

BrainBees Solutions | BUY

Revenue mix drives margin miss; recovery expected in FY26

In Q4FY25, FirstCry saw a quarter where core India Multi-Channel business delivered 13.5% YoY GMV growth, impacted by slowdown in offline business and late winter whereas International segment GMV grew 16.4%. GlobalBees revenue growth was robust at 33.4% YoY. Consol. gross margin improved to 37.5%, +80bps / -50bps on YoY /QoQ basis. Furthermore, Adj. EBITDA margin expansion in India multi-channel business was lower at 40bps YoY due to lower operating leverage. Consol. Adj. EBITDA margin improved 20bps YoY (-120bps QoQ) to 5.2%, due to increasing share of lower margin GlobalBees segment in the overall mix. We believe the company retains its deeply-moated position in its category and will be a key beneficiary of tax benefits and any recovery in discretionary spends. Sustained compounding story with cheap valuations (India multi-channel trades at c.27x FY27E Pre IndAS EBITDA) help us retain 'BUY' with revised SoTP-based Mar'26 TP of INR 488.

- **India Multi-channel (IMC) impacted by lower offline growth:** In 4QFY25, IMC segment saw GMV growth of 13.5% YoY (-14.5% QoQ), a miss on JMFe by c.3%. Growth was mainly driven by order volume which improved 13.8% YoY whereas AOV has declined by 0.5% YoY. The moderation in growth was mainly due to 1) slowdown in offline business (which grew only 5% YoY in 4Q) 2) truncated winter resulting in lower winter wear sales 3) closure of 38 COCO stores in Q3FY25. Revenue stood at INR 13.4bn, 11.5% YoY growth. Management continues to focus on multi-channel strategy as 38% of GMV generated in top 20 cities is from cross-channel customers, transacting both online & offline. We also believe that moats for FirstCry remain intact with BabyHug being the largest childcare brand in the country and private labels accounting for c.55% of the GMV. Adjusted EBITDA margin saw a rise of just 40bps YoY to reach 9.3% due to lower operating leverage. Management aims for steady state Adj. EBITDA margin in late-teens though the timeline for this goal is yet not specified.
- **Profitable growth the key focus in International segment:** International segment saw a GMV growth of 16.4% YoY (-24.5% QoQ), a miss of c.4% on JMFe. Revenue stood at INR 2.1bn, +11.2% YoY (-21.4% QoQ). Higher promotional activity by two new entrants has impacted growth. Management noted that they opted not to match discounts, focusing instead on sustainable growth and margin improvement. Adjusted EBITDA margin declined 100bps YoY (-20bps QoQ) to reach -14.9%. While the near-term competitive environment remains uncertain, management believes its existing moats (brand strength, customer trust, and network effects) will sustain its long-term positioning. Management noted that it will continue to focus on improving profitability by increasing home brands penetration and peak losses are now behind.
- **GlobalBees delivers robust growth led by 'core' brands:** GlobalBees experienced strong revenue growth of 33.4% YoY (-5.6% QoQ) to reach INR 4.0bn. Profitability improved with Adj. EBITDA margin improving 100bps YoY with Adj. EBITDA reaching INR 30mn. Management has deliberately reduced category share of other brands and focuses on core categories (Home improvement & Utilities, Home Appliances, Home & Personal Care,



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Recommendation and Price Target

| | |
|----------------------------|-------|
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Current Price Target (12M) | 488 |
| Upside/(Downside) | 30.0% |
| Previous Price Target | 510 |
| Change | -4.3% |

Key Data – FIRSTCRY IN

| | |
|--------------------------|------------------|
| Current Market Price | INR375 |
| Market cap (bn) | INR195.6/US\$2.3 |
| Free Float | 92% |
| Shares in issue (mn) | 532.5 |
| Diluted share (mn) | 532.5 |
| 3-mon avg daily val (mn) | INR307.8/US\$3.6 |
| 52-week range | 734/286 |
| Sensex/Nifty | 82,176/25,001 |
| INR/US\$ | 85.1 |

Price Performance

| % | 1M | 6M | 12M |
|-----------|------|-------|-----|
| Absolute | 10.6 | -34.4 | 0.0 |
| Relative* | 6.7 | -36.0 | 0.0 |

* To the BSE Sensex

| Financial Summary | (INR mn) | | | | |
|------------------------|----------|--------|--------|----------|----------|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Net Sales | 64,809 | 76,596 | 92,466 | 1,09,764 | 1,29,146 |
| Sales Growth (%) | 23.2 | 18.2 | 20.7 | 18.7 | 17.7 |
| EBITDA | 705 | 2,191 | 3,619 | 7,917 | 11,746 |
| EBITDA Margin (%) | 1.1 | 2.9 | 3.9 | 7.2 | 9.1 |
| Adjusted Net Profit | -2,743 | -537 | -1,413 | 1,841 | 4,045 |
| Diluted EPS (INR) | -5.5 | -1.0 | -2.7 | 3.5 | 7.6 |
| Diluted EPS Growth (%) | 0.0 | 0.0 | 0.0 | 0.0 | 119.7 |
| ROIC (%) | -7.1 | -3.0 | -1.0 | 7.3 | 13.5 |
| ROE (%) | -6.9 | -1.2 | -2.6 | 3.3 | 6.7 |
| P/E (x) | -67.9 | -372.1 | -141.3 | 108.5 | 49.4 |
| P/B (x) | 4.8 | 3.7 | 3.6 | 3.4 | 3.1 |
| EV/EBITDA (x) | 294.2 | 90.6 | 55.7 | 25.6 | 17.3 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Company data, JM Financial. Note: Valuations as of 26/May/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Active, Lifestyle & Accessories), which have grown significantly faster than overall segment. Adj. EBITDA from core brands has been at ~7.5% while other brands are at -31% in FY25. Others segment, which primarily includes Education, delivered INR 109mn in revenue, 10.1% YoY (+3.7% QoQ) growth. As of 4QFY25, FirstCry has 363 active franchisee pre-schools across 160 cities with ~18.5k students enrolled.

- **Margin and profitability:** In 4QFY25, gross margin (GM) improved to 37.5%, 80bps YoY (+50bps QoQ) improvement. Growth was supported by an increase in home brands in overall mix, increase in share of Kids & Babies Fashion in GMV and rising home brand and 3rd party margins due to economies of scale. Adj. EBITDA margin improved 20bps YoY (-120bps QoQ) to 5.2%. As a result, Adj. EBITDA stood at ~INR 1bn in 4Q (19.9% YoY/-27.4% QoQ). Margin improvement was lower than GM expansion as revenue mix has shifted towards GlobalBees, which is a lower margin business vs India Multi-channel business. Management noted that India Multi-channel is yet to reach its steady-state EBITDA margin, and margin expansion will continue over the next 4-5 years with aspiration of achieving late-teens margin.
- **Maintain 'BUY' with reduced Mar'26 TP of INR 488 (INR 510 earlier):** We lower revenue estimates marginally (0-1% over FY26-29E) considering drag from International business and lower growth in H2FY25 in IMC business. We expect recovery in India Multi-channel in FY26 with revenue growth of 17.7% (vs 15.3% in FY25). Resulting operating leverage results in Adj. EBITDA dropping by 1-3%. We reduce margin estimates slightly to account for increased competitive intensity in International business. We expect the company to deliver c.18% revenue growth over FY25-30, while Adj. EBITDA CAGR would be ~41%, driven by sustained margin expansion across segments. We value India Multi-channel / GlobalBees Brands / Others at 35x / 30x /20x FY27E Pre Ind AS Adj. EBITDA while lowering International segment multiple to 1.5x FY27E Sales, resulting in reduced Mar'26 TP of INR 488. We recommend 'BUY'.
- **India Multi-Channel remains significantly undervalued for a 20%+ compounding play:** While FY25 was undoubtedly a tough year for FirstCry, its IMC segment still managed to deliver Adj. EBITDA growth of 24%. With growth recovery likely in FY26 onwards, we expect the segment to deliver 3-year EBITDA CAGR of c.28%. As shown in Exhibit 1, at CMP, IMC only implies 27.3x Pre IndAS Adj. EBITDA multiple, significantly lower than traditional retailers with lower growth and minimal margin expansion potential. Hence, the slightest hint of growth recovery could be a significant re-rating event for FirstCry.

Exhibit 1. CMP implies c.27x Pre IndAS Adj. EBITDA multiple for India Multi-Channel segment

| Company in INR Mn | Revenue | | | Pre Ind AS Adj. EBITDA | | | EV at CMP (INR bn) | Implied Valuation multiples at CMP |
|-------------------------|---------|---------------|----------|------------------------|--------------|-------|-----------------------|--|
| | FY26 | FY27 | FY28 | FY26 | FY27 | FY28 | | |
| FirstCry Consol. | 82,779 | 97,852 | 1,14,758 | 3,598 | 6,065 | 9,065 | 194 | |
| At CMP | 2.3x | 2.0x | 1.7x | 53.8x | 31.9x | 21.4x | | |
| GlobalBees* | 9,982 | 12,275 | 14,827 | 287 | 240 | 835 | 31 | Valued at 2.5x of Sales, discount to c.4x multiples for brands |
| Intl.+ Others | 10,663 | 12,625 | 14,716 | - | -272 | 649 | - | Valued at zero considering high competitive intensity |
| FC India MC | 62,135 | 72,953 | 85,215 | 3,928 | 6,097 | 7,581 | 163 | Implied FC India Multi-channel Enterprise Value |
| At CMP | 2.6x | 2.2x | 1.9x | 41.5x | 26.7x | 21.5x | | |

Source: Company, JM Financial. Note: 80% FY27E lease rental allocated to India Multi-channel with remaining lease rental equally divided between GlobalBees and International + Others. *GlobalBees revenue and EBITDA adjusted for BrainBees Solutions' 50.73% stake in the entity.

Exhibit 2. Key assumptions

| Particulars | FY21 | FY22 | FY23 | FY24 | FY25 | FY28E | FY30E | FY35E | CAGR FY25-30E | CAGR FY30-35E |
|--|-------|---------|--------|--------|--------|--------|--------|--------|------------------|------------------|
| India Multi-channel | | | | | | | | | | |
| Annual unique transacting consumers (mn) | 5.2 | 6.7 | 7.7 | 8.7 | 10.1 | 15.5 | 20.0 | 36.7 | 14.7% | 12.9% |
| as % of population under 4 | 4.9% | 6.3% | 7.3% | 8.3% | 9.5% | 14.6% | 19.0% | 35.4% | | |
| Orders (mn) | 18.7 | 25.7 | 29.6 | 34.1 | 39.5 | 61.4 | 81.1 | 156.7 | 15.4% | 14.1% |
| Average order Value (AOV) (INR) | 1,933 | 2,043 | 2,156 | 2,226 | 2,228 | 2,329 | 2,396 | 2,562 | 1.5% | 1.3% |
| GMV (INR bn) | 36 | 52 | 64 | 76 | 88 | 143 | 194 | 401 | 17.1% | 15.6% |
| Revenue (INR bn) | 22 | 31 | 39 | 46 | 53 | 85 | 116 | 241 | 17.0% | 15.8% |
| Gross Margin | 35.3% | 33.8% | 34.2% | 35.1% | 36.6% | 39.0% | 40.0% | 40.8% | 68bps | 16bps |
| Adj. EBITDA Margin | NA | 6.2% | 6.2% | 8.8% | 9.5% | 12.3% | 13.9% | 16.2% | 88bps | 46bps |
| International | | | | | | | | | | |
| Annual unique transacting consumers (mn) | 0.2 | 0.2 | 0.3 | 0.4 | 0.5 | 0.7 | 0.8 | 1.1 | 10.4% | 6.1% |
| Orders (mn) | 0.7 | 1.1 | 1.4 | 1.8 | 1.9 | 2.7 | 3.2 | 4.4 | 10.7% | 6.8% |
| Average order Value (AOV) (INR) | 5,311 | 5,178 | 6,350 | 8,582 | 9,205 | 10,732 | 11,608 | 13,261 | 4.7% | 2.7% |
| GMV (INR bn) | 4 | 6 | 9 | 15 | 18 | 29 | 37 | 59 | 16.0% | 9.6% |
| Revenue (INR bn) | 2 | 4 | 5 | 8 | 9 | 14 | 18 | 29 | 16.3% | 10.0% |
| Gross Margin | 25.3% | 22.3% | 22.9% | 23.6% | 23.3% | 28.7% | 31.5% | 33.5% | 164bps | 41bps |
| Adj. EBITDA Margin | NA | -23.7% | -24.6% | -18.5% | -15.6% | 3.0% | 8.8% | 14.2% | 486bps | 108bps |
| GlobalBees | | | | | | | | | | |
| Revenue (INR bn) | NA | 1 | 9 | 12 | 16 | 29 | 41 | 86 | 21.3% | 15.6% |
| Gross Margin | NA | 46.4% | 36.2% | 44.7% | 46.6% | 50.0% | 51.4% | 52.3% | 97bps | 17bps |
| Adj. EBITDA Margin | NA | -8.2% | -5.0% | 0.2% | 1.0% | 5.6% | 10.2% | 16.9% | 185bps | 134bps |
| Others | | | | | | | | | | |
| Revenue (INR mn) | NA | 79 | 230 | 334 | 425 | 692 | 881 | 1,426 | 15.7% | 10.1% |
| Gross Margin | 81.6% | 76.1% | 62.8% | 68.8% | 70.6% | 74.0% | 75.7% | 77.1% | 103bps | 27bps |
| Adj. EBITDA Margin | NA | -101.5% | -13.3% | 17.5% | 24.5% | 33.0% | 37.0% | 44.5% | 250bps | 150bps |
| Group | | | | | | | | | | |
| GMV (INR bn) | 40 | 58 | 73 | 91 | 106 | 172 | 232 | 460 | 16.9% | 14.7% |
| Revenue (INR bn) | 25 | 36 | 53 | 65 | 77 | 129 | 177 | 357 | 18.2% | 15.1% |
| Gross Margin | 34.3% | 33.1% | 32.9% | 35.8% | 37.4% | 40.5% | 42.0% | 43.1% | 92bps | 22bps |
| EBITDA Margin | 1.9% | -0.5% | -6.0% | 1.1% | 2.9% | 9.1% | 12.0% | 15.8% | 183bps | 76bps |
| Adj. EBITDA Margin | 3.7% | 2.6% | 1.5% | 4.2% | 5.1% | 9.9% | 12.6% | 16.3% | 149bps | 74bps |

Source: Company, JM Financial

Exhibit 3. SoTP-based Mar'26 TP of INR 488, implying 30% upside

| | | | | | | | |
|----------------------------|------------------|---------------------|-------------|----------------|--------------------|-----------------|---|
| SoTP valuation as on | | 27-May-25 | | | | | |
| 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 | 35 | Adj. EBITDA | 6.1 | 214.6 | 403 | Broadly in line with traditional retailers with lower growth and limited margin expansion potential |
| International | EV / Sales | 1.5 | Revenue | 12.0 | 18.0 | 34 | Discount to Global retailers |
| Globalbees | EV / Adj. EBITDA | 30 | Adj. EBITDA | 1.0 | 15.1 | 28 | In-line with fast growing branded players; adjusted for 50.73% stake |
| Others | EV / Adj. EBITDA | 20 | Adj. EBITDA | 0.2 | 3.7 | 7 | |
| Cash (Mar'25) | | 1 | Net Cash | 13.7 | 13.7 | 26 | |
| Minority Interest (Mar'25) | | | | -5.4 | -5.4 | -10 | |
| Target Market Cap (INR bn) | | | | | 260 | 488 | |
| Outstanding shares (bn) | | | | | 0.5 | | Fully diluted shares |
| TP (INR) | | | | | 488 | | Fair value per share |

Source: Company, JM Financial estimates.

Exhibit 4. Key financials

| Numbers in INR mn | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 |
|-----------------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| GMV (INR mn) | 20,857 | 27,547 | 22,960 | 23,183 | 25,286 | 31,240 | 26,146 |
| Change (QoQ) | 5.0% | 32.1% | -16.7% | 1.0% | 9.1% | 23.5% | -16.3% |
| Change (YoY) | | | | 16.7% | 21.2% | 13.4% | 14.0% |
| Revenue (INR mn) | 15,069 | 19,002 | 16,669 | 16,521 | 19,049 | 21,723 | 19,303 |
| Change (QoQ) | 7.1% | 26.1% | -12.3% | -0.9% | 15.3% | 14.0% | -11.1% |
| Change (YoY) | | | | 17.4% | 26.4% | 14.3% | 15.8% |
| Operating expenses | 9,597 | 12,441 | 10,550 | 10,291 | 11,939 | 13,692 | 12,063 |
| Gross profit | 5,472 | 6,561 | 6,118 | 6,230 | 7,110 | 8,031 | 7,240 |
| Gross margin | 36.3% | 34.5% | 36.7% | 37.7% | 37.3% | 37.0% | 37.5% |
| Other operating expenses | 5,528 | 5,975 | 5,787 | 5,738 | 6,540 | 6,952 | 7,081 |
| EBITDA | (56) | 586 | 331 | 492 | 570 | 1,079 | 159 |
| EBITDA margin | -0.4% | 3.1% | 2.0% | 3.0% | 3.0% | 5.0% | 0.8% |
| Change (QoQ) | 64.5% | NA | -43.5% | 48.5% | 16.0% | 89.2% | -85.3% |
| Change (YoY) | | | | NA | NA | 84.0% | -52.0% |
| Adj EBITDA | 417 | 999 | 773 | 720 | 778 | 1,362 | 1,005 |
| Adj EBITDA margin | 2.8% | 5.3% | 4.6% | 4.4% | 4.1% | 6.3% | 5.2% |
| Depreciation & amortisation | 888 | 959 | 1,027 | 955 | 980 | 1,036 | 1,075 |
| EBIT | (944) | (372) | (695) | (463) | (409) | 43 | (917) |
| EBIT margin | -6.3% | -2.0% | -4.2% | -2.8% | -2.1% | 0.2% | -4.7% |
| Net other income | (177) | (54) | 177 | (112) | (96) | 21 | 108 |
| Share of associate | - | - | - | - | - | - | - |
| Exceptional | - | - | - | (123) | (10) | 5 | 367 |
| PBT | (1,121) | (426) | (518) | (698) | (516) | 69 | (1176) |
| Tax expenses | (73) | (58) | 85 | (59) | (113) | (216) | 60 |
| PAT | (1,194) | (484) | (433) | (757) | (629) | (147) | (1115) |
| Change (QoQ) | -8.1% | 59.5% | 10.6% | -74.9% | 80.5% | 76.5% | -656.4% |
| Change (YoY) | | | | 31.5% | 47.4% | 69.5% | -157.8% |
| Diluted EPS | (2.5) | (0.8) | (0.9) | (1.4) | (1.2) | (0.3) | (2.1) |

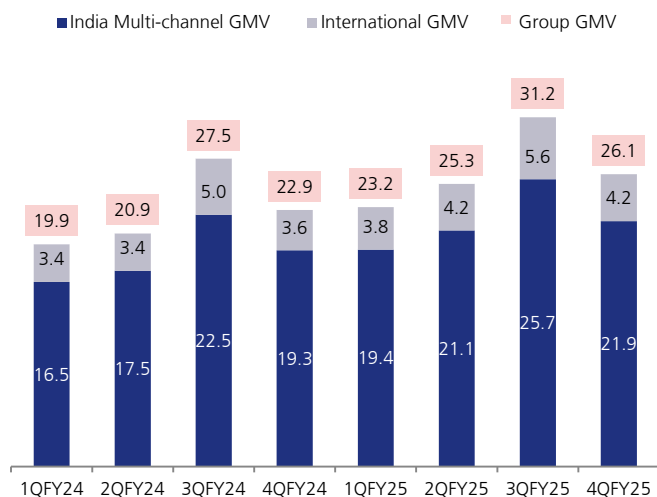
Source: Company, JM Financial

Exhibit 5. Key metrics

| Particulars | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 |
|---|--------|--------|--------|--------|--------|--------|--------|
| Physical Stores | 971 | 1,018 | 1,063 | 1,083 | 1,124 | 1,136 | 1,156 |
| Franchised stores | 620 | 632 | 628 | 624 | 626 | 628 | 629 |
| Company owned | 351 | 386 | 435 | 459 | 498 | 508 | 527 |
| FirstCry Stores | 100 | 121 | 151 | 165 | 191 | 217 | 231 |
| Babyhug exclusive stores | 251 | 265 | 284 | 294 | 307 | 291 | 296 |
| India Multi-channel | | | | | | | |
| Annual unique transacting consumers (in mn) | 8.10 | 8.39 | 8.68 | 9.00 | 9.40 | 9.80 | 10.10 |
| Orders (in mn) | 7.98 | 9.82 | 8.70 | 9.00 | 9.52 | 11.13 | 9.90 |
| Average order value | 2,194 | 2,292 | 2,226 | 2,157 | 2,217 | 2,306 | 2,216 |
| International | | | | | | | |
| Annual unique transacting consumers | 0.40 | 0.41 | 0.43 | 0.44 | 0.50 | 0.48 | 0.49 |
| Orders (in mn) | 0.42 | 0.50 | 0.43 | 0.40 | 0.48 | 0.54 | 0.46 |
| Average order value (INR) | 7,993 | 10,033 | 8,582 | 8,669 | 8,737 | 10,157 | 9,069 |

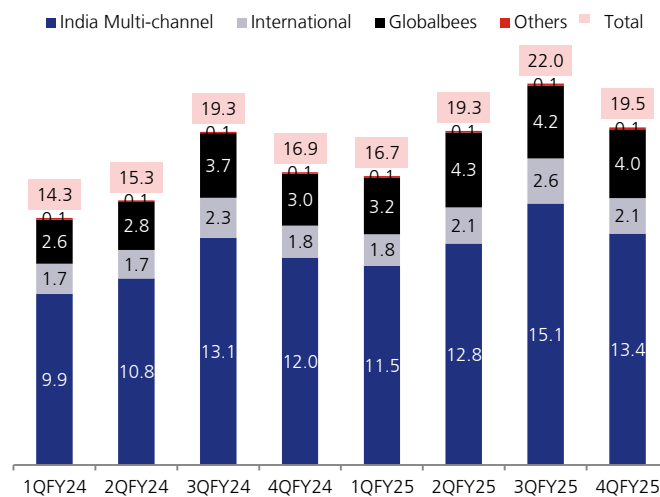
Source: Company, JM Financial

Exhibit 6. Gross Merchandise Value (GMV) trend



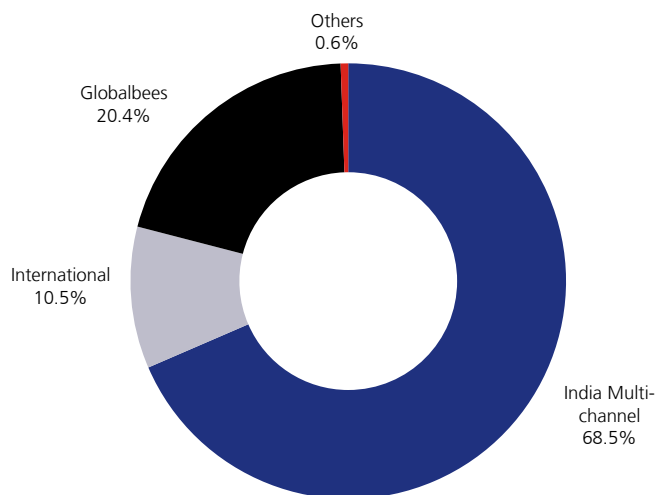
Source: Company, JM Financial

Exhibit 7. Group revenue trend



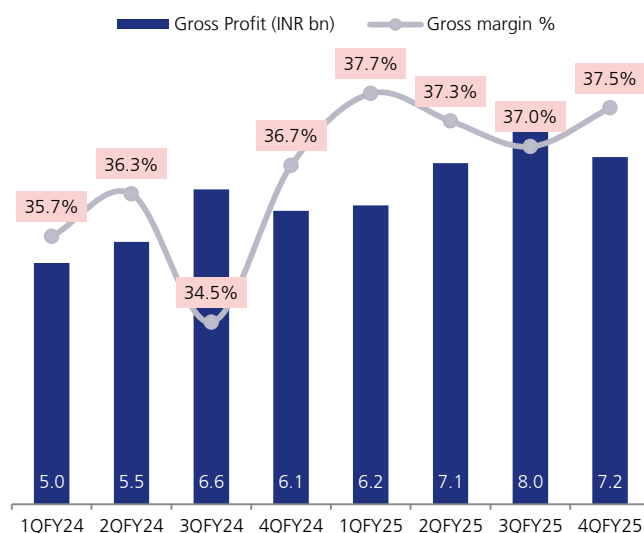
Source: Company, JM Financial

Exhibit 8. Revenue split (as of 4QFY25)



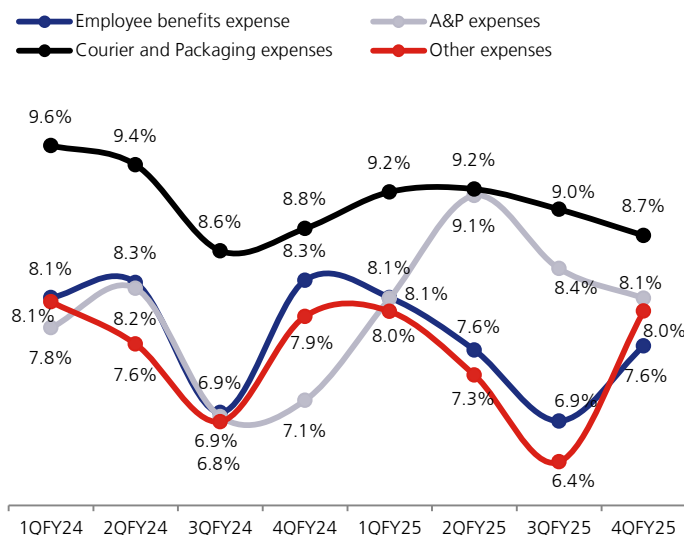
Source: Company, JM Financial

Exhibit 9. Gross margin trend



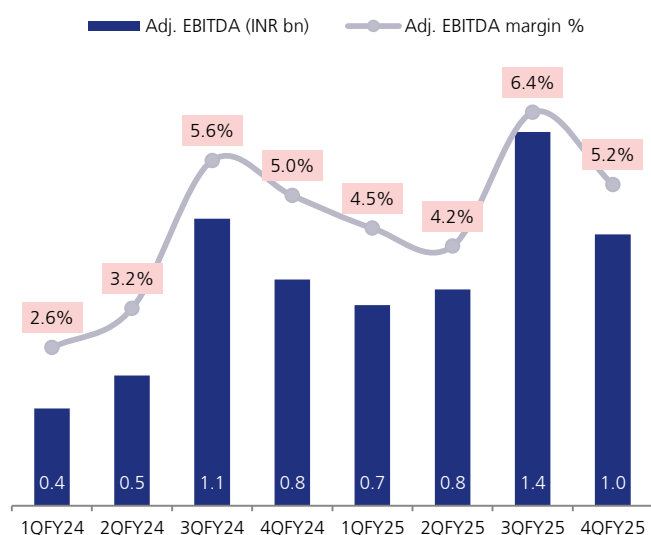
Source: Company, JM Financial

Exhibit 10. Expense trend



Source: Company, JM Financial

Exhibit 11. Adj. EBITDA trend



Source: Company, JM Financial

Maintain BUY; TP reduced to INR 488

Exhibit 12. What has changed in our forecasts and assumptions?

| Particulars | Old | | | | New | | | | Change | | | |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|--------|--------|
| | FY26E | FY27E | FY28E | FY29E | FY26E | FY27E | FY28E | FY29E | FY26E | FY27E | FY28E | FY29E |
| Group GMV (INR bn) | 126.3 | 148.6 | 173.3 | 200.7 | 125.0 | 147.1 | 171.9 | 199.4 | -1.1% | -1.0% | -0.8% | -0.7% |
| Consolidated revenue (INR bn) | 92.6 | 110.1 | 130.2 | 153.2 | 92.5 | 109.8 | 129.1 | 151.1 | -0.2% | -0.3% | -0.8% | -1.3% |
| Revenue growth rate (YoY) | 20.3% | 18.9% | 18.2% | 17.7% | 20.7% | 18.7% | 17.7% | 17.0% | 41bps | -18bps | -57bps | -66bps |
| Consolidated EBITDA (INR bn) | 3.7 | 7.9 | 11.7 | 16.1 | 3.6 | 7.9 | 11.7 | 16.1 | -1.9% | 0.6% | 0.3% | 0.4% |
| EBITDA margin | 4.0% | 7.1% | 9.0% | 10.5% | 3.9% | 7.2% | 9.1% | 10.7% | -7bps | 6bps | 10bps | 18bps |
| Adj. EBITDA (INR bn) | 6.7 | 9.5 | 13.0 | 17.3 | 6.5 | 9.3 | 12.8 | 17.1 | -3.3% | -1.9% | -1.6% | -0.7% |
| Adj. EBITDA margin | 7.2% | 8.6% | 10.0% | 11.3% | 7.0% | 8.5% | 9.9% | 11.3% | -23bps | -14bps | -9bps | 8bps |
| EBIT margin | -0.7% | 2.9% | 5.1% | 6.8% | -0.7% | 3.1% | 5.3% | 7.1% | -2bps | 23bps | 21bps | 26bps |
| PAT (INR bn) | (1.5) | 1.9 | 4.3 | 7.3 | -1.5 | 1.9 | 4.4 | 7.3 | -1.8% | -1.1% | 1.3% | 0.8% |
| Diluted EPS (INR) | -2.81 | 3.61 | 8.13 | 13.68 | -2.86 | 3.57 | 8.23 | 13.80 | -1.8% | -1.1% | 1.3% | 0.8% |

Source: Company, JM Financial

Key Risks

- **Key upside risks** are: 1) Accelerated expansion of COCO stores, 2) Rapid premiumisation in childcare spending, 3) Faster than expected International business scale up and rapid margin expansion, 4) Rapid scaling of GlobalBees' D2C brands.
- **Key downside risks** are: 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.

Financial Tables (Consolidated)

| Income Statement (INR mn) | | | | | |
|-----------------------------|---------------|---------------|---------------|-----------------|-----------------|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Net Sales | 64,809 | 76,596 | 92,466 | 1,09,764 | 1,29,146 |
| Sales Growth | 23.2% | 18.2% | 20.7% | 18.7% | 17.7% |
| Other Operating Income | 0 | 0 | 0 | 0 | 0 |
| Total Revenue | 64,809 | 76,596 | 92,466 | 1,09,764 | 1,29,146 |
| Cost of Goods Sold/Op. Exp | 41,632 | 47,986 | 56,793 | 66,262 | 76,789 |
| Personnel Cost | 6,865 | 7,393 | 9,366 | 8,803 | 9,407 |
| Other Expenses | 15,607 | 19,026 | 22,689 | 26,783 | 31,204 |
| EBITDA | 705 | 2,191 | 3,619 | 7,917 | 11,746 |
| EBITDA Margin | 1.1% | 2.9% | 3.9% | 7.2% | 9.1% |
| EBITDA Growth | 0.0% | 210.8% | 65.2% | 118.8% | 48.4% |
| Depn. & Amort. | 3,709 | 4,046 | 4,264 | 4,512 | 4,938 |
| EBIT | -3,004 | -1,854 | -645 | 3,405 | 6,808 |
| Other Income | 942 | 1,505 | 979 | 780 | 742 |
| Finance Cost | 1,154 | 1,583 | 1,660 | 1,646 | 1,691 |
| PBT before Excep. & Forex | -3,215 | -1,933 | -1,326 | 2,538 | 5,859 |
| Excep. & Forex Inc./Loss(-) | 0 | 496 | 0 | 0 | 0 |
| PBT | -3,215 | -1,437 | -1,326 | 2,538 | 5,859 |
| Taxes | 0 | -328 | -199 | -639 | -1,475 |
| Extraordinary Inc./Loss(-) | 0 | 496 | 0 | 0 | 0 |
| Assoc. Profit/Min. Int.(-) | -472 | -733 | -111 | 58 | 339 |
| Reported Net Profit | -2,743 | -1,032 | -1,413 | 1,841 | 4,045 |
| Adjusted Net Profit | -2,743 | -537 | -1,413 | 1,841 | 4,045 |
| Net Margin | -4.2% | -0.7% | -1.5% | 1.7% | 3.1% |
| Diluted Share Cap. (mn) | 496.7 | 532.5 | 532.5 | 532.5 | 532.5 |
| Diluted EPS (INR) | -5.5 | -1.0 | -2.7 | 3.5 | 7.6 |
| Diluted EPS Growth | 0.0% | 0.0% | 0.0% | 0.0% | 119.7% |
| 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 | FY24A | FY25A | FY26E | FY27E | FY28E |
| Profit before Tax | -3,215 | -2,320 | -1,326 | 2,538 | 5,859 |
| Depn. & Amort. | 3,709 | 4,923 | 4,264 | 4,512 | 4,938 |
| Net Interest Exp. / Inc. (-) | 635 | 663 | 681 | 866 | 950 |
| Inc (-) / Dec in WCap. | -2,928 | -5,462 | -3,765 | -3,191 | -3,021 |
| Others | 1,844 | 1,691 | 2,850 | 1,425 | 1,069 |
| Taxes Paid | -465 | -329 | -199 | -639 | -1,475 |
| Operating Cash Flow | -421 | -834 | 2,505 | 5,513 | 8,320 |
| Capex | -3,405 | -2,056 | -1,984 | -2,398 | -3,052 |
| Free Cash Flow | -3,826 | -2,891 | 522 | 3,115 | 5,267 |
| Inc (-) / Dec in Investments | 6,132 | -11,517 | 0 | 0 | 0 |
| Others | -2,097 | -811 | 655 | 334 | -143 |
| Investing Cash Flow | 629 | -14,384 | -1,329 | -2,064 | -3,196 |
| Inc / Dec (-) in Capital | 0 | 16,177 | 0 | 0 | 0 |
| Dividend + Tax thereon | 0 | 0 | 0 | 0 | 0 |
| Inc / Dec (-) in Loans | 1,090 | -1,284 | -2,593 | -2,790 | -2,939 |
| Others | -275 | -580 | -1,660 | -1,646 | -1,691 |
| Financing Cash Flow | 815 | 14,314 | -4,253 | -4,436 | -4,630 |
| Inc / Dec (-) in Cash | 1,023 | -905 | -3,076 | -988 | 493 |
| Opening Cash Balance | 2,594 | 3,617 | 2,712 | -364 | -1,352 |
| Closing Cash Balance | 3,617 | 2,712 | -364 | -1,352 | -858 |

Source: Company, JM Financial

| Balance Sheet (INR mn) | | | | | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Shareholders' Fund | 37,915 | 52,802 | 54,128 | 57,452 | 62,905 |
| Share Capital | 815 | 965 | 965 | 965 | 965 |
| Reserves & Surplus | 37,100 | 51,837 | 53,163 | 56,487 | 61,940 |
| Preference Share Capital | 0 | 0 | 0 | 0 | 0 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 |
| Total Loans | 14,225 | 15,699 | 15,807 | 16,059 | 16,746 |
| Def. Tax Liab. / Assets (-) | 623 | 4 | 4 | 4 | 4 |
| Total - Equity & Liab. | 52,763 | 68,505 | 69,938 | 73,515 | 79,655 |
| Net Fixed Assets | 38,685 | 36,161 | 36,905 | 38,278 | 40,904 |
| Gross Fixed Assets | 9,588 | 11,427 | 13,410 | 15,808 | 18,861 |
| Intangible Assets | 31,988 | 28,796 | 28,897 | 29,356 | 30,624 |
| Less: Depn. & Amort. | 2,897 | 4,130 | 5,471 | 6,954 | 8,649 |
| Capital WIP | 5 | 68 | 68 | 68 | 68 |
| Investments | 3,171 | 14,394 | 14,394 | 14,394 | 14,394 |
| Current Assets | 31,025 | 35,883 | 39,495 | 45,135 | 52,862 |
| Inventories | 16,295 | 21,305 | 25,719 | 29,929 | 34,506 |
| Sundry Debtors | 2,184 | 2,825 | 3,411 | 4,041 | 4,746 |
| Cash & Bank Balances | 3,617 | 2,712 | -364 | -1,352 | -858 |
| Loans & Advances | 361 | 0 | 0 | 0 | 0 |
| Other Current Assets | 8,569 | 9,041 | 10,729 | 12,516 | 14,468 |
| Current Liab. & Prov. | 20,119 | 17,932 | 20,855 | 24,292 | 28,505 |
| Current Liabilities | 16,956 | 11,218 | 13,193 | 15,117 | 17,616 |
| Provisions & Others | 3,163 | 6,714 | 7,662 | 9,175 | 10,889 |
| Net Current Assets | 10,907 | 17,951 | 18,640 | 20,843 | 24,358 |
| Total - Assets | 52,763 | 68,505 | 69,938 | 73,515 | 79,655 |

Source: Company, JM Financial

| Dupont Analysis | | | | | |
|---------------------|-------|-------|-------|-------|-------|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| Net Margin | -4.2% | -0.7% | -1.5% | 1.7% | 3.1% |
| Asset Turnover (x) | 0.9 | 0.9 | 1.0 | 1.1 | 1.2 |
| Leverage Factor (x) | 1.8 | 1.8 | 1.7 | 1.7 | 1.7 |
| RoE | -6.9% | -1.2% | -2.6% | 3.3% | 6.7% |

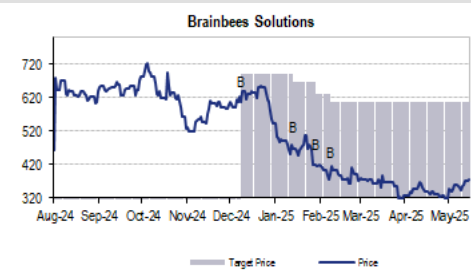
| Key Ratios | | | | | |
|---------------------|-------|--------|--------|-------|-------|
| Y/E March | FY24A | FY25A | FY26E | FY27E | FY28E |
| BV/Share (INR) | 78.4 | 101.3 | 103.9 | 110.3 | 120.7 |
| ROIC | -7.1% | -3.0% | -1.0% | 7.3% | 13.5% |
| ROE | -6.9% | -1.2% | -2.6% | 3.3% | 6.7% |
| Net Debt/Equity (x) | 0.2 | 0.0 | 0.0 | 0.1 | 0.1 |
| P/E (x) | -67.9 | -372.1 | -141.3 | 108.5 | 49.4 |
| P/B (x) | 4.8 | 3.7 | 3.6 | 3.4 | 3.1 |
| EV/EBITDA (x) | 294.2 | 90.6 | 55.7 | 25.6 | 17.3 |
| EV/Sales (x) | 3.2 | 2.6 | 2.2 | 1.8 | 1.6 |
| Debtor days | 12 | 13 | 13 | 13 | 13 |
| Inventory days | 92 | 102 | 102 | 100 | 98 |
| Creditor days | 52 | 46 | 44 | 44 | 44 |

Source: Company, JM Financial

History of Recommendation and Target Price

| Date | Recommendation | Target Price | % Chg. |
|-----------|----------------|--------------|--------|
| 19-Dec-24 | Buy | 692 | |
| 24-Jan-25 | Buy | 667 | -3.7 |
| 9-Feb-25 | Buy | 632 | -5.2 |
| 19-Feb-25 | Buy | 605 | -4.3 |
| 11-Apr-25 | Buy | 510 | +12.3 |

Recommendation History



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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Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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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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