

FirstCry & Mahindra Retail Consolidate business

- FirstCry raises US\$ 34 million
- Consolidated entity to be re-branded '**FirstCry.com–A FirstCry Mahindra Venture**'

October 15, 2016: The two largest retail players in the largely unorganised \$12bn baby and kids market in India, FirstCry.com (BrainBees Solutions Pvt Ltd) and Mahindra Retail (BabyOye), have consolidated their business activities to create a dominant presence in this segment. The Board of Directors of the two companies at their respective meetings have approved this strategic move. In terms of the structure of the transaction, Mahindra Retail and FirstCry have consolidated their operations, with Mahindra Retail selling its Franchise business to FirstCry, and operating all company stores under a FirstCry master franchisee agreement.

FirstCry additionally raises US\$ 34 million of new equity capital from the Mahindra Group, Adveq (a Large Pvt Equity Fund), Kris Gopalakrishnan and participation from all existing shareholders.

FirstCry has established itself as a leading player in India's baby and kids market with a base of more than 3 million parents. It has followed an omni-channel strategy right from inception, having a presence on the web, on mobile and through physical stores that stand at 180 today.

Mahindra Retail has had a strong offline footprint with over 120 stores that are a combination of large format high street and Mall locations and hospital stores, operating under the 'BabyOye by Mahindra' brand. Mahindra Retail has in January 2016 also finalised a preferred relationship with the world renowned brand Carters, to represent their apparel products in India.

This strategic consolidation of the industry's leading players, creates India's clear, unrivalled and single most dominant presence in this category, in the combined offline Retail and Online environment. The merged entity will conduct its business under the brand name **FirstCry.com- A FirstCry Mahindra Venture**. FirstCry.com will have a parent base of over 4 million, a footprint of over 300 stores spread across 125 cities, thereby becoming the go-to destination for worldclass brands and products in the mom, baby & kids vertical.

FirstCry was founded by successful serial entrepreneur Supam Maheshwari, who had previously built and successfully sold Brainvisa Technologies. He will continue as the CEO of the combined entity FirstCry. Mahindra Retail's team shall be actively involved in giving shape to and operationalising the consolidation, to ensure consumers and other stake holders see tangible benefits at the earliest.

Mr Anand Mahindra stated "I believe that the future belongs to click and brick businesses, and that consolidation is the way to thrive and establish industry leadership. We, at the Mahindra Group, are therefore delighted to join hands with an innovative brand like FirstCry and with its CEO Mr Supam Maheshwari. I am optimistic that this consolidation of the strengths that both groups bring to the partnership will result in a winning proposition. We are hugely excited by the possibilities."

Supam had this to say. "We are delighted to partner with a prestigious business house like Mahindra, both as a retail brand and as an investor. FirstCry.com has been at the heart of organising the huge baby and kids market in India. Our endeavour has been to provide Indian parents with world class brands and products, unparalleled customer service and convenience. FirstCry.com will help scale up the reach of this service and experience faster. Our partnership with the Mahindra Group will bring in synergies that will help us scale and achieve our profitability goal much faster. Together, we will continue to scout for more opportunities for inorganic growth."

The combined might of the two entities puts them far ahead of any competition in the space. As the single largest baby and kids player in India, FirstCry will now be able to increase its share of the parents' wallet through its wider retail presence and collective merchandise of high quality private label brands. The combined

merchandising and buying strength as well as the ability to serve consumers of both brands with an enhanced offering while at the same time offering the combined Franchisee partners the opportunity to participate in this exciting journey is very apparent and presents exciting possibilities for all stakeholders.

Sudhir Sethi, Founder, Chairman and Managing Director of IDG Ventures India Advisors, said “Behind the inspirational leadership of Supam, FirstCry will be the dominant force in the baby and kids products segment and scale-up as a world-class organization. This is one of the largest retail market segments where no brands dominate yet and this is the real opportunity to aggressively pursue for all of us. We are all excited to continue our support to FirstCry and delighted to partner with the Mahindra Group as we embark on the next phase of growth”

Zhooben Bhiwandiwala, President, Mahindra Partners said “Mahindra Retail is a key part of the diverse portfolio at Mahindra Partners. This strategic action sets the stage for significant value creation and the realization of huge synergy benefits across the business and all its stakeholders. It also reinforces our continued belief in the sector and we look forward with great optimism at the possibilities this presents”

Prakash Wakankar, CEO of Mahindra Retail had this to add -“The mother and child market presents a huge opportunity that both our organizations, over the past several years, have served admirably in their own and unique ways. We see this as a continuation of our mission to stand alongside all women as they begin this very special journey called motherhood. This coming together of Mahindra Retail’s unique merchandise, in-store experience and brand relationships with FirstCry’s vast product range and online reach will not only bring substantial benefits to consumers but also create significant value for partners.”

About FirstCry (Brainbees Solutions Pvt. Ltd)

Firstcry.com, India’s #1 baby and kids focused Omni channel player was founded by successful serial entrepreneur Supam Maheshwari. Brainbees has raised \$70 million from leading global and Indian investors including IDG Ventures India, SAIF, Valiant Capital, Vertex Venture and NEA, all of whom are participating in the current round. The Company, which started operations in late 2010, has rapidly expanded its online dominance to other channels as well over 180+ FirstCry branded franchisee stores across 100+ cities in the country.

About Mahindra Retail

Mahindra Retail, a Mahindra Partners portfolio company, operates the Babyoye by Mahindra chain of stores and has a strong digital presence both on the web and through its mobile app. Currently there are 120+ stores operational across the country, which are a combination of company owned and franchised stores across over 55 cities, the majority of which are company owned. In 2015, the entity had acquired online kids retailer BabyOye and had renamed the stores as Babyoye by Mahindra.

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