) COCO physical store expansion cannibalising existing footprint, 2) execution challenges in International segment, and 3) sudden changes in competitive landscape with QC players or Meesho taking away market share.

India Multi-Channel to dominate Childcare segment with improving gross margin: FirstCry India Multi-channel accounts for 20%+ market share of organised (online + brick and mortar) Childcare market in the country with online market share of roughly 24%. While the consumers still have potential options when their children cross 4-5 years of age, FirstCry has an extremely dominant market positioning for 0-4 year age group. Furthermore, the company has defined clear drivers for gross margin expansion (~6.5% by FY28) since FY24 – 1) Rising mix of FirstCry home brands, 2) COCO store expansion saving margins shared with franchisees, 3) Economies of scale enabling higher manufacturing margins, and 4) Better negotiations on take-rate with 3P brand partners.

Significant opportunity available internationally and in D2C segment: FirstCry has a highly replicable playbook that has been perfected over the past 1.5 decades. In 2019, the company decided to foray internationally by launching in the UAE that was followed by KSA expansion in 2022. This opened up a USD 10bn opportunity by FY29 in these two countries with FirstCry benefitting from the lack of a specialised childcare platform. While UAE will remain only an online play, KSA is likely to see a replication of multi-channel approach as seen in India with the combined business forecasted to deliver operating profitability by FY27. Furthermore, Globalbees Brands was incubated in 2021 to cater to the rising consumer affinity towards D2C brands with the company having acquired 21 brands (plus 5 business transfer agreements) to reach annualised revenue of INR 17.3bn as of 2QFY25 while also turning EBITDA profitable in since FY24.

Profitable growth across segments to drive significant compounding; initiate with 'BUY' and Mar'26 TP of INR 692: FirstCry's revenue grew at a CAGR of 38% in FY21-24, with the company turning adjusted EBITDA profitable in FY21. We forecast it to deliver c.20% revenue growth over FY24-29, while Adj. EBITDA CAGR would be 51%, driven by sharp margin expansion across segments, aided by 440bps gross margin expansion and the consequential operating leverage, resulting in FY29E Adj. EBITDA margin of 12.0%. We value India Multi-Channel / Globalbees Brands at 40X / 30x FY27E Adj. EBITDA while valuing International segment at 4x FY27E Sales, resulting in Mar'26 TP of INR 692, 14% upside at CMP. We recommend 'BUY'.

Recommendation and Price Target		Financial Summary					(INR mn)
Current Reco	BUY	Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Current Price Target (12M)	692	Net Sales	52,622	64,809	78,836	95,090	114,284
Upside (%)	14%	Sales Growth (%)	46.3	23.2	21.6	20.6	20.2
		EBITDA	-3,151	705	3,009	5,442	9,802
		EBITDA Margin (%)	-6.0	1.1	3.8	5.7	8.6
		Adjusted Net Profit	-3,870	-2,743	-368	561	3,393
		Diluted EPS (INR)	-7.8	-5.5	-0.7	1.1	6.4
		Diluted EPS Growth (%)	0.0	0.0	0.0	0.0	504.4
		ROIC (%)	-17.6	-7.1	-1.6	1.6	6.2
		ROE (%)	-9.1	-6.9	-0.8	1.0	5.6
		P/E (x)	NA	NA	NA	575.7	95.3
		P/B (x)	6.4	7.7	5.7	5.4	5.0
		EV/EBITDA (x)	NA	469.2	107.3	59.9	33.5
		Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Source: Company data, JM Financial. Note: Valuations as of 19/Dec/2024							
JM Financial Research is also available on: Bloomberg - JMFR <GO>, Thomson Publisher & Reuters, S&P Capital IQ, FactSet & Visible Alpha. You can also access our portal: www.jmflresearch.com							
Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification							
Key Data – FIRSTCRY IN							
Current Market Price	INR 607						
Market cap (bn)	INR 315.0/US\$3.8						
Free Float	92%						
Shares in issue (mn)	532.5						
Diluted share (mn)	532.5						
3-mon avg daily val (mn)	INR479.1/US\$5.6						
52-week range	734/514						
Sensex/Nifty	80,182/24,199						
INR/US\$	85.0						
Price Performance							
%	1M	6M	12M				
Absolute	14.1	nm	nm				
Relative*	10.0	nm	nm				

*To the BSE Sensex

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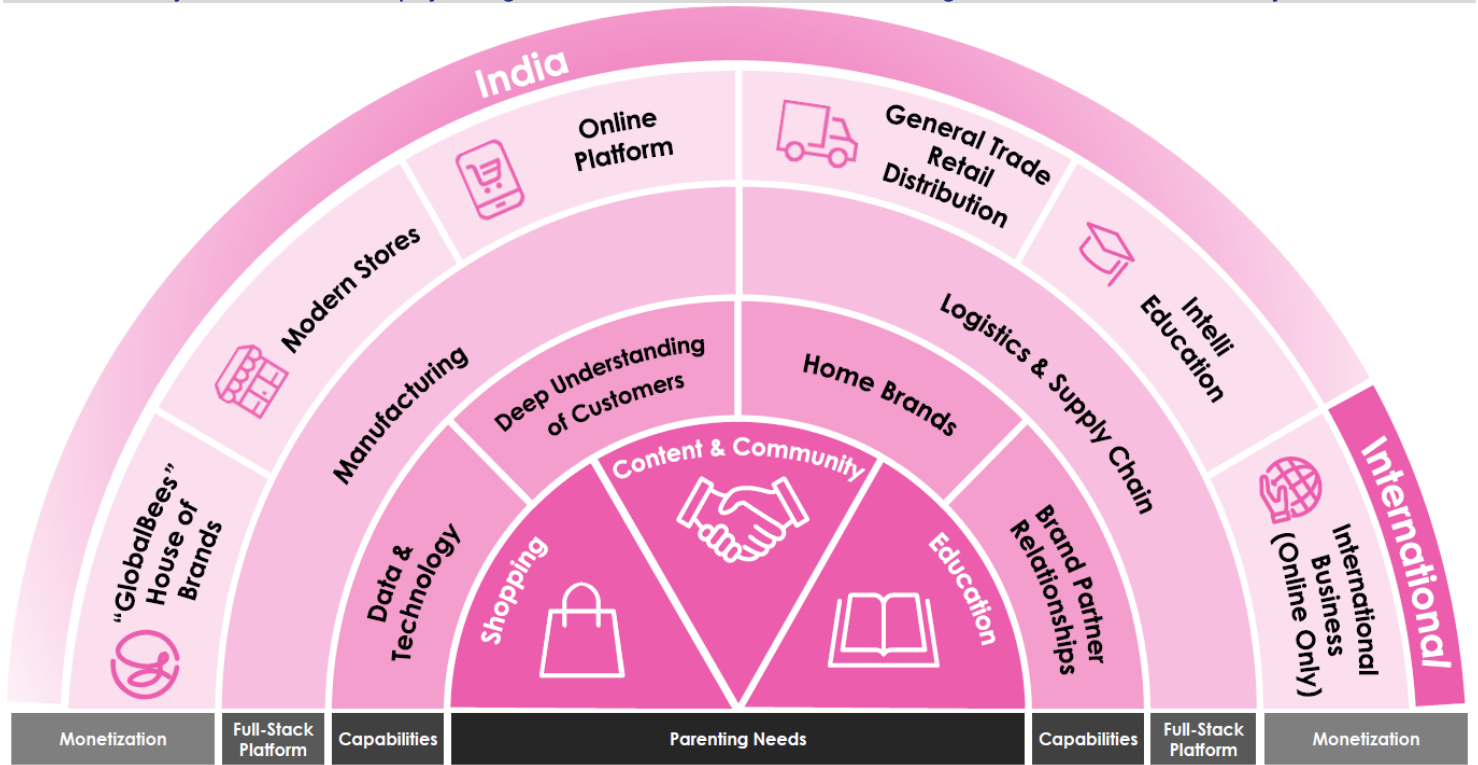
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Investment Thesis

1. Dominant Childcare platform with multi-channel approach empowering larger TAM
2. FirstCry plays across the value chain with extensive manufacturing and supply chain capabilities
3. Strategic drivers in place to drive robust margin expansion
4. High birth-rate and rising premiumisation expected to drive growth in Indian Childcare market
5. Demographic tailwinds such as rising urbanisation and nuclear households
6. International expansion in the UAE and the KSA enables an attractive penetration opportunity
7. Globalbees a play on a rapidly rising D2C market across 3P platforms
8. Founder-led management team with strong track record of investor value creation

Exhibit 1. FirstCry has a multi-channel play throughout the value chain across childcare categories in India and Internationally

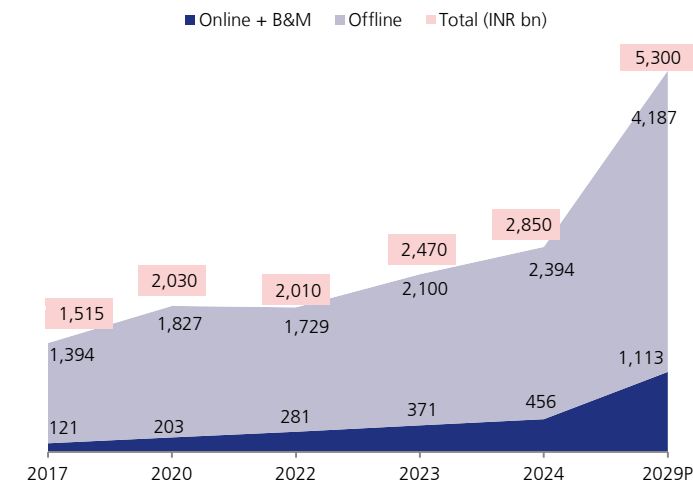


Source: Company

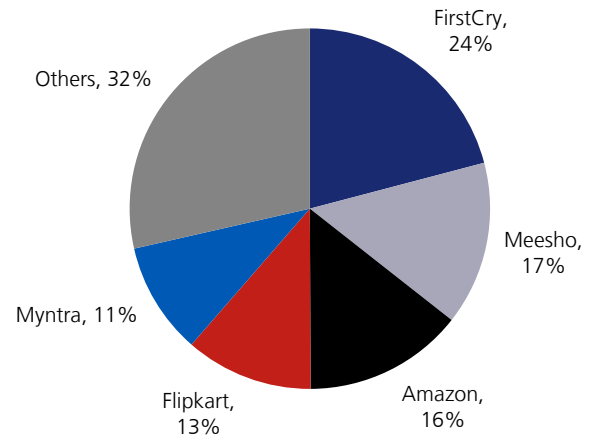
1. Dominant Childcare platform with multi-channel approach empowering larger TAM

At INR 75.8bn in FY24 India GMV, FirstCry accounted for over 3% of India's childcare market, making it one of the largest childcare platforms in the country. Simultaneously, the company accounts for almost 25% market share of the online childcare market with no competitor of significance in the 0-4 year age group. While players such as Myntra, Meesho and Ajio do cater to the category, mothers' trust for FirstCry's products including its home brands ensures that the company gets majority wallet share in this age group. Strategically, FirstCry does not sell its home brands on other 3P marketplaces and, hence, ensures that customers keep coming back to its multi-channel platform. As of Sep 30, 2024, FirstCry listed 1.82mn SKUs from 7, 906 brands on its platform.

While the company's website generates 10.3mn+ monthly visits (as of Nov'24), 1,124 physical stores across 500+ cities of India bring it closer to its customers wherever they are. With 23% of FY24 GMV generated from physical stores, the company plans to ramp up its store presence to reach 2,000 stores (50% company-owned, company-operated or COCO) by FY27, making it the most deeply entrenched childcare platform in the country.

Exhibit 2. Organised Offline enables a significantly larger TAM


Source: Company, Industry, JM Financial

Exhibit 3. Online Childcare market share GMV (as of FY24)


Source: Company, Industry, JM Financial

2. FirstCry plays across the value chain with extensive manufacturing and supply chain capabilities

With a sizeable business for FirstCry in India coming from its home brands and plans in place to expand these owned brands internationally as well, the company has 982 contract manufacturing partners (as of FY24) with 895 domestic and 87 international manufacturers. It also owns manufacturing facilities under Swara Baby, Firmroots, Solis and certain subsidiaries of Globalbees brands. This manufacturing footprint enables the company to produce high quality products at affordable cost, creating high affinity for its home brands. BabyHug, the oldest home brand under the company's umbrella, is also **the largest childcare brand in the country with over INR 25bn in GMV sold**. As FirstCry's home brands scale further, it will benefit from economies of scale across its manufacturing footprint to generate improved margins.

Furthermore, the company has extensive supply chain capabilities with home brands available at over 160k 3rd party stores in India through 567 distributors and 1,312 sub-distributors across 1,164 cities, as of 31st Mar'24. The company was prohibited from opening COCO stores due to FDI regulations earlier, but since becoming an India-owned entity, it has ramped up its COCO stores across the country. These COCO stores are generally larger than the franchise-owned stores and the company is able to exercise better control over inventory while retaining the complete margin in-house.

Exhibit 4. Store economics – FirstCry company-owned, company-operated store has payback period of 20 months

FirstCry Store - COCO	Y1	Y2	Y3	Y4	Assumptions:
Sales per store	27.5	30.2	32.6	35.1	1. Year 1 annual sales of INR 9k per sqft with SSSG of 8%
GM per store	12.4	13.6	14.7	15.8	2. Rent has been taken as INR 120 per sqft per month
Rent per store	4.0	4.2	4.4	4.7	3. Salary has been taken as INR 214K per month
Employee cost per store	2.6	2.8	3.0	3.2	(which includes 2 Store Manager, 5 Sales Executive, 2 House-keeping Staff)
Other operating costs	1.4	1.5	1.6	1.8	4. Other Operating Costs has been taken as 5.0% of GMV
EBITDA per store	4.4	5.1	5.6	6.2	Payback Period: 25 months for 3,050 sqft store with INR 1,210 per sqft of inventory
EBITDA Margin	16.0%	16.9%	17.3%	17.6%	
Store RoIC	45.4%	52.7%	58.3%	63.8%	

Source: JM Financial estimates

Exhibit 5. Store economics – Babyhug company-owned, company-operated store has payback period of 19 months

Babyhug Store - COCO	Y1	Y2	Y3	Y4	Assumptions:
Sales per store	11.3	12.5	13.5	14.5	1. Year 1 sales of INR 7.5k per sqft annually with SSSG of 8.5%
GM per store	5.4	6.0	6.5	6.9	2. Rent has been taken as INR 90 per sqft per month
Rent per store	1.7	1.8	1.9	2.0	3. Salary has been taken as INR 86K per month
Employee cost per store	1.2	1.3	1.3	1.4	(which includes 1 Manager, 2 Sales executive, 1 House-keeping)
Other operating costs	0.5	0.5	0.5	0.6	4. Other Operating Cost has been taken as 4% of GMV
EBITDA per store	2.1	2.4	2.7	2.9	Payback Period: 24 months for 1,510 sqft store with INR 1,080 per sqft of inventory
EBITDA Margin	18.5%	19.5%	19.9%	20.2%	
Store RoIC	46.6%	53.8%	59.4%	64.9%	

Source: JM Financial estimates

Exhibit 6. Key supply chain metrics

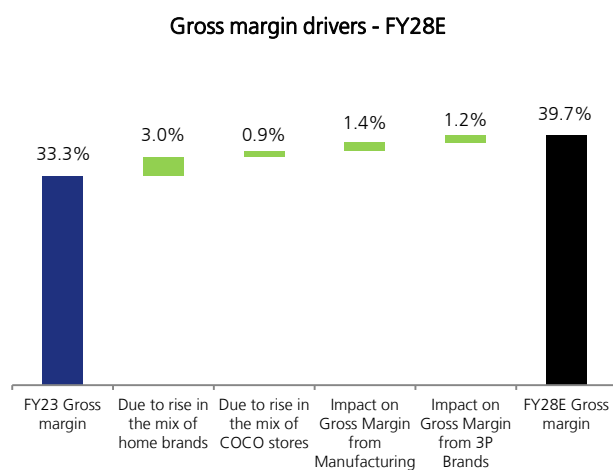
Metrics	FY21	FY22	FY23	FY24	1QFY25	2QFY25
Contract manufacturers	561	740	779	982	NA	NA
Physical stores	531	701	904	1,063	1,083	1,124
FOFO	478	575	618	628	624	626
COCO	53	126	286	435	459	498
FirstCry Stores	5	8	62	151	165	191
Babyhug Exclusive stores	48	118	224	284	294	307
Retail distribution network						
Warehouses	55	67	79	80	80	80
Distributors	NA	127	330	567	NA	NA
General trade/ Modern trade retailers	NA	20,397	118,408	160,842	NA	NA
Cities with same day deliveries	29	32	46	45	NA	NA
Cities with next day deliveries	853	1,035	1,053	1,043	NA	NA

Source: Company, JM Financial

3. Strategic drivers in place to drive robust margin expansion

The India Multi-channel segment saw flat gross margin over FY21-23 but the company initiated key strategic drivers in FY24 to improve margin over the next 5 years. Drivers of this margin improvement include a) rising mix of home brands that enable 15-20ppts higher gross margin, b) COCO store expansion to retain 15-20% gross margin shared with franchise partners, c) economies of scale on home brands to drive manufacturing margin jump, and d) better negotiations with 3P brands to enhance take-rates. Our calculations suggest that these drivers can combine to deliver absolute gross margin improvement of 6.5% in India Multi-channel segment by FY28 with almost 3% accretion having been delivered in FY24 itself.

GM improvement of c.6.5% projected in India Multi-channel segment by FY28, driven by the four strategic drivers initiated by the company in FY24.

Exhibit 7. FY28E Gross margin drivers

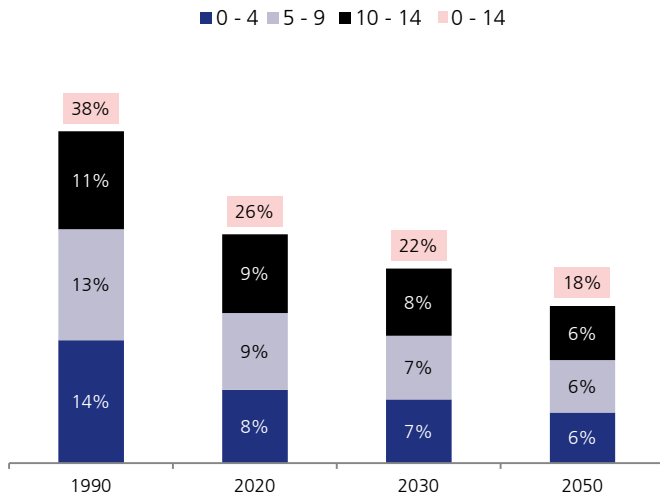
FY23 Gross margin	A	33.3%
Rise in the mix of Home Brands	B (i)	20%
Incremental Margin in Home Brands	B (ii)	15.0%
Impact on gross margin	C = B (i)*B (ii)	3.0%
FY24 GMV from COCO stores	D (i)	7,451
Mix of COCO stores in Offline GMV	D (ii)	42.5%
Rise in Mix of COCO stores in Offline GMV	D (iii)	12.5%
Margin shared with franchise partners	D (iv)	25.0%
Mix of Offline in India GMV	D (v)	28%
Impact on gross margin	E = D (iii)*D(iv)*D(v)	0.9%
Impact on Gross Margin from Manufacturing	F	1.4%
Impact on Gross Margin from 3P Brands	G	1.2%
Total Gross Margin improvement by FY28	H=C+E+F+G	6.5%
FY28E Gross margin	I=A+H	39.7%

Source: Company, JM Financial estimates

4. High birth rate and rising premiumisation expected to drive growth in Indian Childcare market

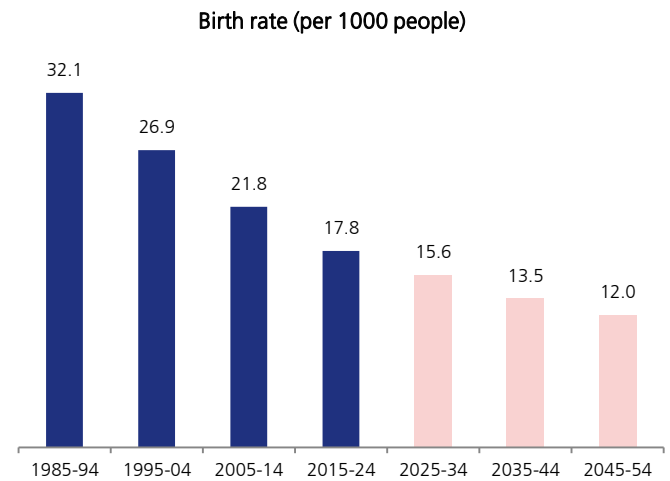
Historically, India has seen one of the highest birth rates globally but that has been on a declining trend. As of 2023, India saw 16.3 births per 1,000 people with 23.3mn babies born. While the declining birth rate is a potential headwind, India still would be the country with the highest number of births considering the huge base of the existing population. Rising incomes are making Indian parents more aspirational with the desire to provide the best for their kids. With the basic needs being solved at current income per capita for most Indian urban and semi-urban households, further rise in income is significantly tilted towards discretionary spends. As per our channel checks with young parents, childcare is ranked among the top discretionary category, even being labelled as “discretionary necessity” by a large share of parents.

Exhibit 8. Even by 2050, 6% of Indian population will be < 4 years



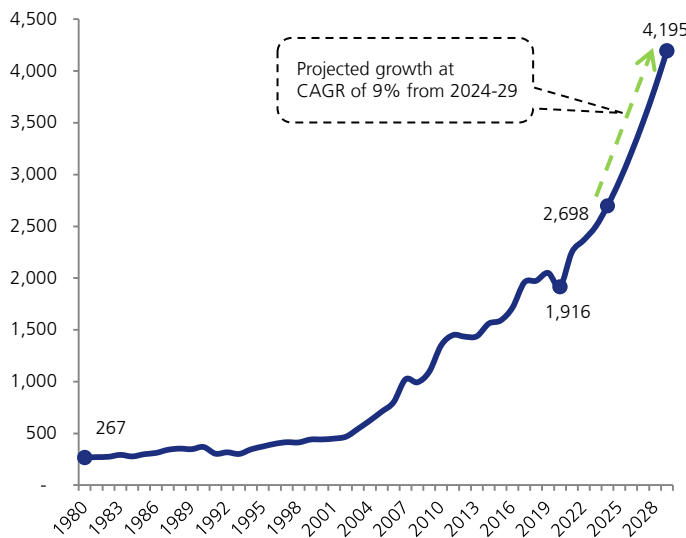
Source: Economic and social commission for APAC 2022, JM Financial

Exhibit 9. Despite drop, birth rate in India still is among the highest



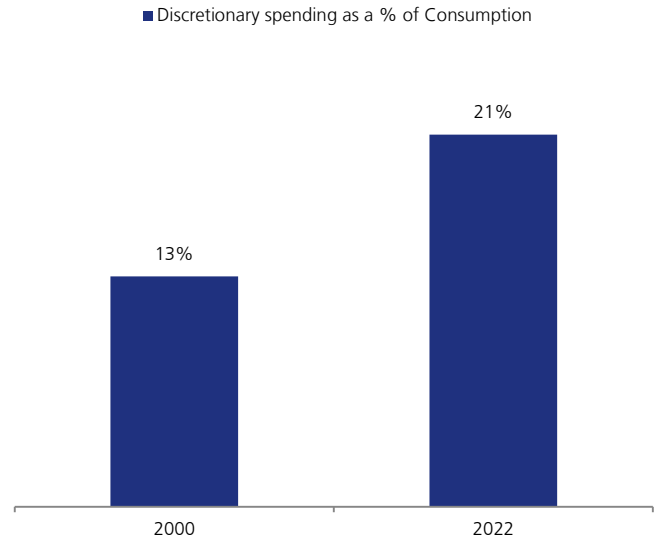
Source: United Nations World Population Prospects, JM Financial

Exhibit 10. GDP per capita rising above USD 2k opens up the opportunity for a sharper rise in discretionary spends...

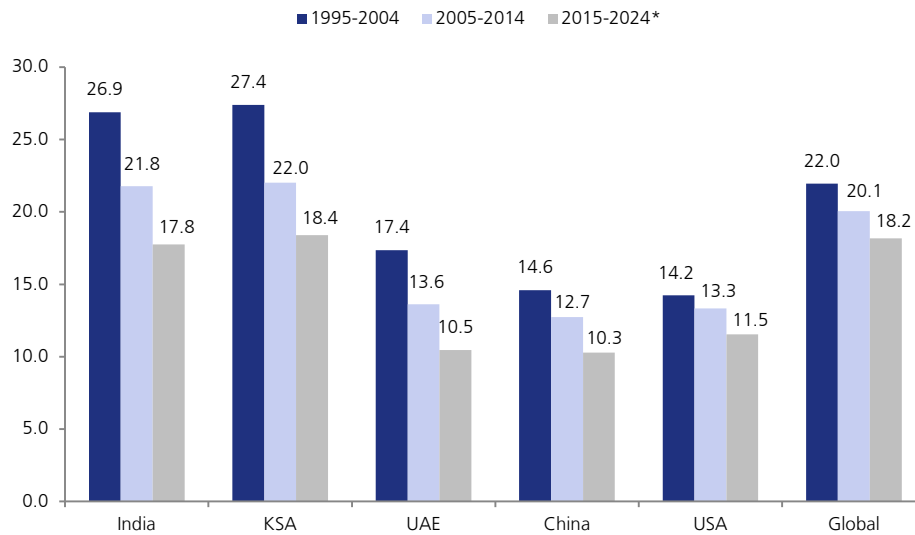


Source: International Monetary Fund data, JM Financial

Exhibit 11...evidenced by discretionary spends rising in mix in overall consumption



Source: Bain & Company, JM Financial

Exhibit 12. India is the fastest growing large economy with birth rate closer to global mean

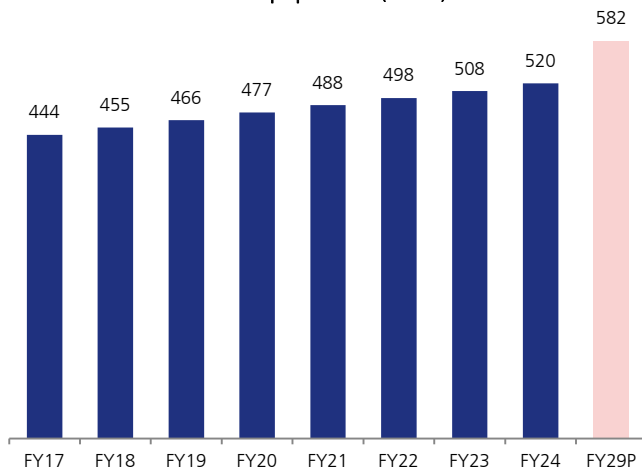
Source: World Development Indicators, JM Financial. Note: *For KSA, UAE, China and US, 2015-2022 period is considered

5. Demographic tailwinds such as rising urbanisation and nuclear households

Though urbanisation in India is only about 36% compared to 60%+ for developed and maturing economies, India still has one of the largest urban populations at about 520mn people. Urban areas concurrently result in higher disposable incomes and omnipresent internet connectivity empowering online shopping. Further, rising urbanisation also results in more nuclear families, which have significantly higher spend per child as compared to joint families where childcare products are shared across multiple kids. India is expected to have 240-250mn nuclear households by FY29, accounting for 67% of total households.

Exhibit 13. India has a sizeable and rising urban population...

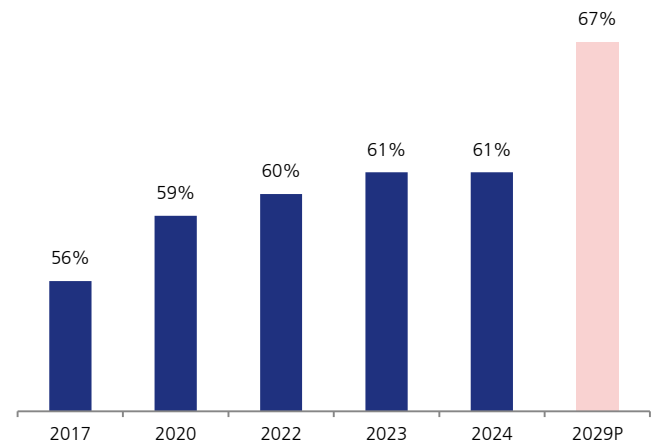
Urban population (in mn)



Source: World Bank data, JM Financial

Exhibit 14. ... with a rising share of nuclear households

Nuclear households as a % of total households



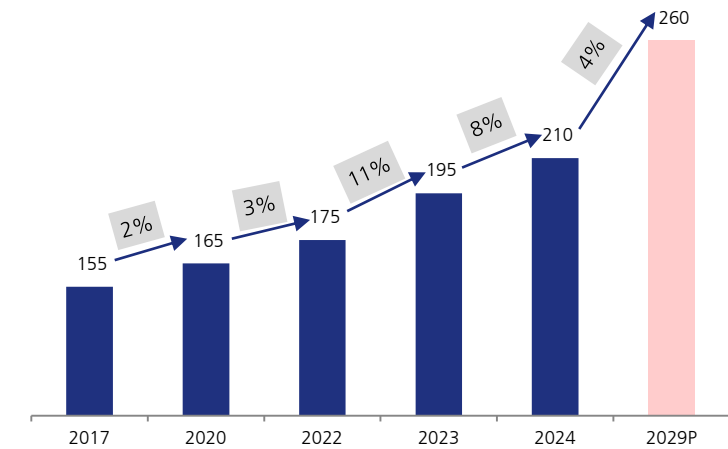
Source: India Census, United Nations, Redseer Research, JM Financial

6. International expansion in the UAE and the KSA enables an attractive penetration opportunity

FirstCry expanded internationally with its UAE (United Arab Emirates) foray in Oct'19 followed by KSA (Kingdom of Saudi Arabia) launch in Aug'22 with the company aiming to replicate its India playbook in these countries with significantly higher spends per child (6-15x of India). The UAE business is already profitable at adjusted EBITDA level (excluding royalty to India parent) and the company has become the largest online retailer in this category in FY24 across both UAE and KSA. While these markets are relatively slower growth in comparison to India, the market gap of an online-first, specialised player enables an attractive penetration

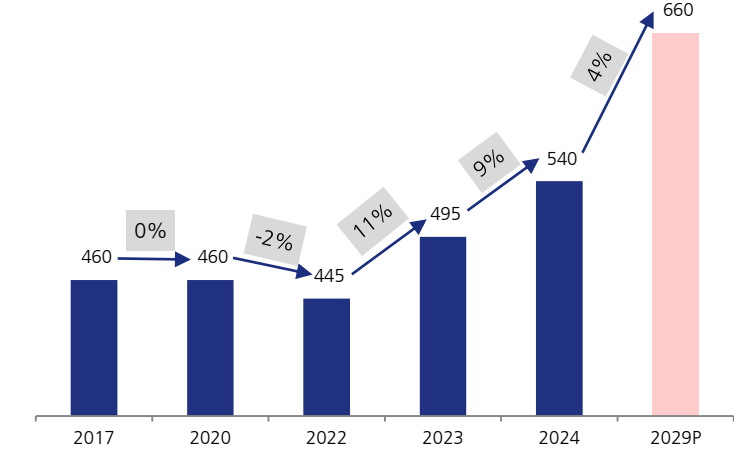
opportunity for FirstCry. The company has also retained warehousing and logistics operations in-house in both UAE and KSA.

Exhibit 15. UAE Childcare products market (INR bn)



Source: Company, JM Financial

Exhibit 16. KSA Childcare products market (INR bn)



Source: Company, JM Financial

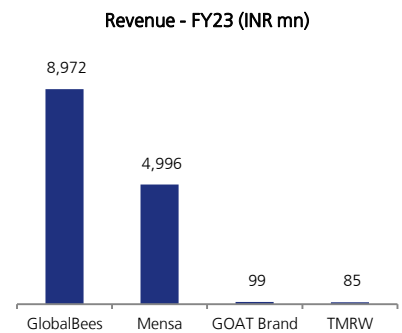
7. Globalbees a player on a rapidly rising D2C market across 3P platforms

With FirstCry dominating its category in India with no close competition, the company decided to foray into House of Brands play by launching Globalbees in Apr'21. This enables a significantly larger TAM for the company as D2C brands continue to drive an inordinate share of growth on most marketplaces across e-commerce and quick commerce. Globalbees acquires and invests in digital-first brands across home utilities, fashion / lifestyle, appliances and BPC / wellness. It then uses the parent company's strength in supply chain and digital distribution to grow the business while consolidating the centralised costs. The company has acquired controlling stakes in 21 entities and has entered into business transfer agreements with five entities. FirstCry has invested ~INR 13.1bn in Globalbees as of Nov'24 and holds 50.73% in the entity and is likely to deploy further cash (INR 1.5-2.0bn) to pay for earn-outs of the founders of acquired brands.

Cautionary tale of Thrasio: Thrasio, founded in 2018 by Carlos Cashman and Joshua Silberstein, pioneered the Amazon FBA aggregator model, acquiring profitable third-party Amazon sellers and scaling them through operational efficiencies in marketing, supply chain and product development etc. The company grew rapidly, raising over USD 1bn from the likes of Silver Lake, Advent International etc. and becoming one of the fastest unicorns globally. By 2021, Thrasio had acquired 100+ brands (at an average of one acquisition every 2-3 days), with aggressive plans to go public via a SPAC at a USD 10bn valuation. However, cracks began to emerge due to over-aggressive acquisitions, operational overload, and difficulties in integrating brands effectively. Amazon's changing policies, rising competition, and post-Covid slowing e-commerce growth added pressure, while rising interest rates made debt servicing costly. Thrasio shelved its SPAC plans, faced leadership changes, and laid off 20% of its workforce in 2022. Despite its early success, Thrasio's reliance on cheap capital, poor brand performance, and scaling inefficiencies made its business model unsustainable. By 2023, the company faced significant debt restructuring and investor scepticism, marking its decline as a cautionary tale for the roll-up aggregation industry. In Feb'24, the company filed for bankruptcy protection and entered into a restructuring agreement with some of its lenders to reduce its debt. It has emerged out of its bankruptcy in Jun'24 and appointed a new CEO in Nov'24 with focus on profitability.

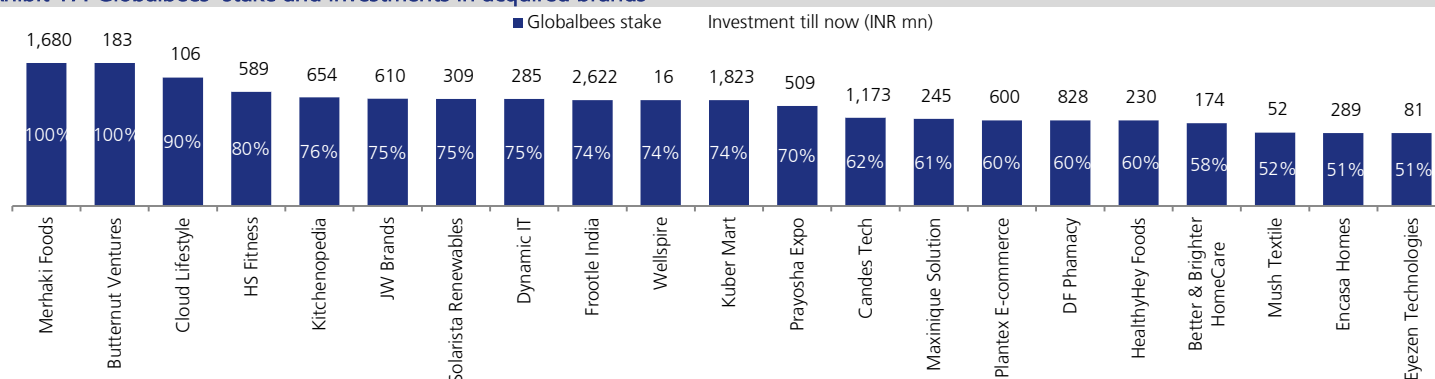
Based on the initial success of Thrasio, many similar businesses models such as Globalbees, Mensa Brands, GOAT Brands labs, TMRW ('Tomorrow is Awesome - House of Brands', venture by the Aditya Birla Group) etc. emerged in India; Globalbees is currently the largest and the only profitable player in the D2C roll-up space.

No large scale player in the segment



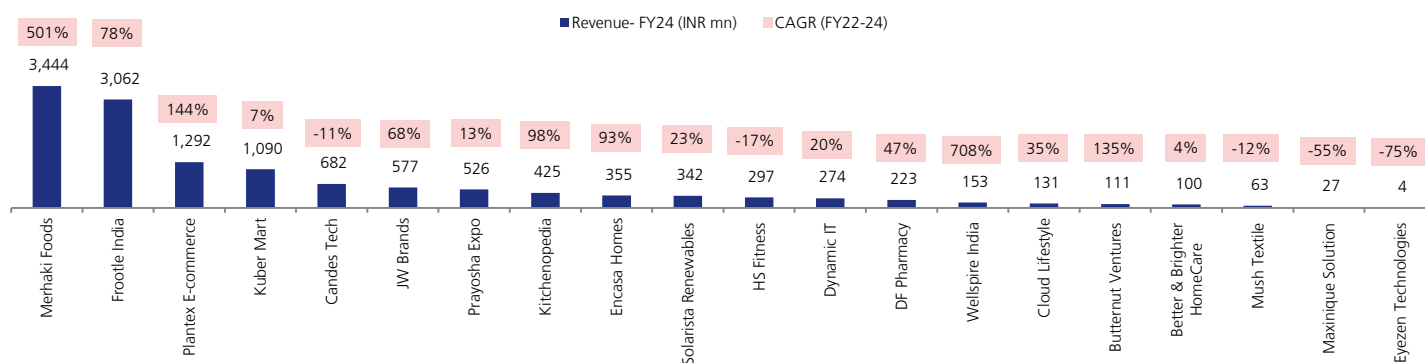
Source: Company, Bloomberg, JM Financial. Note: Financials are compared basis FY23 revenue as ROC financials for Mensa Brands and GOAT Brand Labs are not available.

Exhibit 17. Globalbees' stake and investments in acquired brands



Source: Company, JM Financial. Note: Holding is as of 4 Dec'24

Exhibit 18. Globalbees brands have grown at 90% FY22-24 CAGR on average with larger brands growing even faster



Source: Company, JM Financial. Note: For Plantex E-commerce, Kitchenopedia Appliances, Encasa Homes and Wellspire India, CAGR indicates YoY growth for FY23-24 due to unavailability of FY22 financials.

8. Founder-led management team with strong track record of investor value creation

Founded in 2010 by Supam Maheshwari, Amitava Saha, Sanket Hattimattur and Prashant Jadhav, FirstCry continues to be founder-led with three co-founders still associated with the company. Amitava Saha has continued as CEO of XpressBees, which got incubated within as FirstCry's captive logistics arm. Over the past 14 years, three unicorns have emerged out of FirstCry's stable, namely FirstCry, XpressBees and Globalbees. Furthermore, two members of senior management (CFO and CHRO) have spent over a decade with the company while another two members (Country Head – Middle East and CEO, Globalbees Brands) have been running their respective businesses since inception.

Exhibit 19. Three unicorns have emerged under FirstCry umbrella

Business	Total fund raise (USD mn)	Current valuation (USD bn)	Multiple of Money (MoM)
FirstCry	711*	3.75 (as of Dec'24)	5.3x
Globalbees	186	1.13 (as of Dec'21)**	6.1x
XpressBees	356	1.47 (as of Nov'23)**	4.1x

Source: Company, Tracxn, JM Financial. Note: 1) *FirstCry includes IPO funding. 2) **Last known Post-money valuation is considered.

Exhibit 20. Tenured management team led by the founders

	Name	Experience in FC	Current role
Founders	Supam Maheshwari	Sep'10 - Since FirstCry Inception	Co-founder, CEO & MD at FirstCry
	Amitava Saha	Sep'10 - Since FirstCry Inception	Earlier, worked as COO at FirstCry. Post spin-off, assumed position of CEO & MD at XpressBees
	Sanket Hattimattur	Sep'10 - Since FirstCry Inception	Co-founder, Chief of staff at FirstCry
	Prashant Jadhav	Sep'10 - Since FirstCry Inception	Co-founder, CTO at FirstCry
Senior Management	Gautam Sharma	May'12	Group CFO at FirstCry
	Manjula Rao	Aug'11	Chief Human Resources Officer
	Nitin Agarwal	May'21 - Since Globalbees Inception	CEO at Globalbees Brands (running Globalbees business since Inception)
	Abhinav Sharma	Jul'19 - Since International Inception	Country Head - Middle East (running International business since Inception)
	Neelam Jethani	Dec'22	Company Secretary and Compliance Officer

Source: Company, LinkedIn, JM Financial

Industry Overview:

Indian Childcare market

Childcare is a perpetual, non-discretionary market with trust factor driving customer shift towards organised players

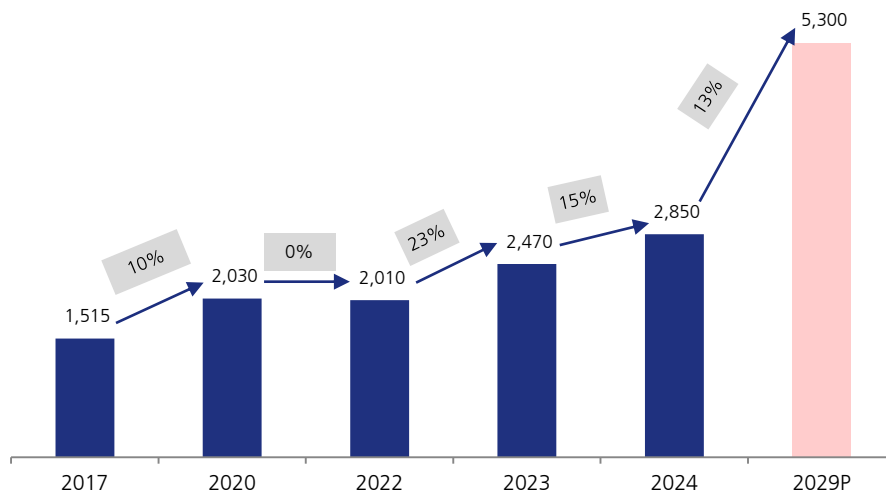
Childcare spend per capita expected to rise from a low base: Childcare products include apparel (clothing, footwear, and accessories), consumables (diapering, bath & skin care, baby food etc.), toys & games, hard goods (prams, feeding bottles, nursery & safety gears) and others that are used by children in the age group of 0-12 years. India has one of the highest birth rates globally (16.4 births per thousand in CY22), ~1.5x of developed economies.

Growth drivers of childcare products: The childcare products market is expected to see strong growth driven by 1) increased childcare awareness especially among working parents and rising disposable income 2) frequent product replacements and more frequent purchases based on evolving needs of children, 3) increasing penetration in Tier 2+ cities, and 4) rising willingness of customer to pay a premium for branded products.

Key characteristics and trends of Indian childcare products market: India childcare products market is witnessing the following characteristics and key trends 1) childcare is now being viewed as an essential spend, 2) platforms that are trusted by parenting community continue to see network effects, 3) increasing shift towards branded products, and 4) growing presence of multi-channel platforms with extensive product assortment.

The Indian childcare products market is still underpenetrated compared to mature markets, but with the above-mentioned growth drivers it is projected to grow at a CAGR of 12-14% to INR 5,150bn-5,450bn in FY29.

Exhibit 21. Indian childcare products market is the fastest growing large market (INR bn)



Source: Company RHP, JM Financial

Organised market growing faster than unorganised market: Organised segment has grown at 24% CAGR during FY20-24 compared to 7% for the unorganised market. The share of unorganised childcare products market in India has decreased from 91% in FY20 to 84% in FY24. The growth in the organised market can be attributed to increasing penetration of organised retailers in tier 2/3 cities, growing presence of e-commerce platforms, and changing parent behaviour in the childcare segment. Players such as Meesho, and 3rd party logistics players that enable nationwide access to brands and platforms, have driven penetration in smaller cities. With accessibility sorted, brands are now focusing on creating awareness as rising incomes take care of affordability.

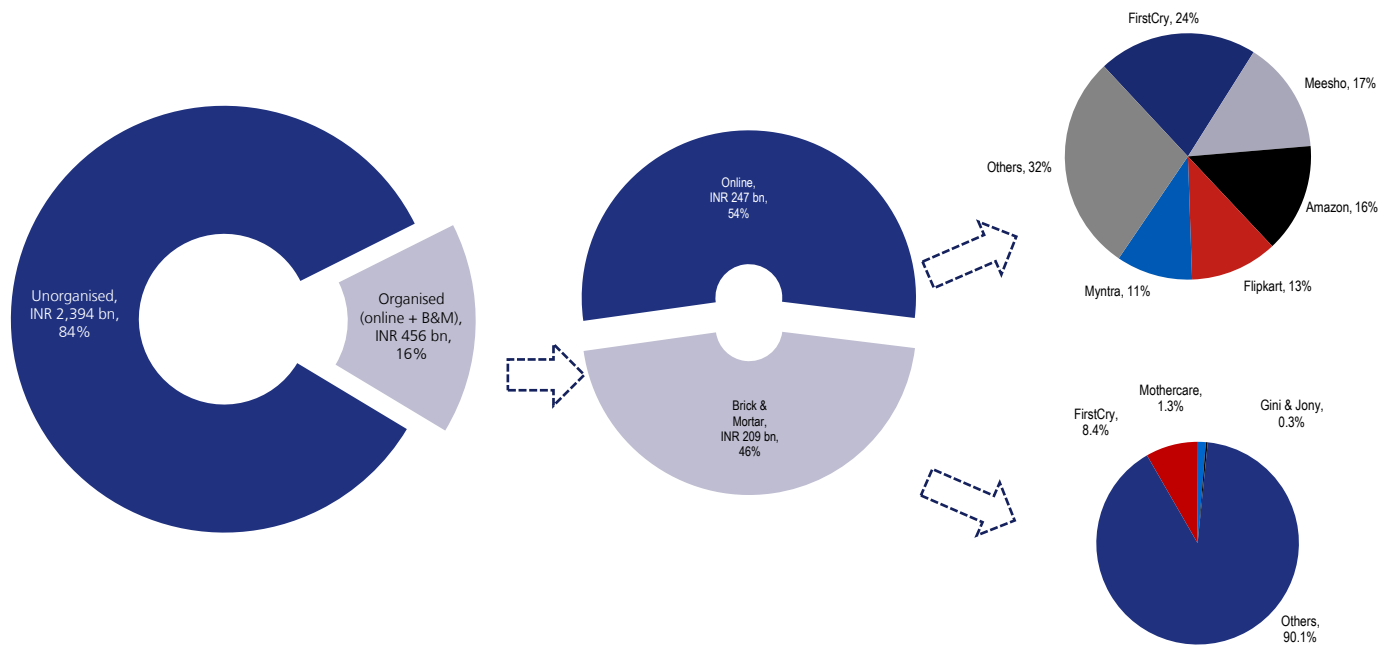
Apparel is the largest category: Apparel, which includes clothing, footwear and accessories, is the largest segment in the childcare products market but increasing childcare products adoption and premiumisation due to growing number of urban nuclear households with both parents working, supported by increasing awareness through social media is driving higher split from consumables, toys and games, the hard goods.

0-4 year age group accounts for the largest share: In the initial stages of life, when children undergo rapid development, parents typically invest in various products to aid this crucial phase of growth. Approximately 41% of spending on childcare products is attributed to children in the 0-4 age group as of FY24.

Multi-channel enables a 360 degree customer experience: Multi-channel retailers are able to seamlessly cater to customer needs with categories such as apparel and hard goods being bought in store and high frequency products such as diapers, bath and skin being bought online. Using the multi-channel strategy, retailers can provide a differentiated experience while also providing a trusted online forum for building parenting communities. It acts as a one-stop platform that addresses all parenting needs and queries.

Competitive landscape: Despite operating in a specialised segment catering to the 0-12 year age group, FirstCry primarily contends with organised players in the Indian childcare products market. This competition encompasses horizontal online platforms such as Amazon, Flipkart, and Meesho, vertical online platforms such as Hopscotch, Myntra, and Ajio, as well as multi-brand and exclusive retailers such as Reliance Trends, and Gini & Jony, among others. Though these platforms offer childcare products, FirstCry has a much wider assortment compared to them and also provides a holistic experience addressing every need of a parent.

Exhibit 22. Competitive landscape of Childcare market



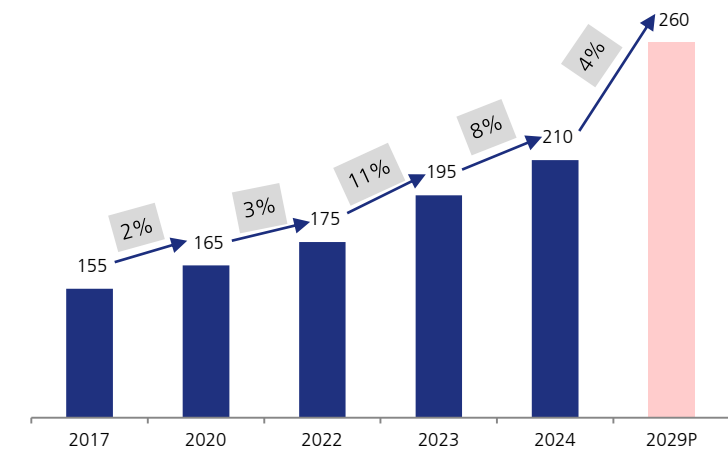
Source: Company, JM Financial

International Childcare market

UAE childcare products market: UAE's retail market witnessed a strong recovery in FY24, growing to INR 6.8tn anchored by strong demand, robust mall culture, and a fast-growing e-commerce market. Online market is projected to grow to INR 2.3tn by FY29, penetration of ~25%. Childcare products market in the UAE was ~INR 210bn in FY24 and is projected to see ~4% CAGR to reach INR 240-280bn by FY29, driven by increasing population of working parents and lack of specialty brands. In the next five years, digital toys / games and ready-to-eat baby food are likely to witness higher demand. Here, FirstCry competes with horizontal online players including Amazon and Noon and verticals such as Namshi and Mumzworld.

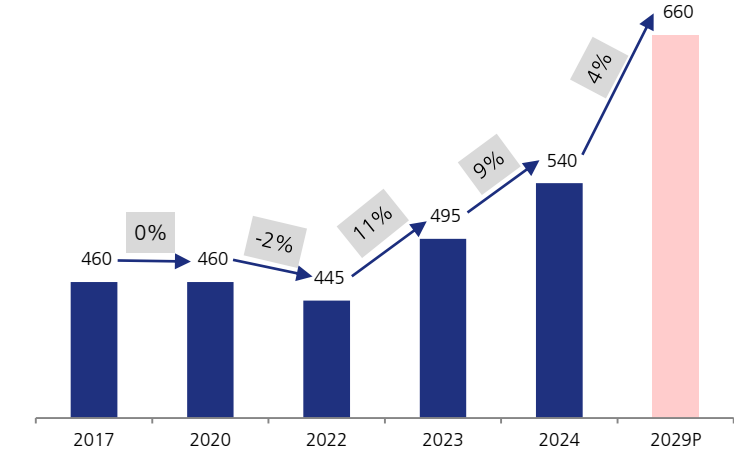
KSA childcare products market: The KSA retail market, which was INR 10.7tn in FY24, rebounded due to increase in disposable income, recovery in tourism sector and fast-growing e-commerce market. The e-commerce market, sized at INR 1.4tn in FY24, is projected to grow to INR 3.3tn by FY29 with penetration of ~22%. The Childcare products market in KSA is projected to reach INR 640-680bn by FY29, driven by rising childcare awareness among working parents, and diverse SKUs increasing online shopping convenience. Consumables (excluding diapers) and apparel are expected to see considerable growth over the next five years. KSA landscape includes horizontal online players such as Amazon and Noon and vertical players such as Mamas and Papas, Babyshop, among others.

Exhibit 23. UAE childcare products market (INR bn)



Source: Company RHP, JM Financial

Exhibit 24. KSA childcare products market (INR bn)



Source: Company RHP, JM Financial

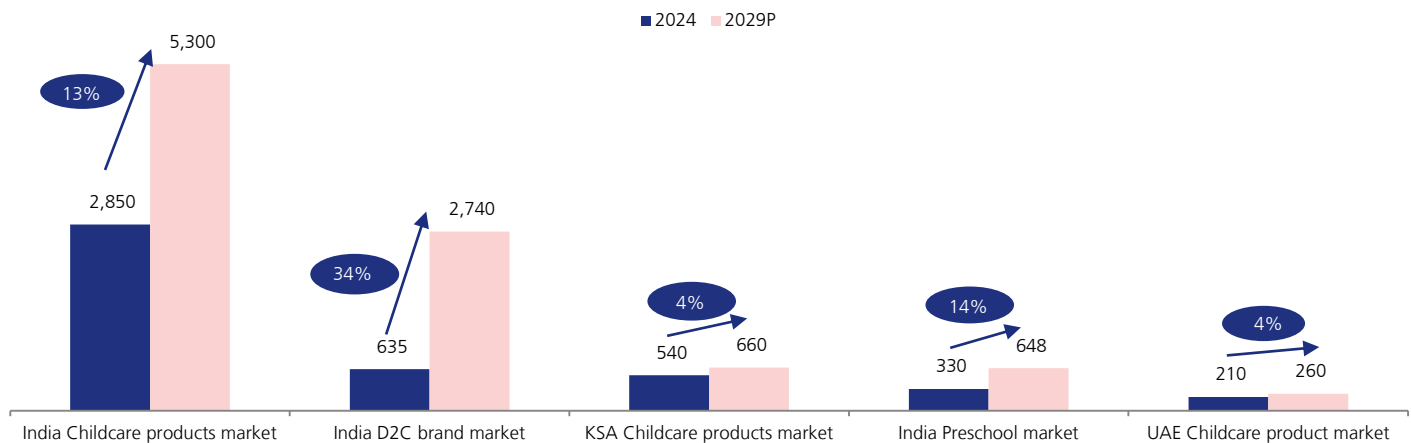
India Preschool market: The preschool market in India is estimated at INR 330bn in FY24 and expected to grow at ~14% CAGR to reach INR 648bn in FY29. Growth is expected to be driven by increasing female workforce participation, rising nuclear households, government policies and expansion of the franchise model in Tier 2+ cities.

The number of preschools is expected to grow at a CAGR of 9-11% to 260-270k by FY29. Rising adoption of franchisee model for preschools, government policies supporting childcare in rural areas are few of the key reasons driving this growth. In the Indian preschool market, FirstCry competes with Euro Kids and Kidzee, among others.

India Diaper Manufacturing market: With the government's Make in India campaign along with increased FDI limits, the share of the manufacturing sector in GDP is expected to rise from 13% in FY23 to 20% by FY32. Diaper manufacturing, at INR 92-94bn in FY24, is also expected to benefit to reach INR 185-195bn by FY29, CAGR of 16%. In FY24, <5% of diapers were imported, with 4 players capturing the remaining 80-90% share. Further, ~76% of the diapers were sold through offline retail with e-commerce accounting for ~24% of the sales. Except for manufacturing, the entire value chain is characterised by significant fragmentation, creating opportunities for retailers to engage in backward integration.

India Direct to Consumer (D2C) brands market: Indian D2C brands are expected to be among the fastest growing channels, and the market is expected to rise to ~INR 2,740bn by FY29 at 34% FY24-29 CAGR. This channel is expected to grow strongly as it removes the middlemen and thereby passes the monetary benefits to the customer. Digital first brands' share of e-commerce has risen from 6-7% in FY20 to 9-11% in FY24, led by evolving user base, enhanced logistics ecosystem and innovative digital marketing strategies. D2C brands are driving a significant share of growth for the major quick commerce players as well.

Exhibit 25. FirstCry TAM to reach INR 6.8tn by FY29 along with INR 2.7tn for Globalbees (in INR bn)



Source: Company RHP, JM Financial

What is in it for Franchise Partners?

The company is able to cater to a larger TAM by opening more physical stores via Franchise as well as Company-owned format. It is, however, pertinent to understand the incentives of the franchisee partners.

Initiation: An entrepreneur who wishes to become FirstCry franchisee partner can reach out to the company by filling an online form. Other than the basic contact details, they need to share the type of store (FirstCry, BabyHug, CuteWalk, BabyOye) they want to open as well as the capital available with them.

Investment Requirements: For a FirstCry store, the partner needs to invest roughly INR 2.5-3.0mn in capex to open a 2,000 sqft store while also having to maintain inventory of INR 1,150 per sqft. Simultaneously, for a BabyHug store, investment needed to open a 1,200 sqft store is around INR 1.3-1.8mn along with inventory holding of INR 950 per sqft. Capex investment tends to recur every 3-5 years as the company nudges to change the layout along with regular wear and tear. Most franchise partners start with a smaller store and then are offered the option (by the company) to enlarge the store or open more stores in their city as well as expansion to nearby cities.

Sales and growth expectations: FirstCry stores tend to have sales of about INR 10k per sqft in year 1 with SSSG of anywhere between 5-12% depending on the macro environment as well as the number of new stores that come up in their cities. COCO stores coming up in a nearby catchment tend to impact SSSG for existing stores severely.

Margin availability: FirstCry home brands enable higher commissions for the franchise partners (30-35%) while 3rd party brands' commissions tend to be 5-10% lower. Considering higher home brands' margins, salesperson at the store tends to nudge the customers towards FirstCry brands, which are generally similar or better in quality but lower in price. On a blended basis, franchise partners tend to make 25-30% take-rate of sales.

Expense load: Company does not bear the cost of any opex or capex in the store and the franchise partner is expected to bear these costs completely. Further, company ships inventory to these stores after receiving the payment and hence these stores are negative working capital for FirstCry. Cost of rent is around INR 70-80 per sqft. Typical employee expenses include the salary of 1 store manager, 3 sales executives and 1 house-keeping staff. Further, 3-4% of sales are required for other operating expenses such as electricity, water, conveyance and miscellaneous expenses.

Product Mix: Apparels tend to contribute the highest at about 50-60% with toys and games accounting for 10-15% and nursery products accounting for another 15-20%, while the rest is a combination of the remaining categories. In terms of age group, franchisees tend to see highest mix coming from 0-3 year age group.

Exhibit 26. Store economics – FirstCry franchise-owned, franchise-operated store

FirstCry Store - FOFO	Y1	Y2	Y3	Y4	Assumptions:
Sales per store	22.0	24.2	26.1	28.1	1. Year 1 sales of INR 10k per sqft annually
GM per store	6.4	7.0	7.6	8.1	2. Rent has been taken as INR 75 per sqft per month
Rent per store	2.0	2.1	2.2	2.3	3. Salary has been taken as INR 105K per month
Employee cost per store	1.4	1.5	1.6	1.7	(which includes 1 Manager, 3 Sales executive, 1 House-keeping)
Other operating costs	0.8	0.8	0.9	1.0	4. Other Operating Cost has been taken as 3.5% of GMV
EBITDA per store	2.2	2.6	2.9	3.1	Payback Period: 31 months for 2,200 sqft store with INR 1,150 per sqft of
EBITDA Margin	10.1%	10.7%	10.9%	11.1%	inventory
Store RoIC	34.6%	40.1%	44.4%	48.6%	

Source: JM Financial

Payback Period: For a 2,200 sqft store with INR 1,150 per sqft of inventory and INR 10k per sqft of annual sales in year 1, we estimate the payback period to be 31 months while the store turns operating break-even within 4-6 months. This includes the cost of capital expenditure, inventory as well as security deposit for the lease and assumes 9-10% SSSG on year 1 sales.

Valuation Methodology

We initiate on FirstCry with a BUY rating and a Mar'26 TP of INR 692

We value FirstCry using SOTP method mainly due to diverse nature of its business segments that will better capture different growth trajectories in each of its business segments.

India Multi-Channel is the largest segment (~66% of total revenue as of 2QFY25), and is the core business for the company. We expect this segments' GMV/Revenue to grow at CAGR of 17%/17% during FY24-29E, with gross margin seen expanding by 370bps driven by rising mix of home brands, COCO store expansion, economies of scale on home brands to drive manufacturing margin, and better negotiations with 3P brands to enhance take-rates. We expect Adj. EBITDA margin to expand by 470bps during FY24-29E owing to gross margin expansion and operating leverage. Amongst peers, Nykaa BPC is the closest to Firstcry India Multi-channel in terms of its business model. Nykaa offers a stronger growth story with a focus on premiumisation, while FirstCry has lower growth potential as it loses its mature consumers every 4-6 years. Additionally, FirstCry faces recurring customer acquisition costs every 3-4 years, though much lower compared to Nykaa BPC, whereas Nykaa customers can potentially shop on the platform for decades. As society modernises, it would negatively affect birth rates in India, impacting FirstCry's growth. Hence, due to longer-term headwinds in birth rate and difference in growth trajectory, we believe this business needs to trade at a discount compared to Nykaa. Accordingly, we value this business at 40x EV/FY27E Adj. EBITDA multiple, ~20% discount to implied Nykaa BPC target multiple.

International business (UAE and KSA), which is relatively nascent, has similar demographics to India with higher per capita spend per child. We believe there is a lot of room for growth in this business especially with offline expansion in play in the KSA. We expect this segments' GMV/Revenue to grow at a CAGR of 25%/25% during FY24-29E, with gross margin/ adj. EBITDA margin to expand by 630bps/26ppts during same period. Accordingly, we value this business at 4x EV/FY27E Revenue multiple, in-line with broader retailers' multiples.

Globalbees business, which operates on a Thrasio-like business model, is a roughly a 3 year old venture of the company and is in early stage of growth. With the rising D2C market, we believe this business has lot of potential to grow especially in absence of strong competitive intensity barring Mensa brands. We expect this business to grow at revenue CAGR of 26% during FY24-29E with gross margin/ adj. EBITDA margin likely to expand by 580bps/930bps during this period. Accordingly, we value this business at 30x EV/ FY27E Adj. EBITDA multiple (adjusted for 50.73% stake of FirstCry), in line with the fast growing branded plays.

Others business, which mainly include the education segment, is expected to trade at 25x EV/ FY27E Adj. EBITDA multiple due to smaller scale and early stage of operations.

At a consolidated level, we estimate FirstCry to deliver FY24-29 revenue CAGR of 20%, with Adj. EBITDA margin reaching 12% by FY29E. Overall, we arrive at a target valuation of ~INR 369bn for FirstCry, which on a per share basis works out to ~INR 692, a 14% upside from CMP of INR 607. We initiate coverage on FirstCry with a 'BUY' rating.

Exhibit 27. Valuation methodology

TP Date		31-Mar-26						
FirstCry Valuations	Valuation Metric	Target Multiple (x)	Metric	FY27E (INR bn)	Valuation (INR bn)	Per Share (INR)	Rationale	
India Multi-channel	EV / Adj. EBITDA	40	Adj. EBITDA	7.1	284.2	534	20% discount to implied Nykaa BPC target multiple considering similar difference in mid- to long term growth	
International	EV / Sales	4	Revenue	15.0	60.1	113	In-line with broader retailers' multiple	
Globalbees	EV / Adj. EBITDA	30	Adj. EBITDA	1.3	20.2	38	In-line with fast growing branded players; adjusted for 50.73% stake	
Others	EV / Adj. EBITDA	25	Adj. EBITDA	0.2	5.8	11		
Cash (Mar'26)		1	Net Cash	4.1	4.1	8		
Minority Interest (Mar'26)				-5.8	-5.8	-11		
Target Market Cap (INR bn)					369	692		
Current Market Price (INR)					607			
Upside from CMP (%)					14%			
Outstanding shares (bn)					0.5	Fully diluted shares		
TP (INR)					692	Fair value per share		

Source: JM Financial estimates

Exhibit 28. Valuation comps: FirstCry vs. leading retailers / new-age technology companies / global e-commerce companies







Company	MCap (USD bn)	EV (USD bn)	EV / Revenue (x)			Rev CAGR 24-26E	EV / EBITDA (x)			EBITDA CAGR 24-26E	P / E (x)			EPS CAGR 24-26E
			CY24 /FY25E	CY25 /FY26E	CY26 /FY27E		CY24 /FY25E	CY25 /FY26E	CY26 /FY27E		CY24 /FY25E	CY25 /FY26E	CY26 /FY27E	
FirstCry*	3.7	3.8	4.1x	3.4x	2.8x	20%	108x	60x	33x	80%	nm	712x	94x	nm
India Retail (IR)														
Nykaa*	5.9	6.0	6.4x	4.9x	3.8x	30%	99x	58x	37x	63%	359x	135x	71x	124%
Dmart	27.2	27.2	3.9x	3.2x	2.7x	19%	47x	39x	32x	22%	74x	63x	52x	19%
ABFRL	3.7	4.2	2.2x	2.0x	1.8x	13%	19x	15x	13x	22%	nm	nm	nm	nm
Titan	35.6	37.8	5.6x	4.8x	4.1x	17%	56x	43x	36x	24%	83x	62x	51x	28%
Page Industries	6.5	6.4	10.8x	9.3x	8.4x	13%	53x	45x	39x	17%	79x	67x	57x	18%
Hindustan Unilever	65.4	64.1	8.5x	7.9x	7.2x	9%	36x	33x	29x	10%	52x	47x	42x	11%
ITC	69.2	67.0	7.5x	6.8x	6.2x	9%	21x	19x	17x	9%	28x	25x	22x	11%
Emami	3.0	3.0	6.5x	6.1x	5.6x	8%	24x	22x	20x	10%	30x	27x	24x	10%
Godrej ConsumerProducts	13.1	13.2	7.7x	6.9x	6.3x	10%	35x	31x	27x	14%	53x	43x	37x	19%
Colgate	8.9	8.7	11.8x	10.8x	9.9x	9%	36x	32x	29x	11%	51x	46x	41x	11%
Tata Consumer Products	10.6	10.8	5.2x	4.7x	4.3x	11%	35x	30x	27x	14%	58x	47x	40x	20%
Trent	29.1	29.0	13.9x	10.2x	7.8x	33%	88x	64x	48x	36%	143x	96x	74x	38%
Honasa	0.9	0.9	3.6x	3.0x	2.6x	18%	81x	42x	28x	69%	93x	49x	35x	63%
India Tech (IT)														
Zomato*	33.7	33.7	14.3x	10.3x	8.1x	32%	268x	116x	71x	94%	264x	110x	75x	88%
Swiggy*	15.5	15.1	8.5x	6.4x	5.1x	29%	nm	nm	160x	nm	nm	nm	271x	nm
Info Edge*	13.5	13.5	42.8x	37.1x	31.7x	16%	104x	87x	70x	22%	117x	99x	80x	21%
Makemytrip	12.9	12.4	13.3x	11.0x	9.0x	21%	71x	64x	47x	23%	77x	67x	55x	18%
Policybazaar*	11.5	11.5	19.8x	15.6x	12.5x	26%	881x	167x	91x	212%	313x	143x	92x	85%
Paytm	7.6	6.6	7.8x	5.9x	4.7x	28%	nm	nm	63x	nm	nm	nm	74x	nm
Affle*	3.0	2.9	10.9x	9.1x	7.6x	19%	53x	43x	35x	23%	70x	55x	46x	24%
Indiamart*	1.7	1.4	8.5x	7.6x	6.9x	11%	nm	24x	22x	nm	31x	29x	27x	8%
Just Dial*	1.0	0.5	3.5x	3.2x	2.8x	12%	12x	10x	9x	16%	15x	16x	14x	5%
Car Trade*	0.9	0.8	10.5x	8.8x	7.4x	19%	48x	33x	24x	41%	60x	43x	33x	36%
Nazara	0.9	0.9	5.3x	4.2x	3.5x	24%	41x	30x	25x	29%	77x	61x	46x	29%
Blackbuck*	0.9	0.9	16.8x	12.3x	9.4x	33%	140x	47x	25x	138%	nm	49x	30x	nm
Global E-commerce (GE)														
Amazon	2,449	2,512	3.9x	3.6x	3.2x	11%	18x	15x	13x	17%	37x	33x	27x	17%
Alibaba	205	144	1.1x	1.0x	0.9x	8%	6x	5x	4x	15%	10x	9x	8x	15%
Shopify	150	146	16.6x	13.5x	11.1x	22%	98x	73x	55x	33%	88x	76x	61x	21%
Walmart	762	820	1.2x	1.2x	1.1x	4%	20x	18x	17x	9%	38x	35x	31x	11%
JD.Com	59	55	0.4x	0.3x	0.3x	6%	8x	7x	6x	14%	9x	9x	8x	11%
eBay	30	33	3.3x	3.2x	3.0x	4%	10x	10x	10x	4%	13x	12x	11x	8%
Ulta Beauty	20	22	1.9x	1.9x	1.8x	4%	12x	13x	13x	-1%	18x	18x	16x	3%
Etsy	7	8	2.9x	2.9x	2.7x	4%	11x	10x	10x	5%	15x	14x	14x	6%
Mean (IR)			7.0x	6.0x	5.2x	16%	53x	38x	30x	29%	92x	109x	49x	31%
Mean (IT)			13.2x	10.7x	8.9x	22%	164x	58x	51x	62%	106x	64x	67x	33%
Mean (GE)			3.9x	3.4x	3.0x	8%	23x	19x	16x	12%	29x	26x	22x	11%

Source: Bloomberg, JM Financial. Note: *JMFL estimates, rest are Bloomberg consensus estimates. Valuation as of 17th Dec 2024.

Comparing FirstCry to other listed New-Age companies

While there is no like-to-like comparable for FirstCry, comparisons with other new age companies are inadvertent considering the growth and margin expansion profile. Considering no other large, specialised childcare platform, FirstCry certainly commands significantly high mindshare for parents with young kids (0-4 years) and hence deserves a brand premium. However, our customer checks suggest that there is a sharp dip in wallet share on FirstCry for these parents when the age of the child reaches 3-5 years. **This is driven by 1) child commanding what he / she wears or wants, 2) presence of horizontal e-commerce platforms that offer decent assortment, and 3) sensitivity of parents to what they put on their child dipping marginally as the child can communicate if the product is troublesome.** Hence, we believe that despite FirstCry dominating the younger age group, it would be a tough ask for the company to gain wallet share in the 6-12 year age group, limiting customer tenure on the platform.

Exhibit 29. FirstCry vis-à-vis other new-age B2C stocks

						
FY30E EBITDA Margin (Pre Ind AS)	11.0%	36.4%	13.6%	20.0%	10.1%	14.9%
FY24-29E Revenue CAGR	20.1%	20.6%	27.8%	27.1%	25.8%	33.4%
Capital Expenditure (% of FY24 Revenue)	5%	1%	2%	2%	3%	2%
Working Capital (% of FY24 Revenue)	15%	8%	16%	3%	16%	24%
Marginal Incremental Profitability (FY20-FY24)	4% ¹	24%	6%	17%	25% ²	27%
Revenue Predictability	Low	Medium	Low	High	Low	Low
Customer Loyalty	High	Medium	High	Medium	Low	Low
Serviceable Market Size	Medium	Low	Medium	Medium	High	High
Competitive Intensity	Low	Low	Medium	Low	High	High

Source: Company, JM Financial. Marginal Incremental Profitability is defined as the change in EBITDA during this period divided by the change in Revenue. Note: 1) Over FY21-24 as Pro Forma not available for FY20; 2) Over FY22-24 as prior data not available.

In comparison, most B2C companies under our coverage see significantly higher spend from their repeat users who can potentially stick with the platform for multiple decades assuming the platform does not get disrupted. This customer retention enables significant operating leverage over marketing expenses as the cohort matures, resulting in high marginal incremental profitability. However, it is important to note that FirstCry sees a steep ramp-up in consumer spends in early years itself compared to what is seen for other B2C companies. Furthermore, customer acquisition cost per shopper for FirstCry is also lower when compared with these other companies.

Comparing the current trading valuations on FY27 pre Ind AS EBITDA multiple (appropriate multiple considering it takes into account ESOP expenses as well as rental payments while not including treasury income) for FirstCry with other internet names, the company trades at a discount to Swiggy, Zomato and PB Fintech while trading at a premium to CarTrade and Nykaa. We believe such variance is largely deserved considering the relatively lower growth estimates for the company along with lower marginal incremental profitability over FY20-24. However, premium on Nykaa multiples seems a bit undeserved and is largely a function of significant value upside in Nykaa rather than due to FirstCry trading at stretched valuation.

Exhibit 30. Valuation in comparison of other new age peers

Company	Revenue			Pre Ind AS EBITDA			PAT			CMP Dec 18, 2024	Market Cap (INR bn)	EV (INR bn)
	in INR Mn	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E			
FirstCry	70,891	85,148	101,849	793	2,208	6,296	-368	561	3,393	624.2	332	336
At CMP	4.7x	4.0x	3.3x	424.2x	152.4x	53.4x	-914.1x	599.3x	99.2x			
CarTrade	6,452	7,692	9,118	1,062	1,805	2,464	1,288	1,799	2,378	1,492.9	76	72
At CMP	11.2x	9.4x	7.9x	67.8x	39.9x	29.2x	55.9x	40.0x	30.3x			
Nykaa	80,469	105,233	135,408	3,885	7,338	11,942	1,378	3,716	7,065	173.1	497	500
At CMP	6.2x	4.7x	3.7x	128.6x	68.1x	41.8x	362.5x	134.5x	70.7x			
PB Fintech	49,252	62,627	77,776	240	4,878	9,729	3,328	7,254	11,332	2,147.5	1,048	1,007
At CMP	20.4x	16.1x	12.9x	4200.3x	206.4x	103.5x	302.5x	138.8x	88.8x			
Swiggy	151,454	199,615	250,643	-25,112	-14,282	4,242	-23,905	-13,299	5,432	577.4	1,292	1,249
At CMP	8.2x	6.3x	5.0x	-49.7x	-87.4x	294.4x	-52.2x	-93.9x	229.9x			
Zomato	199,999	278,470	350,898	7,346	19,895	34,111	10,465	25,131	36,895	291.9	2,579	2,456
At CMP	12.3x	8.8x	7.0x	334.4x	123.5x	72.0x	234.7x	97.7x	66.6x			

Source: Company, JM Financial estimates

SKU Analysis: FirstCry has the broadest SKU base on an overall basis with Myntra being largest in Clothing

FirstCry

Though FirstCry primarily caters to 0-12 age group, our analysis basis SKUs on its platform suggests that 0-6Y age group has the highest SKU count comprising ~71% (more than 2/3rd) of the total SKUs. This suggests that this age range is the most active for product offerings. It is likely due to the rapid growth and needs of toddlers, who require frequent changes in clothes, shoes, toys, and baby gear. As we go towards the higher age group, 6-12Y age group accounts for ~29% of total SKUs. This trend suggests that FirstCry primarily focuses on catering to new-born, infants and toddlers.

Amongst categories, clothing is the focus category with ~39% of total SKUs. In clothing, ~28% are from home brands such as BabyHug, CuteWalk and Pine Kids. Furthermore, the highest share of home brands is in footwear category, accounting for ~46% of total SKUs.

Exhibit 31. FirstCry and its home brands' SKU distribution over categories

Category	SKUs	Owned brands SKUs
Clothing	152,499	42,334
Footwear	8,948	4,099
Toys and Gaming	31,835	795
Diapering	9,782	1,611
Baby Gear	5,847	637
Feeding and Nursing	15,572	879
Nursery	20,526	-
Moms and Maternity	4,588	-
Health and safety	6,250	369
Boutiques	8,197	25
Women personal care	32,681	51
Birthday and gifts	13,002	-
Books and CDs	17,099	81
School accessories	17,892	-
Home and living	37,950	63
Bath and Skincare	4,122	482
Total	386,790	51,426

Source: Company App / Website, JM Financial. Note: SKU count is as of Dec 13th 2024.

Peers

Myntra, being a fashion focused platform, has more SKUs in the clothing category than FirstCry but SKU distribution across age groups is very different. In FirstCry, 0-6 years is the more prominent age group whereas in Myntra 4-12 years age group has more SKUs. Also, SKU count increases as we go higher in the age group.

For Ajio and Tata CLIQ, though assortment is lesser compared to FirstCry they do have a play in the childcare segment especially in clothing and footwear category.

Though these vertical and horizontal platforms might have a few categories where they have more SKUs than FirstCry but none of them caters to 0-12 years across all childcare categories.

Mothercare, Hopscotch and Me n Moms operate in the childcare space but are quite small in scale compared to FirstCry. Mothercare and Me n Moms address to all childcare categories but the depth of assortment is lesser than that of FirstCry.

Exhibit 32. Peers' SKUs distribution over key kids categories

Myntra		Ajo		Tata CLIQ	
Category	SKUs	Category	SKUs	Category	SKUs
Clothing	317,408	Clothing	160,168	Clothing	75,798
Footwear	12,647	Footwear	10,720	Footwear	3,488
Toys and games	4,687	Toys and games	4,564	Toys and games	122
Mother care	7,850	Mother care	3,468	Mother care	1,591
Baby care	1,617	Baby care	2,342	Baby care	10
Diapers	1,336	Diapers	695	Diapers	62
Home and Bath	1,797	Feeding and nursing	407	Home and Bath	397
Kids accessories	24,250	Kids accessories	623	Kids accessories	663
Total	371,592	Total	182,987	Total	82,131

Source: Company App / Website, JM Financial. Note: SKU count is as of Dec 6th 2024.

Exhibit 33. Category presence across various horizontal and vertical players

Category	FirstCry	Mothercare	Hopscotch	Me n Moms	Myntra	Nykaa Fashion	Ajo	Tata CLIQ	Meesho	Amazon	Flipkart
Boys Fashion	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Girl Fashion	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Footwear	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Toys	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Diapering	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Baby gear / accessories	Green	Red	Red	Red	Red	Green	Green	Red	Green	Green	Green
Feeding and Nursing	Green	Red	Red	Red	Red	Green	Green	Green	Green	Green	Green
Mothercare	Green	Red	Red	Red	Red	Green	Green	Green	Green	Green	Green
Baby personal care	Green	Red	Red	Red	Red	Green	Green	Green	Green	Green	Green
School accessories	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Health and safety	Green	Red	Red	Red	Red	Green	Green	Red	Green	Green	Green

Source: Company App / Website, JM Financial. Note: Green – Category available, Red – Category not available.

Key Risks

- **Regulatory changes:** Potential shift in government policies especially on manufacturing, retail, wholesale and e-commerce rule, changes in taxation, foreign direct investment regulations, and labour laws etc. could have an adverse effect on the company's operational stability. Besides this, FirstCry may have to bear incremental costs of compliance that may have a direct impact on its business operations as well as financial positioning.
- **Third party risks:** The company depends on 3rd party manufacturers and suppliers for certain products, including overseas vendors, which can cause potential manufacturing and import related issues. Additionally, FirstCry is also exposed to any potential product liability or the sale of home brands on third party platforms by unauthorised sellers or risk of counterfeit products by unauthorised sellers.
- **Dependence on franchisees, warehouse operators, distributors for product distribution:** FirstCry relies on franchisees, warehouse operators, logistic partners, distributors and other such 3rd parties for product distribution with franchisees also managing customer experience as the face of the brand. Any failure by these 3rd parties or breach of their obligations to the company could have an adverse impact of the company's business and reputation.
- **Risks associated with physical stores:** With the company having a strong physical presence in 533+ cities, there could be location risk with existing locations becoming unattractive, unprofitable and suitable new location not being available at a reasonable price or increased price of real estate in the neighbourhoods, which is not proportionate to company's sales. Additionally, expansion of retail footprint requires fixed lease costs, fit-outs and refurbishments and the stores may take time to break-even.
- **Risks associated with international operations:** FirstCry's expansion in the UAE and the Kingdom of Saudi Arabia is subject to inherent risks such as adverse geo-political and economic conditions, foreign currency rate volatility, and political unrest, changes in custom laws and regulations, trade and financing barriers.
- **Investments in D2C brands through Globalbees:** FirstCry's subsidiary, Globalbees, targets D2C brands across categories such as BPC, home, kitchen, food and lifestyle. As of DRHP date, Globalbees has controlling stake in 21 entities and has business transfer agreements with five entities. With limited experience in these categories, there is no assurance that these investments would be successful; also inability to source funds to invest in the acquired companies in future can have an adverse effect on the company's financial condition.
- **Risks associated with seasonality:** Historically, the company has experienced higher sales volume in 2Q and 3Q but the seasonal trends may lead to failure to forecast demand accurately, failure to develop sufficient fulfilment and delivery capacity to meet customer demand due to system interruptions during peak demand.

Financial analysis

We expect group GMV to grow at CAGR of 19% over next 5 years

FirstCry's GMV grew at a CAGR of 32% in FY21-24 to INR 91.2bn due to an increase in the assortment of products offered across third-party and home brands, rise in prices of certain products, growth in customer base in India and international markets, and an expansion in the network of modern stores.

India Multi-channel: We expect India multi-channel GMV to grow at CAGR of 17% in FY24-29E. Revenue grew at CAGR of 26% during FY21-24 and we expect a growth of 17% over the next 5 years. We believe GOV will be driven by order volume growth of 16% and slower AOV growth of only 1% over FY24-29E. GMV-revenue conversion has been volatile in the past 3 years at 59-62% but we expect it to stabilise around 59.4% by FY29E. Gross margin (as % of GMV) is expected to expand ~370bps over FY24-29E mainly due to higher mix of home brands, which are high-margin products compared with 3rd party brands, improved margins from 3rd party brands and shift towards COCO format stores. We expect adj. EBITDA margin to improve from 9.1% in FY24 to 13.7% in FY29E.

International: International segment GMV is expected to grow at CAGR of 25% during FY24-29E. International GMV is expected to grow faster due to higher order volume growth of 19% as a result of further investments in this market especially in KSA for store expansion and AOV growth of 5% over FY24-29E. Revenue grew at CAGR of 45% during FY21-24 and we expect a growth of 25% over the next 5 years. GMV-revenue conversion is expected to be at 50% by FY29E. Gross margin (as % of GMV) is expected to expand ~630bps over FY24-29E with improved mix of home brands and margin percentage from 3rd party brands. We expect adj. EBITDA margin to improve from -18.5% in FY24 to 8% in FY29E.

Globalbees: We expect revenue growth of 26% over FY24-29E. The company plans to use INR 1,690mn from IPO funds to further acquire additional stake in step-down subsidiaries. Adj. EBITDA margin (adjusted for ESOPs, salaries and wages accounted as per paragraph B55 of Ind-AS 103 and deal related cost) is expected to improve from 0.2% in FY24 to 9.5% in FY29E.

Education / Others: Though this segment is not a significant contributor of total revenue, we expect a CAGR of 27% over FY24-29E in this segment with gross margin expanding 250bps to 68% by FY29.

Overall, we expect 20% revenue CAGR during FY24-29E with gross margin expansion of 440 bps to reach 40.2% by FY29, aided by margin improvement in India multi-channel and International segment.

Marketing and sales promotion expenses decreased in FY24: FirstCry has gained prominence as the leading parenting platform in India by leveraging its core capabilities in content, social media engagement and hospital gift box programme. Company's advertising and sales promotion expense as a percentage of revenue has decreased from 7.9% in FY23 to 7.4% in FY24 due to past investments to enhance brand visibility, attract new customers, support new initiatives, and expand market reach, both domestically and internationally.

Decrease in ESOP cost: ESOP cost decreased significantly by 51% YoY to INR 1.8bn in FY24, leading to increase in adj. EBITDA.

EBITDA improvement in FY24: FirstCry reported EBITDA of INR 705mn (1.1% EBITDA margin) in FY24. This was mainly due to higher gross profit margin and reduction in fulfilment cost as % of revenue. Going ahead, we expect sharp EBITDA improvement with operating leverage kicking in. EBITDA is expected to reach INR 18.8bn by FY29E with margin of 11.6%.

Net working capital days: As of FY24, the company has net working capital of 53 days which is likely to improve over time with improving inventory management efficiency.

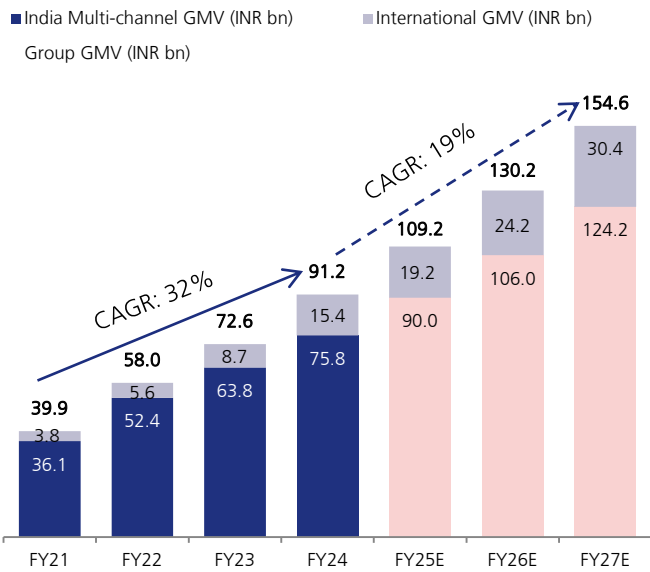
Cash and cash equivalents: As of Q2FY25, the company has cash and cash equivalents of INR 21.8bn (including bank balance, investments and financial assets).

Exhibit 34. Key assumptions

	FY21	FY22	FY23	FY24	FY25E	FY29E	FY34E	FY41E	CAGR FY24-29	CAGR FY29-34	CAGR FY34-41
India Multi-channel											
Annual unique transacting consumers (mn)	5.2	6.7	7.7	8.7	10.0	16.6	29.0	56.8	13.8%	11.8%	10.0%
as % of population under 4	4.9%	6.3%	7.3%	8.3%	9.4%	15.6%	27.9%	56.2%			
Orders (mn)	18.7	25.7	29.6	34.1	40.0	70.3	130.8	275.5	15.6%	13.2%	11.2%
Average order Value (AOV) (INR)	1,933	2,043	2,156	2,226	2,253	2,389	2,558	2,786	1.4%	1.4%	1.2%
GMV (INR bn)	36	52	64	76	90	168	335	767	17.2%	14.8%	12.6%
Revenue (INR bn)	22	31	39	45	53	100	200	462	17.4%	14.9%	12.7%
Gross Margin	35.3%	33.8%	33.3%	36.4%	38.4%	40.1%	41.0%	41.4%	74bps	18bps	6bps
Adj. EBITDA Margin	NA	6.2%	6.3%	9.1%	10.0%	13.7%	15.6%	16.6%	93bps	39bps	14bps
International											
Annual unique transacting consumers (mn)	0.2	0.2	0.3	0.4	0.5	1.1	2.2	4.9	20.5%	14.8%	12.2%
Orders (mn)	0.7	1.1	1.4	1.8	2.1	4.3	8.9	20.9	19.3%	15.6%	12.9%
Average order Value (AOV) (INR)	5,311	5,178	6,350	8,582	9,054	10,719	12,426	14,100	4.5%	3.0%	1.8%
GMV (INR bn)	4	6	9	15	19	46	111	294	24.7%	19.0%	15.0%
Revenue (INR bn)	2	4	5	8	9	23	56	150	25.2%	19.5%	15.0%
Gross Margin	25.3%	22.3%	22.9%	26.0%	28.3%	32.3%	35.0%	36.4%	125bps	55bps	21bps
Adj. EBITDA Margin	NA	-23.7%	-24.6%	-18.5%	-11.5%	8.0%	12.4%	14.2%	530bps	87bps	26bps
Globalbees											
Revenue (INR bn)	NA	1	9	12	16	38	91	255	25.6%	19.2%	15.9%
Gross Margin	NA	46.4%	36.2%	38.6%	40.9%	44.4%	45.1%	45.5%	116bps	15bps	5bps
Adj. EBITDA Margin	NA	-8.2%	-5.0%	0.2%	2.3%	9.5%	18.5%	24.6%	186bps	181bps	87bps
Others											
Revenue (INR mn)	NA	79	230	334	467	1,081	1,948	3,794	26.5%	12.5%	10.0%
Gross Margin	81.6%	76.1%	62.8%	65.5%	66.3%	68.0%	69.0%	70.1%	50bps	20bps	15bps
Adj. EBITDA Margin	NA	-101.5%	-13.3%	17.5%	24.0%	35.0%	42.5%	53.0%	350bps	150bps	150bps
Group											
GMV (INR bn)	40	58	73	91	109	214	445	1,062	18.6%	15.7%	13.2%
Revenue (INR mn)	25	36	53	65	79	162	350	870	20.1%	16.6%	13.9%
Gross Margin	34.3%	33.1%	32.9%	35.8%	37.8%	40.2%	41.3%	41.9%	88bps	22bps	9bps
EBITDA Margin	1.9%	-0.5%	-6.0%	1.1%	3.8%	11.6%	15.8%	18.6%	211bps	83bps	40bps
Adj. EBITDA Margin	3.7%	2.6%	1.5%	3.8%	6.0%	12.0%	16.0%	18.7%	164bps	79bps	39bps

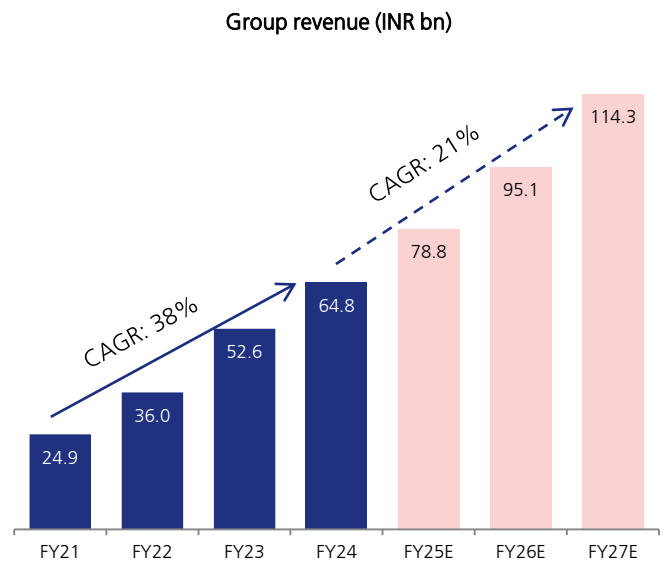
Source: Company, JM Financial estimates

Exhibit 35. Group GMV trend



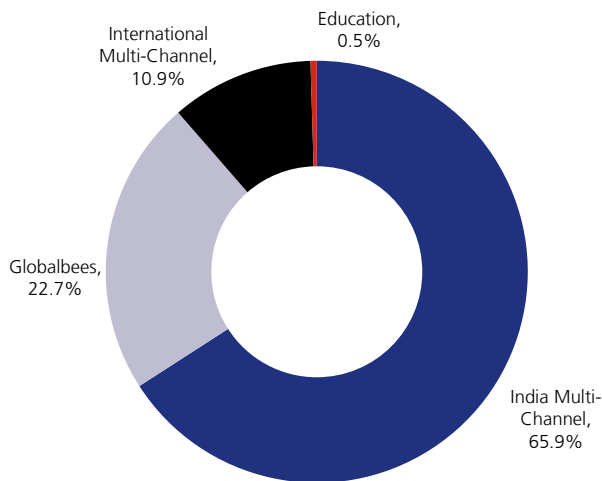
Source: Company, JM Financial

Exhibit 36. Group revenue trend



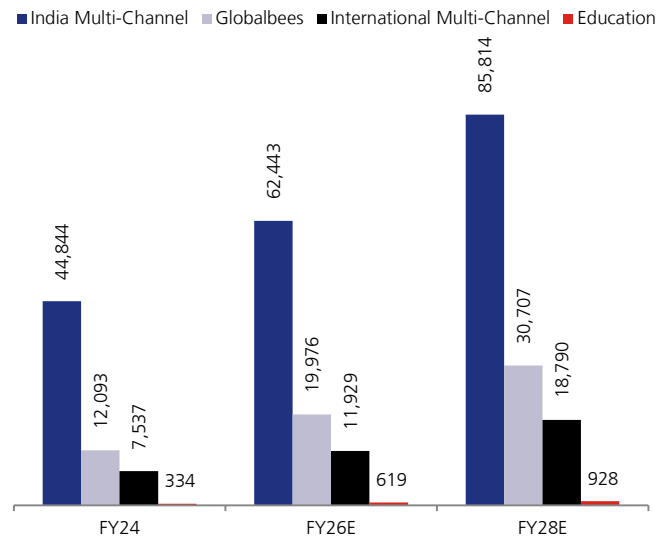
Source: Company, JM Financial

Exhibit 37. Revenue split (as of 2QFY25)



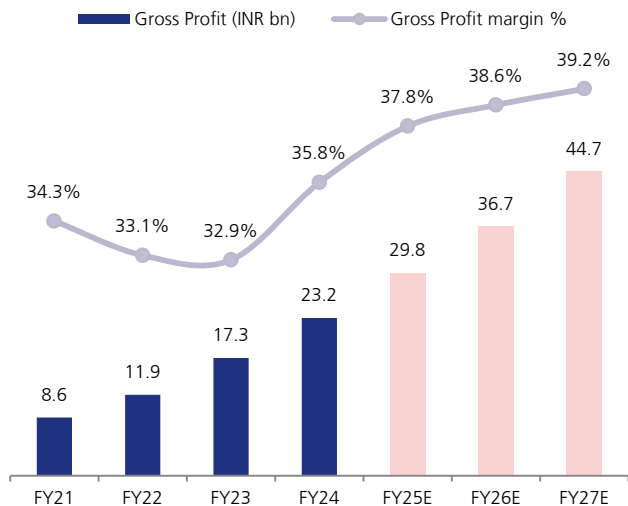
Source: Company, JM Financial

Exhibit 38. Revenue forecasts



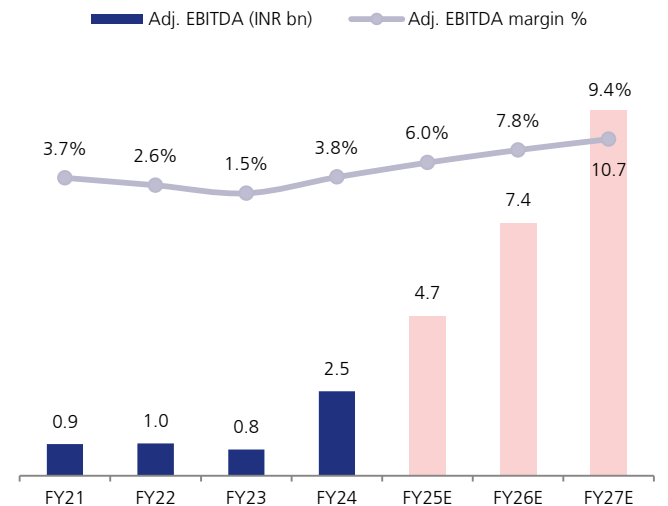
Source: Company, JM Financial

Exhibit 39. Gross margin trend



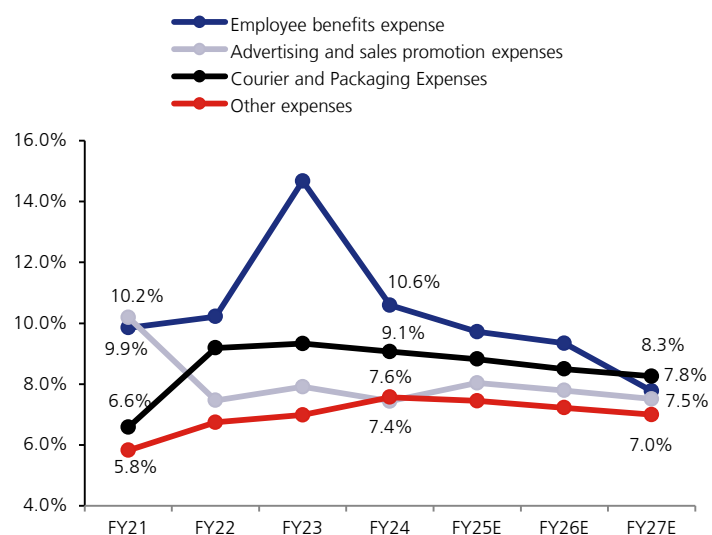
Source: Company, JM Financial

Exhibit 40. Adj. EBITDA trend



Source: Company, JM Financial

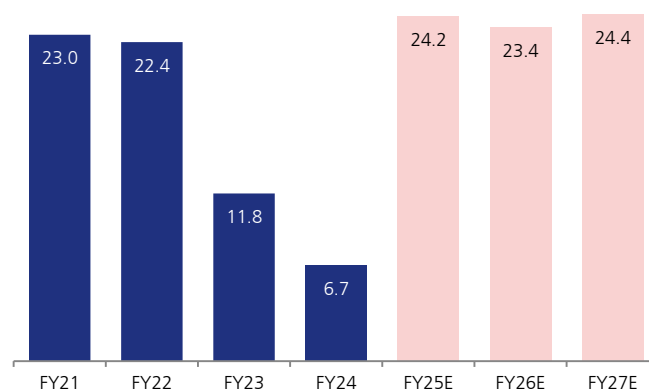
Exhibit 41. Expense trend



Source: Company, JM Financial

Exhibit 42. Cash and cash equivalent trend

Cash and cash equivalent (INR bn)



Source: Company, JM Financial Note: Figures also include bank balance

Exhibit 43. Key metrics

Metrics	FY21	FY22	FY23	FY24	1QFY25	2QFY25
GMV (INR mn)	39,858	57,995	72,576	91,211	23,183	25,286
India Multi-channel	36,087	52,389	63,831	75,827	19,389	21,095
Online (%)	NA	81.6%	77.4%	76.9%	76.8%	77.2%
Offline (%)	NA	18.4%	22.6%	23.1%	23.2%	22.8%
International	3,771	5,605	8,745	15,384	3,794	4,191
Total GMV split - Regionwise						
East	NA	12.8%	13.5%	13.8%	NA	NA
North	NA	27.3%	27.6%	27.6%	NA	NA
South	NA	36.0%	36.6%	37.1%	NA	NA
West	NA	24.0%	22.3%	21.6%	NA	NA
Annual unique transacting consumers (in mn)	5.38	6.86	7.98	9.11	9.44	9.90
India Multi-channel	5.22	6.68	7.72	8.68	9.00	9.40
International	0.16	0.18	0.26	0.43	0.44	0.50
Order volume (in mn)	19.38	26.73	30.99	35.85	9.40	9.99
India Multi-channel	18.67	25.65	29.61	34.06	9.00	9.52
International	0.71	1.08	1.38	1.79	0.40	0.48
Average order value (INR)	2,057	2,170	2,342	2,482	2,554	2,544
India Multi-channel	1,933	2,043	2,156	2,226	2,157	2,217
International	5,311	5,178	6,350	8,582	8,669	8,737
Physical stores	531	701	904	1,063	1,083	1,124
FOFO	478	575	618	628	624	626
COCO	53	126	286	435	459	498
FirstCry Stores	5	8	62	151	165	191
Babyhug exclusive stores	48	118	224	284	294	307
SKUs (in mn)	0.91	1.27	1.29	1.65	1.70	1.82
Number of brands	4,379	6,287	7,035	7,580	7,589	7,906
Retail distribution network						
Warehouses	55	67	79	80	80	80
Distributors	-	127	330	567	NA	NA
Cities with same day deliveries	29	32	46	45	NA	NA
Cities with next day deliveries	853	1,035	1,053	1,043	NA	NA
Firstcry Intellitots pre schools						
Total schools	44	63	105	208	NA	NA
Students	1,368	3,229	5,311	9,623	NA	NA
Gift box program						
Gift hampers delivered (in mn)	11.9	14.0	16.3	18.7	NA	NA
Hospital and maternity clinic arrangements	14,026	14,245	13,633	13,316	NA	NA

Source: Company, JM Financial

Company Background

Brainbees Solutions Limited ("FirstCry"), launched in 2010, is India's largest multi-channel retailing platform for mothers', babies' and kids' products (in GMV) as of FY24 as per Redseer report. The company operates mainly through online platform, company-owned modern stores, franchisee-owned modern stores and general trade retail distribution, engaged in the business of buying, selling, advertising, promoting, manufacturing baby and kids products and FMCG goods on a wholesale basis through various business partners.

FirstCry's online platform includes mobile app, website and mobile site with a forum called 'Parenting Community' which is an educational platform for parents to get their parenting queries answered. This forum helps the company not only engage better with customers but also acquire customers organically.

Exhibit 44. Brief timeline

Date	Particulars
2000	Supam Maheshwari founded Brainvisa Technologies, an e-learning company
2007	Sold Brainvisa to a US - based group 'Indecomm Global' for USD 16mn
2010	Incorporation of Company - FirstCry
2011	Opened first franchisee store at Bharuch, Gujarat
2011	Launch of brands 'BabyHug' and 'Cutewalk'
2013	Launched flagship marketing program of hospital box
2014	Launch of same day and next day delivery options
2014	Supam and Amitava Saha founded Xpressbees - logistic solutions provider as a logistic arm of FirstCry
2015	Xpressbees was spun off as BusyBees in Sept'15
2016	Investment by Ratan Tata
2016	Acquisition of 'Babyoye' business from MRL for INR 362cr (~INR 355cr - issue of shares, INR 7cr - cash)
2017	Launch of Firstcry parenting platform
2018	Signed an international license agreement with The William Carter Company
2018	Launch of 'Intellikit' , a kids' education subscription program
2018	Launch of premium fashion brand 'Babyoye'
2019	Opened 500th franchisee physical store in India
2019	Launch of Firstcry.ae in UAE
2019	Acquisition of school business 'Oi Playschool' to enter into preschool education business
2020	FirstCry became a unicorn after raising \$296M in a Series E funding round led by Japan-based Softbank Vision Fund.
2020	Opened first BabyHug company owned physical store in Pune
2020	Acquisition of majority stake in Swara Baby products Pvt. Ltd., a diaper manufacturer company
2020	Launch of Pinekids or 4-12 age group
2020	Launch of DocConnect, a platform for online consultation
2021	Co-founded and acquired majority stake in Globalbees Brands
2021	Launch of loyalty program 'Firstcry club membership'
2022	Globalbees became unicorn with \$110 million funding led by Premji Invest
2022	Acquisition of Digital Age Retail Pvt. Ltd.
2022	Commenced operations in KSA
2023	Globalbees signs pact to sell overseas brands in India by getting licences from top foreign brands with exclusive rights to sell them in India - both online and offline.
2023	Increased shareholding in Swara Baby
2024	Public listing on 13th August

Source: Company, JM Financial

Business Segments

India Multi-channel segment:

The India multi-channel segment is the largest revenue generator for FirstCry contributing ~70% of total revenue in FY24. It operates through an online platform, COCO / FOFO stores, and GT retail distribution. It offers 1.8mn+ SKUs from 7.9k+ brands, including prominent 3rd party Indian brands, global brands, and home brands. Home brands (BabyHug, Babyoye, Cutewalk, and Pine Kids) account for a significant share of the business. The business grew at 27% CAGR in FY20-24, with the offline business currently accounting for 23% of the mix. With the company planning to ramp up to 2k stores, the offline business share can rise to the late twenties over the next few years. In FY24, this segment had a 59% GMV-Revenue conversion with c.36% gross margin and 9.1% EBITDA margin. Margin expansion drivers include a rising mix of home brands and COCO stores, better negotiations with 3rd party brands, and scale-driven manufacturing margins. The company expects to add a total of 353 COCO stores in the next 2-3 years across FirstCry and BabyHug format. We expect this segment's revenue to grow at a CAGR of 17% over FY24-29E.

Key home brands of FirstCry include:

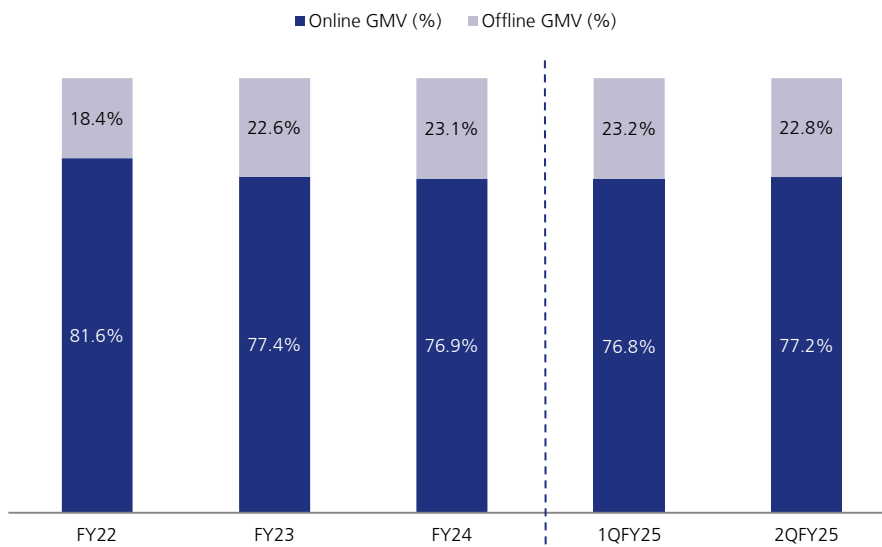
(1) **BabyHug:** BabyHug is FirstCry's flagship home brand, covering a broad range of categories such as clothing, feeding essentials, toys, nursery furniture and baby gear. It is the largest mother and baby product brand in India by GMV as of FY24 with our estimates suggesting an overall GMV of over INR 25bn. BabyHug products are available online as well as in 817 FirstCry stores, 307 exclusive BabyHug stores and more than 160k retail outlets (including pharmacies) across India as of 1HFY25. This brand mainly focuses on 0-6 year age bracket.

(2) **CuteWalk:** CuteWalk is an exclusive babies' and kids' footwear sub-brand under BabyHug.

(3) **Pine Kids:** This brand's product offerings cater to kids aged 4-12 years. The brand has clothing, footwear, accessories, toys, sports, education and lifestyle offerings. The company operates this brand in order to increase LTV of customer by catering to higher age group bracket. However, as this was launched in the past 2 years, we believe customer traction is yet nascent.

(4) **BabyOye:** Acquired from Mahindra Retail in 2016, BabyOye offers a wide range of baby and maternity products. Initially positioned as a premium brand, it is now a part of FirstCry's extensive product portfolio, focusing on clothing, maternity wear, and essentials such as diapers and feeding products.

Exhibit 45. India Multi-channel GMV split



Source: Company, JM Financial

International: International segment involves business operations outside India, primarily in the UAE and KSA. UAE operations started in Oct'19 and FirstCry has already become the largest specialist online Mothers', Babies' and Kids' product retail platforms in the country while also turning EBITDA profitable excluding royalty to India parent. The company offers same day delivery in the country by leveraging self-logistics. As UAE is offline retail-dominated premium-brands market, FirstCry plans to only focus on online distribution in the country. KSA operations started in Aug'22 with the country being the largest childcare products market in GCC (Gulf Cooperation Council), estimated at INR 535-545bn in FY24. While AOVs are expected to be significantly higher than in India, the industry structure is relatively similar and hence the company plans to take an omni-channel approach in the KSA. The company has taken ~ INR 1.14bn of capital from IPO fund raise to International subsidiary to foray into offline to replicate the India multi-channel model in KSA. This segment is gaining share in the overall business mix, with a share of 11.6% as of FY24. We expect this segment's revenue to grow at a CAGR of 25% over FY24-29E with operating profits only by FY27.

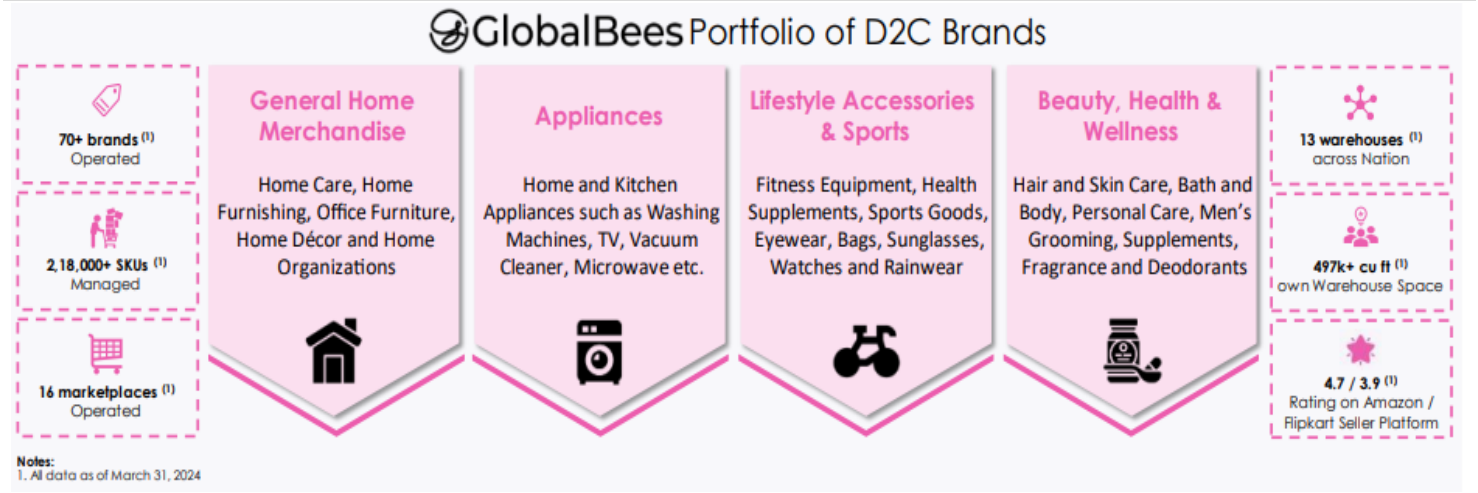
Globalbees: Globalbees is a direct-to-consumer (D2C) aggregation platform incubated under FirstCry. It is focused on acquiring and scaling e-commerce brands across various categories such as home, utilities, fashion and beauty. Globalbees has acquired controlling stakes in 21 entities and has 5 business transfer agreements. Globalbees leverages FirstCry's marketing and operational capabilities to help these brands grow. The company has not acquired any brand since Aug'22 and does not plan on acquiring any till FY25. This segment is gaining share in the overall business mix, with a share of 18.7% as of FY24. We expect this segment's revenue to grow at a CAGR of 26% over FY24-29E driven by growth across major e-commerce and quick commerce players.

Exhibit 46. Globalbees brands and their nature of business

Sr. No.	Name of the entity	Business	Date of incorporation	Date of acquisition
1	Merhaki Foods and Nutrition Pvt. Ltd.	Deals in fashion, health food, processed food and diet drinks, operates under the brand name "Yellow chimes", '&Me', 'Urban Gabru', 'Savya Homes', 'Cheston' and 'The Better Home'	27 September 2017	29 September 2021
2	Maxinique Solution Pvt. Ltd.	Deals in cosmetics, personal care products and their raw materials	12 November 2020	16 October 2021
3	Better & Brighter HomeCare Pvt. Ltd.	Deals in gift homecare, personal care and moisture absorber	11 June 2009	28 October 2021
4	HealthyHey Foods LLP	Sells Nutrition products	na	11 November 2021
5	Cloud Lifestyle Pvt. Ltd.	Deals in personal care products, wellness products and cosmetics	02 June 2017	17 November 2021
6	Eyezen Technologies Pvt. Ltd.	Deals in optical products like optical lenses, frames through online portal	23 June 2016	17 November 2021
7	Butternut Ventures Pvt. Ltd.	Engaged in the business of healthy food products	31 August 2020	04 December 2021
8	Kuber Mart Industries Pvt. Ltd.	Deals in travelling bags, trunks and suitcases	24 January 2020	13 December 2021
9	Dynamic IT Solution Pvt. Ltd.	Engaged in design, develop and supply software, software tools, magazines and call centres	31 October 2002	18 December 2021
10	Mush Textile Pvt. Ltd.	Deals in various kinds of synthetic waste, woollen spinners and polyester	16 March 2018	30 December 2021
11	HS Fitness Pvt. Ltd.	Deals in domestic and commercial fitness equipment	04 September 2013	31 January 2022
12	DF Pharmacy Ltd.	Engaged in the business of pharmaceutical products.	22 January 2008	17 February 2022
13	Candes Technology Pvt. Ltd.	Deals in electronics, electrical instruments and audiovisual goods	25 January 2021	31 March 2022
14	Solarista Renewables Private Limited	Sells bags and rainwear under the brand name "The Clownfish"	20 September 2018	07 April 2022
15	Encasa Homes Pvt. Ltd.	Deals in cloth and textiles in the category of home furnishing	21 January 1983	19 April 2022
16	Froote India Pvt. Ltd.	Deals in electronic equipment in the category of home appliances	06 November 2019	27 April 2022
17	Wellspire India Pvt. Ltd.	Deals in electronic equipment in the category of Home Appliances	25 October 2021	27 April 2022
18	Prayosha Expo Pvt. Ltd.	Engaged in the business as exporter, importer, buyers, sellers, merchant. Also deals in classes, size, nature and description of consumer goods, item, things, articles, commodities, merchandise, products weather finished, semi-finished or raw material including equipment, apertures, home-appliances, household, seeds, food grains etc.	26 May 2011	02 May 2022
19	JW Brands Pvt. Ltd.	Engaged in the business of manufacture in own brand, buy, sell, import, export, make marketable. Also deals in various fashion brands with items like watches, jewellery, shoes, apparel, accessories and others to carry on B2B or B2C transactions with applications of electronic commerce and various other sales channel.	07 February 2020	28 July 2022
20	Plantex E-commerce Pvt. Ltd.	Engaged in the business as manufacturers, producers, growers, makers, buyers, sellers, importers, exporters, distributors, agents, brokers, consultants, factors, stockists, commission agents, dealers, market makers of household products, bathroom accessories, kitchen accessories, hardware products, house storage and organization products made of steels and stainless steel and iron products and other metals and nonmetal items and appliances.	01 August 2020	03 September 2022
21	Kitchenopedia Appliances Pvt. Ltd.	Engaged in the business of manufacturing and selling kitchen appliances products such as gas stove and dinner sets under the brands 'Sigri-Wala', 'Hamlay', 'Sunflare' and 'Thermador'.	20 May 2022	15 September 2022

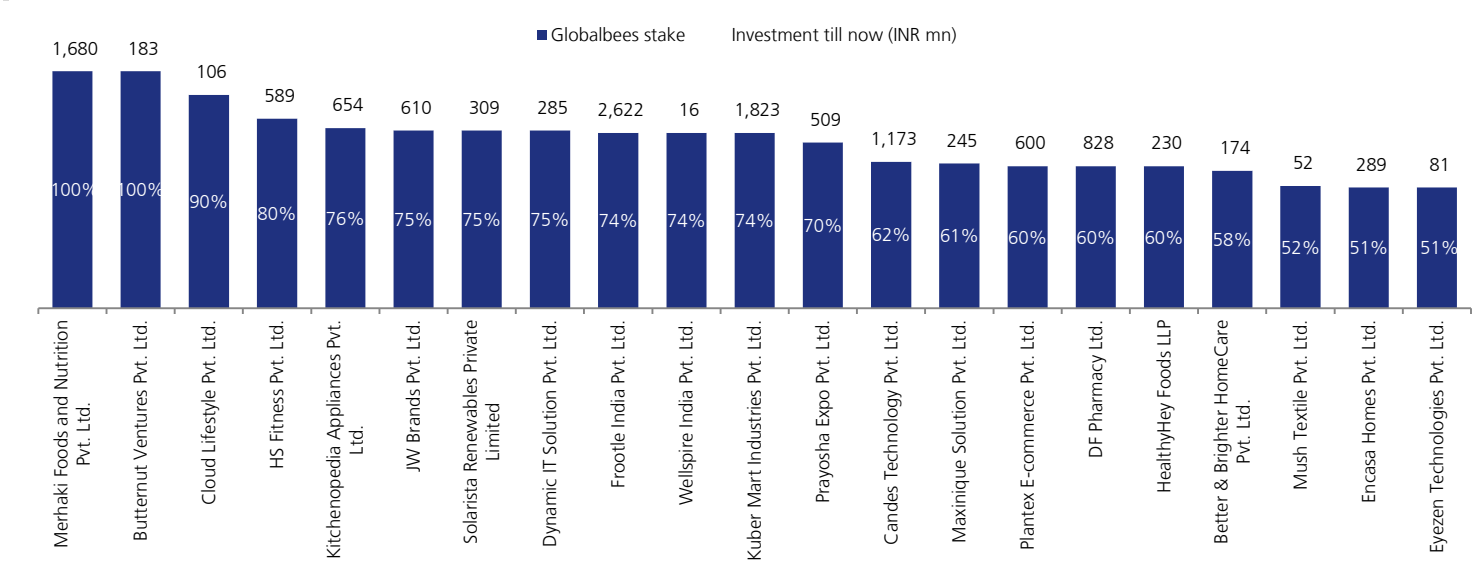
Source: Company, JM Financial

Exhibit 47. Globalbees details



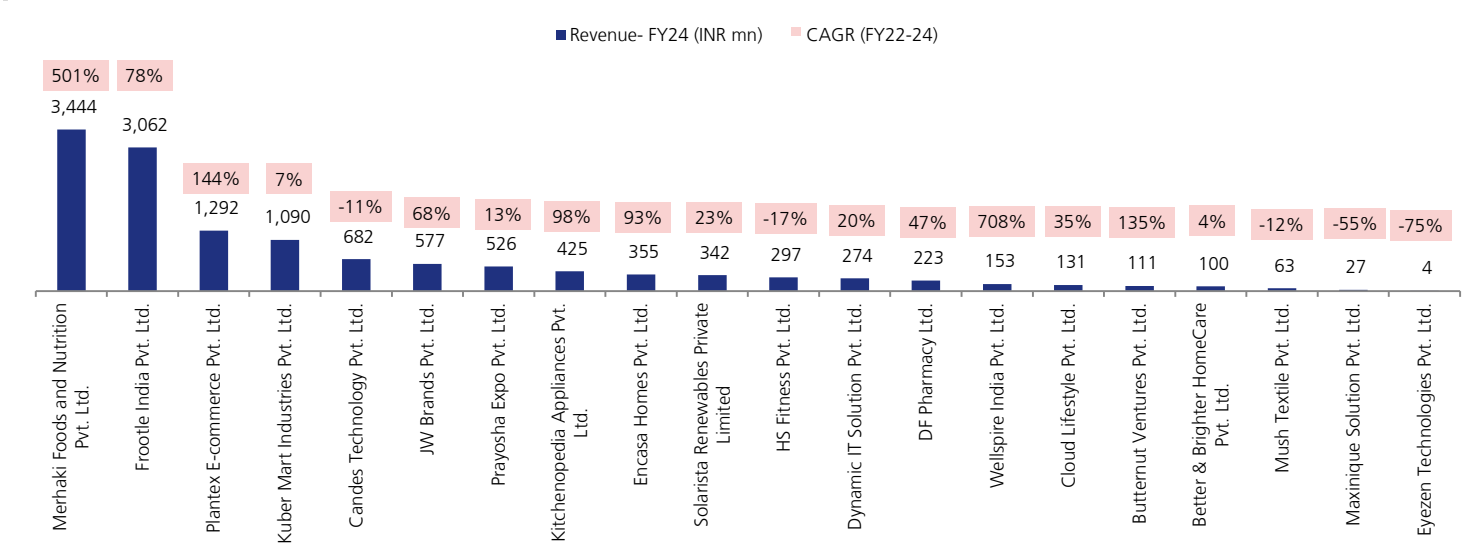
Source: Company

Exhibit 48. Globalbees' stake and investments in acquired brands



Source: Company, JM Financial. Note: Holding is as of 4 Dec'24

Exhibit 49. Globalbees acquired brands performance in FY24

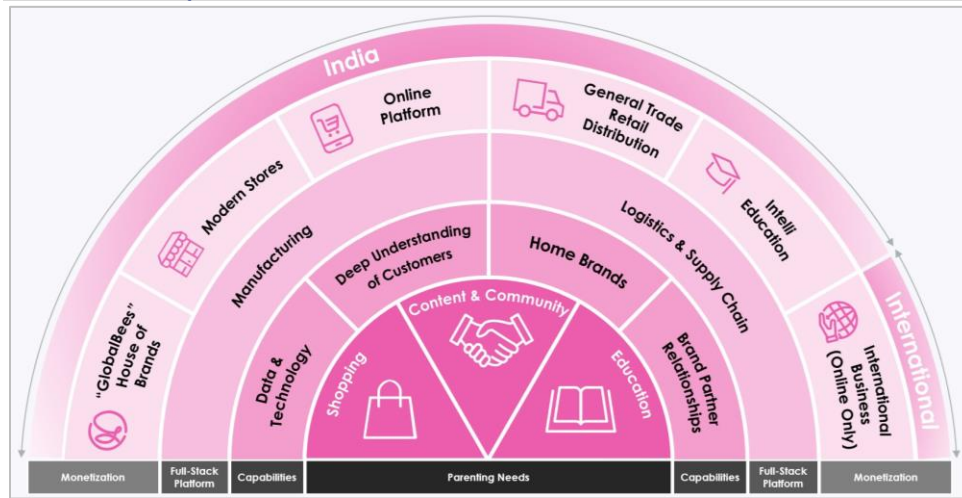


Source: Company, JM Financial. Note: For Plantex E-commerce, Kitchenopedia Appliances, Encasa Homes and Wellspire India, CAGR indicates YoY growth for FY23-24 due to unavailability of FY22 financials.

The company has invested ~INR 13.1bn in these brands as of Nov'24. Out of total investments, Merhaki Food and Nutrition Pvt. Ltd. has seen the highest investment so far, while also contributing the highest revenue for Globalbees.

Education (Others): In the Indian preschool market, which is highly unorganised, FirstCry competes with Euro Kids and Kidzee, among others. FirstCry has ventured into education via FirstCry Intelli Education, offering services including preschools, books, toys, home learning kits, and a baby cognitive development programme. FirstCry Intelli Education has a presence in 107 cities with 208 active preschools and 9,623 students enrolled (as of FY24). While this segment is unlikely to provide a large revenue share, it will be highly profitable with high RoCE considering the royalty fee nature of income. We expect this segment's revenue to grow at a CAGR of 27% over FY24-29E.

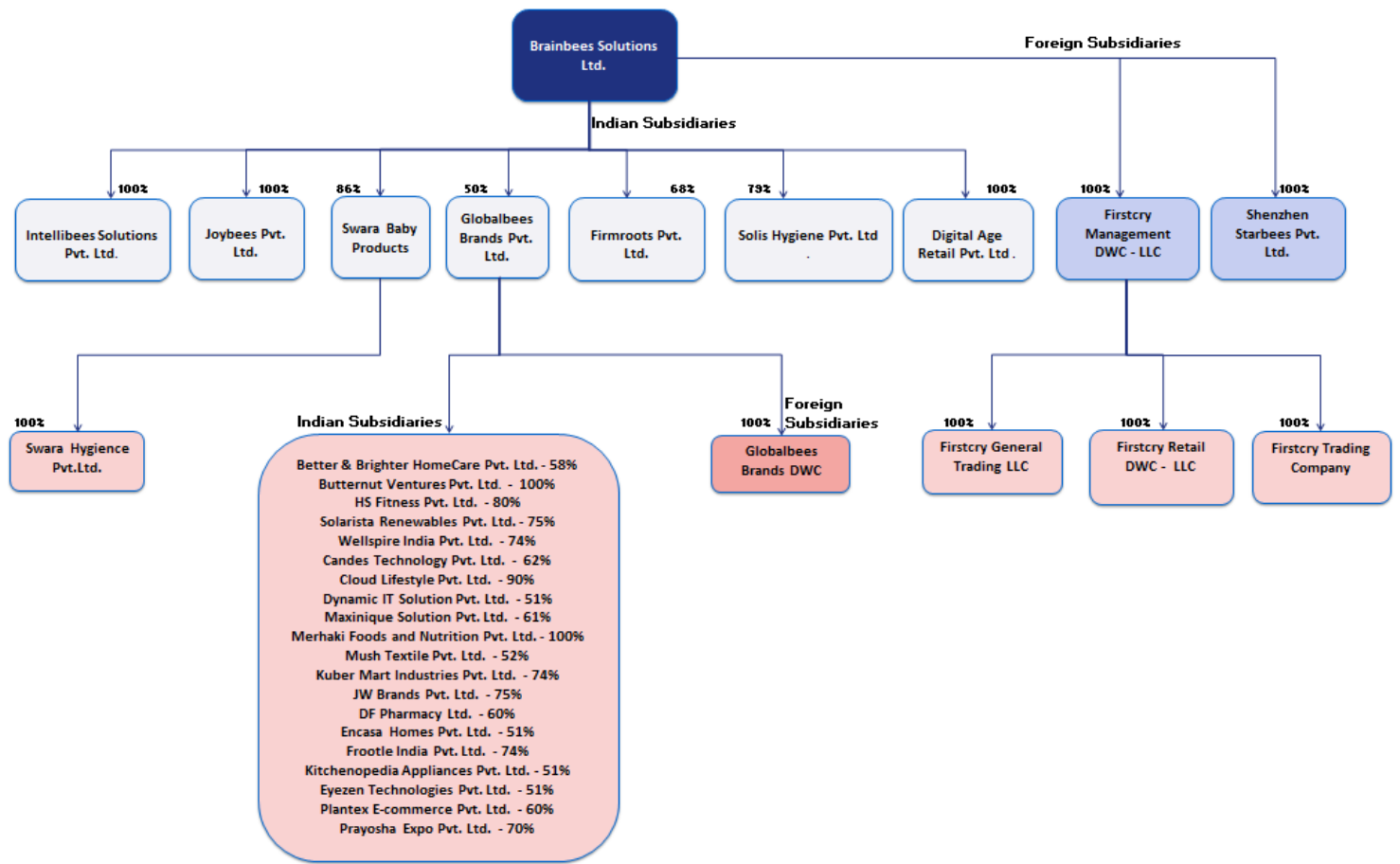
Exhibit 50. FirstCry Platform



Source: Redseer, Company

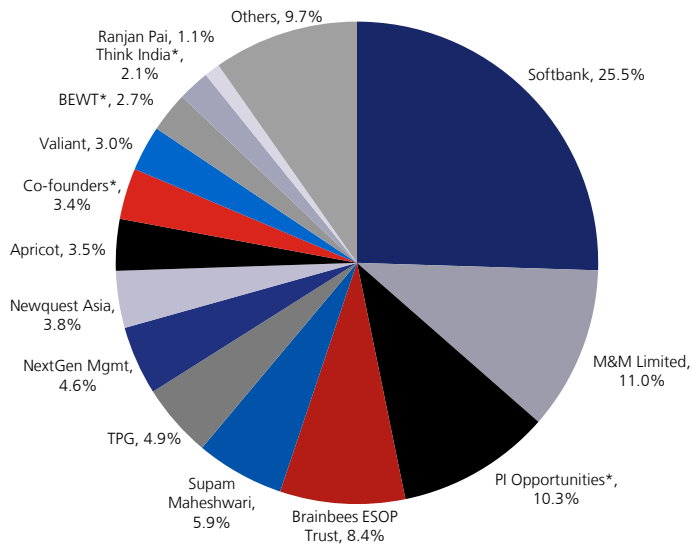
As of 2QFY25, FirstCry offers more than 1.8mn SKUs from 7.9k+ brands, including prominent third-party Indian brands, global brands, and home brands. The FirstCry mobile application has been downloaded more than 127mn times in India (as of FY24). Further, as of 2QFY25, the company has a network of 1,124 FirstCry and BabyHug modern stores in 533+ cities across 28 states and four union territories of India with over 2.12mn square feet of retail space (as of FY24).

Exhibit 51. Corporate structure



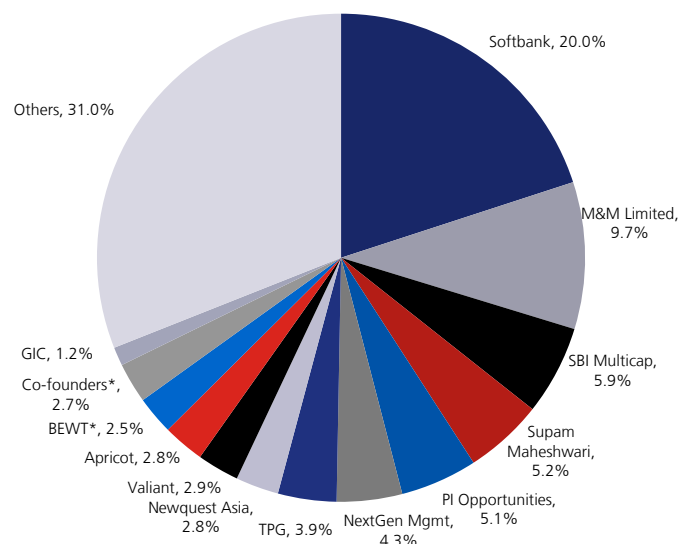
Source: Company, JM Financial

Exhibit 52. Pre-IPO shareholding



Source: Company, JM Financial. Note: *BEWT = Brainbees Employee Welfare Trust, Co-founders* = Amitava Saha (1.6%) and Prashant Jadhav (1.1%)

Exhibit 53. Post – IPO shareholding as of Sept'24



Source: Company, JM Financial. Note: *BEWT = Brainbees Employee Welfare Trust, Co-founders* = Amitava Saha (1.6%) and Prashant Jadhav (1.1%)

Exhibit 54. Details of Board of Directors

Name	Position	Director Since	Education	Past Experience	Other Directorships
Supam Maheshwari	Managing Director and Chief Executive Officer	17-May-10	Bachelor's degree in engineering (mechanical) from Delhi College of Engineering, University of Delhi and a post graduate diploma in management from the Indian Institute of Management, Ahmedabad.	Brainvisa Technologies Private Limited as a president.	Indian companies: Busybees Logistics Solutions Private Limited, Firmroots, Globalbees Brands, Intellibeas, Joybees, Merhaki, Swara Baby Foreign companies: Firstcry DWC, Firstcry Management, Shenzhen Starbees
Sanket Hattimattur	Executive Director and Chief of Staff	5-May-22	Bachelor's degree in commerce (financial accounting and auditing) from University of Mumbai.	Brainvisa Technologies Private Limited, Deutsche Bank Group - Global Markets Centre Private Limited and Tata AIG Life Insurance Company Limited.	Indian companies: Digital Age Foreign companies: Shenzhen Starbees
Paul Davison	Non - Executive Director	15-Jul-19	Bachelors' degree in arts from University of Cambridge.	SVF Frog (Cayman) Ltd.	Foreign companies: SVF Holdco (UK) Limited, Retina Finance UK Limited, Retina Finance UK Two Limited, Retina Finance UK Three Limited, 101 St. Georges Drive Management Company Limited, Boston Dynamics, Inc.
Bala C. Deshpande (Founder and Senior Managing Partner MegaDelta Capital Asset Managers LLP)	Independent Director	2-May-22	Bachelor's and a master's degree in arts from University of Bombay and master's degree in management from Jammnal Bajaj Institute of Management Studies	Cadbury India Limited, ICICI Venture Funds Management Company Limited and New Enterprise Associates (India) Private Limited	Indian companies: eClerx Services Limited, Edelweiss Real Assets Managers Limited, Financial Software & Systems Private Limited, MediSys Edutech Private Limited, Panacea Medical Technologies Private Limited, SIDBI Venture Capital Limited Foreign companies: GOQii Inc
Neeraj Sagar (Founder/Chief Executive Officer, Cognition Life Inc.)	Independent Director	12-Apr-22	Bachelor's degree in engineering (chemical) from Tatyasaheb Kore, Institute of Engineering and Technology, Shivaji University, a master's degree of science in petroleum engineering from the Leland Stanford Junior University and a master's degree in business administration from the University of Chicago.	Egon Zehnder International Private Limited, Boston Consulting Group Inc. and McKinsey & Company	Indian companies: Cognition Life India Private Limited, Globalbees brands Foreign companies, Cognition Life Inc.
Gopalakrishnan Jagadeeswaran (Executive director and group chief financial officer- Shriram Properties Limited)	Independent Director	2-May-22	Bachelor's degree in science from University of Madras and a master's degree in administration from Madurai Kamaraj University.	Reliance Industries Limited, Aditya Birla Management Corporation Ltd, W.I. Carr Securities Private Limited, Canbank Investment Management Services Ltd., Canbank Mutual Fund, Cholamandalam Investment and Finance Company Limited, Dalal Consultants and Engineers Limited and Jay Pee Technology Private Limited	Indian companies: Shriprop Builders Private Limited, Shriprop Homes Private Limited, Shriprop Structures Private Limited, Shrivision Homes Private Limited, SPL Constructors Private Limited, SPL Estates Private Limited, SPL Housing Project Private Limited, SPL Realtors Private Limited, SPL Palms Developers Private Limited
Sujata Vilas Bogawat	Independent Director	2-May-22	Bachelor's degree in commerce from the University of Pune and post-graduate diploma in business management from SVKM's NMIMS University, Mumbai, Maharashtra, Qualified chartered accountant and a fellow member of the Institute of Chartered Accountants of India.	Thermax Instrumentation Limited and with Baheti & Somani LLP, as a partner	Indian companies: Avant Edge Business Consulting Private Limited, Convirza Private Limited (formerly known as Moentek Private Limited), Digital Age, SH Forhealth Solutions Private Limited

Source: Company, JM Financial

Exhibit 55. Details of Key Managerial Personnel

Name	Position	Current role since	Education	Past experience	Remuneration in FY23(INR mn)
Gautam Sharma	Group Chief Financial Officer	28 May'12	Associate member of ICA; Company Secretary; Bachelor's degree in Commerce from Gujarati Commerce College, Indore	Birla Ericsson Optical Limited, Minda Valeo Security Systems Private Limited, Reliance Industries Limited, Vindhya Telelinks Limited	15.00
Neelam Jethani	Company Secretary and Compliance Officer	16-Dec-22	Bachelor's degree in science from University of Pune (formerly known as University of Poona) and a bachelor's degree in law from Savitribai Phule, Pune University (formerly University of Pune)	KPIT Technologies, Persistent Systems Limited and Schaeffler India Limited.	0.64
Prashant Jadhav	Co-founders and Chief Technology Officer	9 Sep'10	Bachelor's degree in arts (Politics) from Shivaji University, Kolhapur	Brainvisa Technologies Private Limited	17.39
Manjula Rao	Chief Human Resources Officer	1 Aug'11	Bachelor's degree in Commerce (banking and finance, business law, taxation and auditing); Master's degree in Personnel Management from University of Pune	Project Concern International, Population Services International and Saertex India Private Limited	6.29
Abhinav Sharma	Country Head – Middle East - Firstcry Management DWC	1 Jul'19	Bachelor's degree in engineering (Mechanical) from the Maharashtra Institute of Technology, University of Pune and a master's degree of science in industrial engineering from the University of Texas, Arlington	Fossil Inc. and Flipkart India Private Limited	17.67
Nitin Agarwal	Co – founders and Chief Executive Officer - Globalbees Brands	3 May'21	Bachelor's degree in technology (Civil Engineering) from Indian Institute of Technology, Delhi	Wecash (Asia Pacific) Pte. Ltd and Edelweiss Financial Services Limited	10.00

Source: Company, JM Financial

Exhibit 56. Employee details

Particulars	FY22	FY23	FY24
Number of full-time employees	2,570	3,086	3,499
Attrition rate	34.75%	44.26%	41.81%

Source: Company, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	52,622	64,809	78,836	95,090	114,284	
Sales Growth	46.3%	23.2%	21.6%	20.6%	20.2%	
Other Operating Income	0	0	0	0	0	
Total Revenue	52,622	64,809	78,836	95,090	114,284	
Cost of Goods Sold/Op. Exp	35,297	41,632	49,012	58,380	69,486	
Personnel Cost	7,698	6,865	7,660	8,923	8,983	
Other Expenses	12,777	15,607	19,156	22,346	26,014	
EBITDA	-3,151	705	3,009	5,442	9,802	
EBITDA Margin	-6.0%	1.1%	3.8%	5.7%	8.6%	
EBITDA Growth	0.0%	0.0%	326.9%	80.9%	80.1%	
Depn. & Amort.	2,963	3,709	3,985	4,368	4,816	
EBIT	-6,114	-3,004	-976	1,074	4,986	
Other Income	988	942	1,696	924	835	
Finance Cost	721	1,154	1,545	1,462	1,489	
PBT before Excep. & Forex	-5,847	-3,215	-825	536	4,331	
Excep. & Forex Inc./Loss(-)	544	0	0	0	0	
PBT	-5,303	-3,215	-825	536	4,331	
Taxes	-440	0	-156	80	866	
Extraordinary Inc./Loss(-)	544	0	0	0	0	
Assoc. Profit/Min. Int.(-)	-450	-472	-300	-106	71	
Reported Net Profit	-4,414	-2,743	-368	561	3,393	
Adjusted Net Profit	-3,870	-2,743	-368	561	3,393	
Net Margin	-7.4%	-4.2%	-0.5%	0.6%	3.0%	
Diluted Share Cap. (mn)	494.1	496.7	532.5	532.5	532.5	
Diluted EPS (INR)	-7.8	-5.5	-0.7	1.1	6.4	
Diluted EPS Growth	0.0%	0.0%	0.0%	0.0%	504.4%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	-5,300	-3,215	-825	536	4,331	
Depn. & Amort.	2,943	3,709	3,985	4,368	4,816	
Net Interest Exp. / Inc. (-)	77	635	-151	538	655	
Inc (-) / Dec in WCcap.	-5,527	-2,928	-8,991	-2,785	-3,332	
Others	3,550	1,844	1,700	2,000	960	
Taxes Paid	267	-465	156	-80	-866	
Operating Cash Flow	-3,990	-421	-4,126	4,576	6,563	
Capex	-2,331	-3,405	-1,426	-2,647	-3,056	
Free Cash Flow	-6,321	-3,826	-5,552	1,929	3,507	
Inc (-) / Dec in Investments	9,047	6,132	-6,908	0	0	
Others	-3,676	-2,097	1,123	14	-26	
Investing Cash Flow	3,041	629	-7,211	-2,633	-3,082	
Inc / Dec (-) in Capital	1	0	16,803	0	0	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	-352	1,090	-1,023	-2,809	-2,851	
Others	-156	-275	-1,545	-1,462	-1,489	
Financing Cash Flow	-506	815	14,235	-4,271	-4,340	
Inc / Dec (-) in Cash	-1,455	1,023	2,898	-2,328	-859	
Opening Cash Balance	4,049	2,594	3,617	6,515	4,187	
Closing Cash Balance	2,594	3,617	6,515	4,187	3,328	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	41,997	37,915	55,749	58,205	62,629	
Share Capital	815	815	957	957	957	
Reserves & Surplus	41,182	37,100	54,792	57,247	61,672	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	8,991	14,225	16,261	17,202	18,618	
Def. Tax Liab. / Assets (-)	1,113	623	536	536	536	
Total - Equity & Liab.	52,101	52,763	72,546	75,943	81,784	
Net Fixed Assets	35,596	38,685	39,608	42,457	45,718	
Gross Fixed Assets	5,949	9,588	11,015	13,662	16,718	
Intangible Assets	31,135	31,988	32,709	34,314	36,137	
Less: Depn. & Amort.	1,733	2,897	4,121	5,524	7,143	
Capital WIP	245	5	5	5	5	
Investments	9,200	3,171	10,079	10,079	10,079	
Current Assets	24,500	31,025	45,441	50,421	58,032	
Inventories	12,860	16,295	19,649	23,179	27,232	
Sundry Debtors	2,251	2,184	3,168	3,814	4,576	
Cash & Bank Balances	2,594	3,617	6,515	4,187	3,328	
Loans & Advances	391	361	439	529	636	
Other Current Assets	6,405	8,569	15,671	18,711	22,260	
Current Liab. & Prov.	17,196	20,119	22,582	27,014	32,045	
Current Liabilities	14,558	16,956	18,427	21,960	25,913	
Provisions & Others	2,638	3,163	4,155	5,054	6,132	
Net Current Assets	7,305	10,907	22,859	23,407	25,987	
Total - Assets	52,101	52,763	72,546	75,943	81,784	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	-7.4%	-4.2%	-0.5%	0.6%	3.0%	
Asset Turnover (x)	0.8	0.9	0.9	0.9	1.0	
Leverage Factor (x)	1.6	1.8	1.8	1.8	1.8	
RoE	-9.1%	-6.9%	-0.8%	1.0%	5.6%	

Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	94.9	78.4	107.4	112.1	120.6	
ROIC	-17.6%	-7.1%	-1.6%	1.6%	6.2%	
ROE	-9.1%	-6.9%	-0.8%	1.0%	5.6%	
Net Debt/Equity (x)	-0.1	0.2	0.0	0.1	0.1	
P/E (x)	NA	NA	NA	575.7	95.3	
P/B (x)	6.4	7.7	5.7	5.4	5.0	
EV/EBITDA (x)	NA	469.2	107.3	59.9	33.5	
EV/Sales (x)	6.1	5.1	4.1	3.4	2.9	
Debtor days	16	12	15	15	15	
Inventory days	89	92	91	89	87	
Creditor days	48	52	54	54	54	

Source: Company, JM Financial

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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