



*Strictly Private & Confidential*

# Babeezworld Information Memorandum

April 2015



# Important Notice & Disclaimer

- *This Confidential Memorandum (the "Memorandum") contains information regarding Olive Tree Retail Pvt Ltd ("OTRPL" or "the Company"). This Memorandum is provided solely for the purposes of allowing interested parties to explore investment opportunities ("Specified Purpose"). This Memorandum is confidential and has been furnished subject to the terms of a Non-disclosure Agreement previously executed by the recipient of this Memorandum. The recipient of the Memorandum agrees by its receipt not to copy or disclose any of its contents to third parties without the express written consent of OTRPL and also to restrict the use of any information to those people within its organization who have been informed of the confidential nature of the information contained herein and the terms of the Non-Disclosure and Confidentiality Agreement and who need to have such information in connection with their analysis and deliberations for the Specified Purpose. The recipient further agrees to return this Memorandum along with any other documents provided, promptly to OTRPL when it has no further use of the Memorandum.*
- *OTRPL has prepared this Memorandum on the basis of the information available with the Company and other sources deemed reliable. While the information herein is believed to be accurate, OTRPL or any of their associates or affiliates or any of their respective directors, officers, agents or employees makes no express and implied warranty or representation as to the accuracy, adequacy or completeness of either the material contained herein or any other written or oral statement.*
- *Nothing contained in this Memorandum is, or should be relied upon as, a promise or representation as to the future. The projected financial information contained in the Memorandum is based on Company's analysis of information available at the time this Memorandum was prepared and assumptions deemed reasonable by the Company. As such projections are based upon estimates and assumptions about circumstances and events that have not yet taken place and are subject to variation, and actual results may significantly vary from projections. The Company or any of their associates or affiliates or any of their respective directors, officers, agents or employees make no representations or warranties, expressed or implied, as to the accuracy or completeness of either the material contained herein or any other written or oral statements or forecasts made. The only representations and warranties that would be applicable in connection with a transaction involving the Company would be those made by the Company in a definitive agreement, if and as and when executed. Interested parties should conduct their own investigation and analysis of the business, data and property described herein.*
- *This Memorandum does not constitute, either express or implied, an offer to sell or a solicitation/invitation to purchase.*
- *This Memorandum does not and is not intended to form the basis of any contract.*
- *If you have received this document and you are not a relevant person you must return it immediately.*

# + Table of Contents

Particulars	Page No
Key Investment Highlights	4
Introduction	6
Industry Landscape	13
Operational Highlights	21
Competitive Analysis	32
Financial Highlights	36



# Key Investment Highlights



# Key Investment Highlights

- Olive Tree Retail Pvt Ltd (“OTRPL”), based in New Delhi, the largest franchisee of Puma in India, has ventured into the baby products segment. It plans to create a comprehensive brand for children in the age group 0-5 years called ‘Babeezworld’ offering both apparel and accessories.
- OTRPL registered sales of INR 75 cr in FY 2014. The top management team has extensive experience in retailing in India and overseas with a total experience of 100 man years.
- The baby products business in India is around INR 42 bn and is growing at 40% per annum according to industry sources. It is making rapid strides with the recent online boom being witnessed in the country.
- OTRPL started sales of third party baby brands in FY 2011 while sales of products under the ‘Babeezworld’ brand name have commenced recently in April 2015. Significant growth in sales is being witnessed on online marketplaces such as Amazon, Flipkart and Snapdeal.

*The promoters are looking at inducting financial investors to fund growth of the ‘Babeezworld’ brand. Absence of a 360 degree baby care brand in India, propelled by an online boom and the extensive retailing experience of the top management team are expected to create ‘Babeezworld’ as one of the top brands in India in the baby products segment.*



# Introduction

- Vision
- Company & promoter background

# + Vision

***‘Comprehensive brand’ for baby products retailing through all possible online and offline channels***

# +Company Background

- 'Babeezworld' is a baby apparel and accessory brand targeted at the age group 0-5 years, being offered at an affordable price range.
- 'Babeezworld' has been promoted by Olive Tree Retail Pvt. Limited ("OTRPL" or "the Company"), based in New Delhi. OTRPL is one of the largest franchisers of global brands in branded sporting goods and apparel in India and caters to Puma, CK Jeans and FCUK through 20 stores across the country in New Delhi, Mumbai, Bangalore and Kolkata.
- The Company, set up in 2008, recorded a turnover of INR 75 cr for FY 2014 and is profitable. It has an employee strength of 130 at present. OTRPL was set up by Amurto Basu Roy who was one of the founding members of Adidas in India and has more than two decades of national and international retailing experience.



# +Company Background...

- OTRPL sells baby products both under its own brand 'Babeezworld' as well as third party brands such as Chicco (Italy), Medela (Switzerland), Philips Avent (Netherlands), Mothercare (UK), Plamer (USA), Sebamed (Germany), Pigeon (Japan), Farlin (Taiwan), Himalaya (India) and Johnson and Johnson.
- OTRPL entered the baby products business with exclusive stores of Chicco in November 2010.
- It started a website - [www.babeezworld.com](http://www.babeezworld.com) in 2011.
- In September 2012, OTRPL set up a small neighbourhood store based in New Delhi called 'Babeezworld'
- Further, OTRPL has strong relationships with large online marketplaces such as Snapdeal, Flipkart, Amazon, etc. through which baby products are sold.
- The Company is privately held. Out of the total employee strength of 130, 7 employees are exclusively engaged in the baby products online business. The operations of the online business are looked after by personnel with extensive relevant experience in global names such as Adidas and Vodafone.

# +Promoter Background

- Amurta Basu Ray, the promoter of OTRPL has over two decades of experience in retailing, profit centre operations, sales & marketing, business development, vendor/ channel management, global sourcing and customer relationship management with reputed organizations in India and UAE. He has a Masters degree in International Business from Indian Institute of Foreign Trade, New Delhi .
- Prior to setting up OTRPL in New Delhi in 2008, Amurta was based in Dubai. He was the driving force behind setting up and managing the Middle East Franchise of Intersport, which is the largest sporting goods retailer in the world.
  - As the General Manager, he successfully launched the 1<sup>st</sup> store of Intersport in Dubai in 2007.
  - He established large format (10,000 sq. ft. and above) retail stores, selling multi-category and multi-branded sporting goods and signed up key spaces in reputed malls to cater to future expansion plans.
  - His expansion initiatives included setting up of supply chain operations, successful implementation of an international sourcing operation, hiring of key personnel & designing a training programme for the staff.

# +Promoter Background...

- Amurta was also responsible for the success of Westar Watches in Dubai and was accountable for the development of the brand and its performance. He provided leadership and guidance to a multinational team, for multi-country marketing and brand management. He has the following to his credit:
  - Increased net profits by more than 3 times in 5 years by reducing buying costs, & introducing new sub brands at higher prices.
  - Completed the restructuring of the business division, making it more customer focused & achieved a reduction of 10% in product cost.
  - Spearheaded the launch of new global brand identity & marketing campaign in 2002. Subsequently launched two sub brands.
  - Streamlined the distributor operations in various countries like Saudi Arabia, Lebanon and Egypt.
  - Essayed a major role in reengineering business processes and administrative activities, helping to reduce sourcing lead time, and order execution time.

# +Promoter Background...

- As a part of the founding team of Adidas India, Amurta played a major role in the launch of business operations in South Asian markets of Bangladesh, Maldives, Nepal, Sri Lanka and Pakistan.
  - He played a major role in successful restructuring of the footwear range, resulting in 80% growth in footwear volumes in 2000 and 30% growth in 2001.
  - He was responsible for logistics planning and inventory control.
  - In Eastern and North Eastern India, he set up 5 Exclusive outlets, several Multi Branded outlets and established a distribution network for apparel and footwear through various distributors.
- At Bata India, Amurta played a major role in the launch of footwear in West Asian Markets and in marketing of footwear in Australia, New Zealand and Far East.



# Industry Landscape

- Market Size & Structure
- Key Brands in India
- Trends & Preferences
- Brands across Categories



# Market Size & Structure

- The market for children clothing and accessories in India is witnessing rapid growth. India has the largest number of children in the world at 20% of the 0-4 years' global child population.
- According to industry sources, the market size of the Indian baby care products is currently estimated at INR 42 bn and is growing at 40% per annum. The share of organized retail is around 20%. Further, the online market for baby products at around INR 6 bn in 2014 is expected to grow to INR 30 bn by 2017.
- Low penetration, growth in double-income earning families, greater disposable income, increase in awareness with proliferation of media are key growth drivers.
- Companies are primarily focusing on driving efficiency in supply chain, product sourcing and assortment, warehousing and logistics in order to drive growth in the kids segment.



# Key Brands

- The rise of kidswear and related accessories in India has attracted both domestic and international players like Lilliput, Gini & Jony, Mom & Me, Chicco, Mothercare and Pigeon.
- The positioning of some of the key brands is set out alongside.
- Further, the high end premium brands such as Armani, Ralph Lauren, Benetton, Burberry, Disney, Barbie, etc have also made inroads in India.

Key Brands	Segment	Price Range
Kidology	Super Premium	Above INR. 2500
Mothercare, Allen Solly	Premium	INR. 1000-2500
Gini & Jony, Lilliput, Catmoss	Mid	INR. 500 - 1000
Big Bazaar , V Mart	Economy	INR. 250 - 500
Unbranded	Low	Less than INR. 250
Stop, Weekender and Zapp are other Indian brands.		

# + Brands : Trends & Preferences

- Highly fragmented Market
  - No ONE big brand like Mothercare UK that dominates. Within each product category there are a number of brands. Some dominate (Johnson & Johnson in toiletries and Fisher Price in toys) in awareness and presence but not in terms of empathy
  - Consumers are ready to experiment and look for newer, more exciting and interesting options.
- Brand preferences develop on the basis of familiarity through usage and distribution and also focused Internet research.
- Distribution is unpredictable. Therefore, brands often seem to be available on an 'as is where is' basis. Consumers have to choose from brands that are available at that time without being necessarily able to choose the same brand next time.
  - Gerber bottles are available, but replacement nipples with the same flow speed are not always easy to find



# + Brands : Trends & Preferences...



- Indian customers are ready to experiment, but the musts are:
  - Familiarity: The brand has to enter their home
  - Availability: In terms of distribution and price positioning
- A brand that provides products across known and new categories is impressive: A brand specialist in baby care is well accepted.



- **This is a visible opportunity for Babeezworld as there is no brand across all categories as set out in the following sections.**




# + Brands Across Categories

- The market is constantly and continuously evolving/growing in terms of offer
- Overall, there is poor awareness of categories and products
- Distribution has an important role as a source of knowledge

PRODUCT CATEGORY	PRODUCT MUST	NOTE	MKTG IMPLICATIONS
<b>NURSING</b> An Equity Builder as a brand) 	<u>Sanitation</u> <u>Simplicity</u> : self-explicatory/ immediate, easy to use, easy to clean <u>Quality of material</u> <u>Availability</u> : proximity, of product	> Few known and penetrated products	> Need to build awareness about products with the required features > Proximity distribution
<b>COSMETICS</b> d category 	<u>Well-known Brand</u> <u>Naturalness</u> <u>Quality</u> (hypoallergenicity, scent, texture) <u>Affordability of price</u> <u>Availability</u> (proximity)	> More penetrated and more “invested” category > Propensity to change on the basis of concrete facts > Dominated by J&J with some clouded images	> Need to build awareness/ trust in the brand > Need to try the product > Proximity distribution

# + Brands Across Categories...

19

PRODUCT CATEGORY	PRODUCT MUST	NOTE	MKTG IMPLICATIONS
<b>JUVENILE</b> A “not market” 	<u>Aesthetics</u> <u>Multi-functionality</u> <u>Quality of materials</u> (and suitable to the country) <u>Easy to use</u> <u>Safe and convenient</u> for the baby	<ul style="list-style-type: none"> <li>➤ Need to be created (due to the lifestyle there is no specific real need regarding outdoor usage)</li> <li>➤ Consumer’s poor competence</li> <li>➤ No strong brands</li> <li>➤ Hardly penetrated products</li> </ul>	<ul style="list-style-type: none"> <li>➤ Few products but with the “right” features</li> <li>➤ “Self” segment - Need of conscious raising and attention to law changes</li> </ul>
<b>TOYS</b> A still undifferentiated mkt 	<i>INFANT:</i> <u>Quality of materials</u> , <u>Safety</u> , <u>Appeal</u> (colour, sounds, tactility) <i>AFTER ONE YEAR OF AGE:</i> Appeal, safety, price	<ul style="list-style-type: none"> <li>➤ Attention to the edutainment (already starting from 7/8 months)</li> <li>➤ Attention to “not boring” games</li> <li>➤ Playability</li> <li>➤ Fisher Price as recognised brand</li> </ul>	<ul style="list-style-type: none"> <li>➤ Fisher Price opened its way for an appealing brand proposal</li> </ul>
<b>CLOTHING</b> 	<u>Quality of material:</u> Softness of cotton, durability of features (colour/shape/size) <ul style="list-style-type: none"> <li>➤ <u>Simplicity of the item:</u> Few buttons, zip</li> <li>➤ <u>Easy opening</u> for the frequent change (not everybody uses the nappy)</li> <li>➤ <u>Wide variety/choice</u></li> <li>➤ <u>Good brand reputation</u></li> </ul>	<ul style="list-style-type: none"> <li>➤ Many brands segmented for type of offer: <ul style="list-style-type: none"> <li>➤ Big brands: Gift and outdoor clothes</li> <li>➤ Shop Brands</li> <li>➤ Unbranded (underwear)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>➤ Considering the baby’s lifestyle, it is presumable that it is an invested category, at least after the first/second year of age</li> </ul>

# + Online Usage Driving Brands

- With the proliferation of online marketplaces in India such as Flipkart, Amazon, Snapdeal and specialised e-commerce sites for kids such as firstcry.com, babyoye.com (now part of Mom & Me) and hopscotch.com, the ability of quality brands to scale up rapidly has become a reality.
- Exponential growth can be witnessed without incurring heavy capital expenditure and long gestation periods of setting up offline presence nationwide.
- Aided by the above, extensive market research resulting in new designs, efficient inventory management and consumer friendly marketing strategies, can catapult a brand in the top league.



# Operational Highlights

- Current Status & Future Plans
  - Distribution
  - Design & Sourcing
  - Communication
  - Logistics
  - Existing Range & Future Plans



# OTRPL Overview

- OTRPL is one of the largest franchisers of global brands in branded sporting goods and apparel in India.
- It is the largest franchisee of Puma in India. It also has franchise for CK Jeans and FCUK.
- The Company operates through through 20 stores across the country in New Delhi, Mumbai, Bangalore and Kolkata.
- The Company, set up in 2008, recorded a turnover of INR 75 cr for FY 2014 and is profitable. It has an employee strength of 130 at present.
- OTRPL perceived tremendous opportunity for a 360 degree brand in the baby products segment and forayed into the baby products business in 2010. Sales of baby products for FY 2015 was approximately INR 1.8 cr. While sales comprised that of third party brands so far, the Company has also launched its own branded products in April 2015.

OTRPL plans to create a baby brand at an affordable price bracket that will offer all kinds of baby products other than cosmetics. It plans to position 'Babeezworld' as the largest baby care retail brand or the "Mothercare of India". The advantages of a Brand vs a Private Label which has been created by certain existing players, are set out below.

## **Private Label**

- When a multi branded outlet launches a brand to sell in its own outlet/s, it is called a Private Label
- "Stop" is the private label of Shoppers Stop
- It is available only in the Shoppers Stop stores and not outside it
- Private Labels are launched primarily to earn more margin

## **Brand**

- Brand is far more 'all encompassing'
- A brand is sold at multi branded outlets or exclusive brand stores
- Brands enjoy a better image than a private label
- Brands command loyalty
- Example : Arrow shirt vs Stop shirt

# + Proposed Offering...

- OTRPL product line will include nursing products, feeding products, bathing products, toys, apparel, furnishing products and baby gears like prams, strollers, maternity wear, etc under the 'Babeezworld' brand name.
- The Company will continue to sell multi branded products, including cosmetics, (which are not in conflict with its own range of products) on online market places and its own website. It is currently in discussions to acquire all India rights for certain international brands of baby products and toys. The third party products would be necessary in order to provide the entire requirement of products under one roof.
- Some of the reputed brands sold by OTRPL in the past two years include:
  - Chicco (Italy) : Cosmetics, Nursing, Baby Gear (prams etc)
  - Mothercare (UK) : Cosmetics
  - Medela (UK) : Maternity and nursing
  - Sebamed ( Germany) : cosmetics
  - Pigeon (Japan) : Cosmetics, Nursing
  - Farlin (Taiwan) : Nursing



# + Key Operational Highlights

Operations have started with sales of third party baby product brands on a small albeit rapidly growing scale since FY 2011. The 'Babeezworld' brand has been launched in April 2015 on Flipkart, Amazon and Paytm and sales have commenced.

## Sales & Distribution

- Sales are a combination of both offline and online. The Company carries out sales through a 200 sq ft a small neighbourhood store in Chittaranjan Park in New Delhi called 'Babeezworld'.
- Further, sales are carried out through large ecommerce sites such as Snapdeal, Flipkart, Amazon, Ebay, Rediff, Paytm, etc. with which OTRPL has strong relationships due to its existing franchise business.
- The Company has set up its own website, [www.babeezworld.com](http://www.babeezworld.com). It also plans to approach other specialised kids websites such as Firstcry and Babyoye.
- In the medium term, OTRPL plans to sell through various departmental stores like Shoppers Stop, Lifestyle etc. It also would gradually set up a distribution plan for small offline stores under its own brand.



# Key Operational Highlights...

## Sourcing Arrangements

- Clothing is sourced from India, cosmetics from distributors of existing reputed brands while toys and accessories are imported from China.
- Currently the apparel range is produced by a Noida based company which has been set up by the ex-sourcing head of Adidas India.
- The Company plans to enlarge its supplier base by including suppliers from Tirupur, Ludhiana, etc.

## Design

- OTRPL has hired a design firm called "Threesome" based out of Delhi, which has been set up by a group of designers who have reputed clients and have showcased their work at the Lakme Fashion Week.
- Post infusion of funding, the Company plans to recruit in-house designers and merchandisers for development of designs. The Company also plans to engage independent designers of design houses for special projects.

# + Key Operational Highlights...

## Communication

- Start with google ad
- Facebook ads
- Launch the range in various market places that OTRPL works with such as:
  - Banner on Flipkart and Snapdeal
  - Use Flipkart and Snapdeal's advertising on their site.
  - Also agree on special incentives with Snapdeal to popularise own brand.
- Banner on targeted sites
- Listing on Junglee
- Direct Ad to mobile

## Logistics

- OTRPL uses Bluedart primarily for their deliveries. Further, different online sites have their own or preferred courier companies.
- OTRPL plans to work with SAP for both inventory management solutions and for the entire enterprise solution. The promoter has prior experience in setting up SAP for a new business.



# Own Brand: Existing Products

- **A range of bed protectors** – “ Babeezworld Smart Bed Protectors” have been launched in early April 2015. These are selling on Flipkart, Amazon, Paytm and Snapdeal.
- **A range of apparels for boys and girls** in the age group of 1 to 5 will be launched in early May 2015.
  - This range has been designed by the designer team hired by OTRPL.
  - Production is taking place in a Noida factory.
  - The theme is affordable fashion for kids.



# Own Brand: Existing Products...

## Baby Mats on Flipkart

The screenshot displays the Flipkart website interface. The top navigation bar includes the Flipkart logo, a search bar with the text 'babeezworld', and a 'CART' icon. Below the navigation bar, there are category tabs: ELECTRONICS, HOME & KITCHEN, MEN, WOMEN, BABY & KIDS, BOOKS & MEDIA, MORE STORES, and OFFERS ZONE. The main content area is titled 'Home > Baby Care > Baby Bedding > Baby Mats'. On the left, there is a 'BROWSE' section with 'Baby Care' and 'Baby Bedding' categories, and a 'REFINE' section with filters for 'OFFERS' (Baby Bedding Sets & more - UP TO 50% OFF (20)), 'Size' (Medium (7), Free (0), Small (7), Extra Large (0), XXL (0), Large (0)), and 'Type' (Sleeping (20), Play (0), Waterproof Sheet (0)). The main product display area shows three 'BABY MATS' products by Babeezworld, each with a '1 OFFER' tag. The first product is 'Babeezworld Cotton, Rubber Medium Sleeping Mat (1 Mat)' priced at Rs. 266 (12% OFF). The second product is 'Babeezworld Cotton, Rubber Small Sleeping Mat (1 Mat)' priced at Rs. 128 (24% OFF). The third product is 'Babeezworld Cotton, Rubber Large Sleeping Mat (1 Mat)' priced at Rs. 389 (29% OFF). Each product has a 'See Similar Products' link. On the right side, there is a 'Shortlist' button and a 'Feedback' button. At the bottom, there is a banner for 'EXTRA 5% OFF ON 5 LAKH+ STYLES CLOTHING | FOOTWEAR | FASHION ACCESSORIES' and a 'GET THE APP' button for the Flipkart Mobile App.

Final Range- kids - amurto... x Seller Dashboard x Flipkart Seller Portal x Paytm Marketplace x Baby Mats Online Store - B... x

www.flipkart.com/baby-care/baby-bedding/baby-mats/pr?q=babeezworld&as=on&as-show=on&otracker=start&sid=kyh%2C73%2C45c&as-pos

kanika

Flipkart First Download App Sell 24x7 Customer Care Track Order Hi amurto...!

flipkart.com The Online Megastore

babeezworld SEARCH CART 0

ELECTRONICS HOME & KITCHEN MEN WOMEN BABY & KIDS BOOKS & MEDIA MORE STORES OFFERS ZONE

Home > Baby Care > Baby Bedding > Baby Mats

BROWSE

- Baby Care
- Baby Bedding
- Baby Mats

REFINE

OFFERS

Baby Bedding Sets & more - UP TO 50% OFF (20)

Size

- Medium (7)
- Free (0)
- Small (7)
- Extra Large (0)
- XXL (0)
- Large (0)

Type

- Sleeping (20)
- Play (0)
- Waterproof Sheet (0)

BABY MATS

SEARCH: babeezworld

Showing 20 products Sort by: Relevance

1 OFFER

Babeezworld Cotton, Rubber Medium Sleeping Mat (1 Mat)

Rs. 266 12% OFF

See Similar Products

1 OFFER

Babeezworld Cotton, Rubber Small Sleeping Mat (1 Mat)

Rs. 128 24% OFF

See Similar Products

1 OFFER

Babeezworld Cotton, Rubber Large Sleeping Mat (1 Mat)

Rs. 389 29% OFF

See Similar Products

INDIA'S #1 SHOPPING APP

GET THE APP >

GET IN, FEEL PRIVILEGED

flipkart first

EXTRA 5% OFF ON 5 LAKH+ STYLES CLOTHING | FOOTWEAR | FASHION ACCESSORIES

19:22 12-04-2015

# + Own Brand: Products under Development

- The Company has also finalised a **range of Prams and Strollers**.
  - Designs and prices have been agreed with a Chinese factory.
  - A sample is awaited. Post that, the purchase order will be raised.
- OTRPL is working with an importer to develop a range of **infant toys**.



# + Own Brand: Products under Development...

- Design brief has been given for the Fall Winter season
  - Initial designs are expected soon
  - Future plan is to create a product development calendar
    - Work on colour forecasts, design forecasts and create a coordinated range for apparel, accessories and furnishing
  
- OTRPL has plans for the following products in the near future:
  - Work with Chinese factories to develop a range of toys – for infants and kids.
  - Plan the next range of Prams and Strollers. Procure specialised strollers like Twin Strollers
  - Make a range of Car seats, carry cots, high chairs and baby cribs.



# Competitive Analysis



# + Competitive Analysis

- 'Babeezworld' desires to be a comprehensive brand for kids.
- The Company will have the entire range of baby products- apparel, toys, baby gear, furnishing, etc under the Babeezworld brand.
- The brand will sell through all the available online and offline formats
  - While the brand currently sells through various market places like Amazon, Flipkart etc, plans are to sell through Firstcry.com, Babyoye.com and other online retailers.
  - The Company plans to to sell through offline retailers like Mom and Me, Shoppers Stop etc in future.

A comparison of 'Babeezworld' vs some of the well known baby product/ apparel brands is set out in the following sections.

# + Competitive Analysis...

- **Gini and Jony:** Gini and Jony is an established kids apparel brand. However, around 4 years back, they started to open stores called "Gini and Jony" in several malls to sell Junior range of Puma, Levis and Benetton. They took all India distribution rights of these brands. This strategy did not work. Sales was not commensurate enough to pay for the high rent and other expenses. They started losing the distribution right of the brands. Gradually, most of the stores either closed or were downsized. Currently they are distributing their Gini and Jony range through various multi branded outlets and the remaining exclusive stores. However, Gini and Jony **concentrates on apparel** only.
- **Lilliput:** Lilliput is a well-known kids apparel brand. They ventured into the **entire kids range of products**. However, they opened large format stores in some of the most expensive locations across the country like South Ex, Delhi, Indiranagar, Bangalore, etc. This strategy did not work and most of these large stores were closed.



# Competitive Analysis...

- **Mom and Me:** This was the first multi branded chain of stores for kids. They opened several stores across the country but have closed many of these. Their stress is on the Retail Brand - Mom and Me. They have also developed some Private labels. They acquired the online specialist kids retailer, babyoye.com. In both these formats, the stress is on **multi-branded products**.
- **First Cry:** They are an established **multi branded online retailer**. Their focus is the multi branded entity - Firstcry.com. They also have a private label, "baby hug" which they sell on their website.



# Projected Financials

- Key Assumptions
- Funding Requirement & Uses



# Key Financial Highlights

- The Company has ventured into baby products and accessories from November 2010 with sale of third party brands.
- The break-up of sales achieved over the past two years is as follows:
  - Total sales of baby products in FY 2014 was INR 63 lakhs of which online sales contributed 75% with the remaining coming from the offline store
  - Sales increased to INR 1.8 cr in FY 2015 with online contributing 92%.
  - In April 2015, the 'Babeezworld' branded products were launched. 21 products have been listed under the 'Babeezworld' brand name so far in Flipkart, Amazon and Paytm. Sales have also commenced.
- OTRPL proposes to segregate the online baby products business into a new company and induct an investor therein. The projected financial statements set out in the following sections have been prepared for the online sales of baby products.

# + Key Assumptions

- The Company expects to achieve sales of around INR 6 cr from own brands in Year 1 (first year in which funding takes place) and of third party brands of INR 10 cr, with infusion of funding.
- With increased advertisement push and focus on own brand, the sales from 'Babeezworld' branded products are projected to grow exponentially to INR 92 cr in Year 6. Own branded products are expected to contribute 75% of sales in Year 6.
- Gross margins are expected to be higher for the own brand at around 50% and at 30% for third party brands.
- Fixed expenses would mainly comprise advertisement costs, employee expenses and logistics costs.
- While EBIDTA margins are expected to increase to 20% in Year 6, initial losses are expected at the PAT level with PAT margins stabilising to 10% in Year 6.

# + Key Assumptions...

- Fixed Assets would comprise mainly computers including ERP system, etc.
- Debtor days are expected at around 30 days of sales while inventory would be approximately 150 days of cost of goods sold.
- Creditors have been projected at around 30 days of expenses.
- A snapshot of the projected financials is set out below:

Rs cr

Sales	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6
Babeezworld	6.00	9.60	16.80	30.24	52.92	92.61
Third Party Brands	10.20	14.28	17.85	21.42	25.70	29.56
<b>Total</b>	16.20	23.88	34.65	51.66	78.62	122.17
EBIDTA margin (%)	2.33%	8.50%	11.73%	12.53%	15.90%	20.11%
PAT margin (%)	-3.28%	0.40%	2.83%	3.65%	6.72%	10.41%



# Funding Requirement & Uses

- The Company projects cash requirement of USD 4 mn for the following purposes over the next five years, of which USD 2 mn would be required over the next 12 months:
  - Advertising
  - Hiring of personnel
  - Sourcing and purchase of merchandise
  - Warehouse and office space
  - Purchase of a proper ERP system
- Effective product development, effective marketing & targeted advertisement, planned rollout strategy and regular monitoring of progress would be key pillars to the acceptance and growth of the brand.