

B2B Marketplaces

Revolutionizing the Indian
B2B commerce supply chain

April 2023





B2B Marketplaces: Transforming the way India does commerce

\$125bn+ to flow through tech-enabled B2B marketplaces in the next 5 years

Indian B2B trade, one of the largest and fastest growing B2B market globally, is c.\$2 trillion currently (c.2x the size of the Indian retail opportunity). India is the 7th largest manufacturing hub and the 5th largest retail distribution market globally. However, the sector continues to be one of the last few bastions which are yet to be disrupted by technology in a meaningful way with the penetration of B2B marketplaces at c.1% today vs. US/China, where digital adoption is as high as 20%. Unlike developed markets where supply chains are streamlined with high degree of uniformity from source to consumption, Indian B2B supply chain continues to operate in a highly inefficient, fragmented, and localized manner flowing through multiple levels of intermediaries.

However, in the last few years, numerous structural and macro tailwinds are supporting digitization of B2B commerce in India. Factors such as global supply chain de-risking, China+1 policy, government PLI schemes etc. are pushing the expansion of domestic and exports opportunity. These, coupled with a marked shift in technology adoption by businesses post COVID are creating the right storm for B2B marketplaces to flourish.

Since COVID, these marketplaces have witnessed baseline shift in growth with most category leaders scaling 5x-10x over this period. Funding momentum also saw significant uptick post COVID with 2/3rd of the total capital infused coming during that time and creation of nearly all current unicorns in the space.

Business models also evolved from pure play discovery platforms to full-stack integrated marketplaces solving for challenges across quality, reliability, credit, discovery etc. We're seeing emergence of unique "Bharat-first" models, some of which are expanding to create international supply chains with 10-40% business coming from outside India. Larger B2B marketplaces are actively using M&A as a strategy to expand margin, reach and capabilities.

Most successful B2B businesses have taken a capital-efficient approach with strong focus on expanding margins and at the same time keeping marketing costs and overheads in control. Exports, private labels, value-add have been the key drivers for margin expansion. Successful players in the space have employed cluster-based expansion approach using feet-on-street salesforce and tapping into institutional clients for large orders. This coupled with high retention rates for B2B clients significantly curtails marketing and other distribution overheads.

Leading B2B marketplaces across categories have demonstrated sustainable unit economics as they scale up with potential to generate superior ROE with further optimization of working capital, capital structure and capex requirements.

In our view, over the next 5 years, vertical marketplaces will drive the next leg of tech-led growth with c.45% CAGR leading to a \$125+ billion market. We expect active participation of private growth investors and 6-7 IPOs. There is a huge opportunity to create multi-billion-dollar outcomes across categories given no large sophisticated traditional incumbents or horizontal ecosystems in India unlike US and China.

The report is our attempt to deep dive into the B2B commerce value chain in India across manufacturing and retail distribution as we talk about the key drivers of success across businesses. While the narrative unfolds, we are strong proponent of B2B marketplaces leading the next wave of value creation and hope this report offers insights to all including companies, investors, entrepreneurs, corporates, and other stakeholders alike.

Happy reading!

Pankaj Naik, Karan Sharma

Co-Heads & Managing Director

Digital and Technology Investment Banking, Avendus Capital



Avendus Capital

India's premier financial services franchise

Investment
Banking⁽¹⁾

175 M&A Transactions
Deal Value: \$14.58bn

266 PE Transactions
Deal Value: \$23.07bn

5 ECM Transactions
Deal Value: \$760mn

45 Deals in FY23
Deal Value: \$ 7.65bn



Investment Bank of the Year – VCCircle Awards 2023
India's #1 PE Advisor 2022 (Venture Intelligence,
VCCEdge)
APAC's #1 Financial Advisor 2022

Institutional
Equities

270+

Stock coverage with
Market Cap of \$2tn

350+

Global Fund
Relationships

15

Sectors covered (80%
of the Market cap)

**AsiaMoney
Brokers Poll**



2022

Best Domestic Brokerage Overall Country Research
Overall Sales Execution, Asia Money Brokers Poll 2022

2021

Best Sector Ranking - Strategy, Automobiles & Components,
Healthcare, Industrials, Small/Mid Cap

2020

Best Sector Ranking - Industrials, Transportation & Logistics

Wealth
Management

c.\$5.13bn
AUM

1,700+

Number of Families and
Corporate Treasuries serviced



Best
Highly recommended

Independent Wealth Manager India Domestic

Asian Private Banker, 2020, 2021 & 2022

4th

Best Private Banking Services Overall

Euromoney Private Banking And Wealth Management Survey 2020

Asset
Management

c.\$1.12bn
AUM

4 Specialized
Strategies



**Avendus Absolute
Return Fund**

Best Indian Hedge Fund, Eureka Hedge Awards Singapore, 2019
Best Single Country Fund, 18th HFM AsiaHedge Awards Hong Kong 2019
Best AIF CAT 3 Long Short (2 Years of Risk-Adjusted Returns), 2021
PMS AIF World Awards, 2021
#1 Indian Equity Fund, HFM Asia Performance Awards 2022
Best Multi Strategy Fund, HFM Asia Performance Awards 2021

Credit
Solutions

c.INR 41.37bn
Disbursements till date

130+

Unique Transactions
till date

INR 11bn+

Book size
within 5 years of operation

A+ **Crisil
Rating**



Digital and Technology investment banking

Pioneers of the new-age economy

Leader in Indian Digital & Tech advisory

175+

Deal closures in D&T
sector till date

c.50%

Market share in D&T
deals

50

Team size, largest in the
country, 4x of next peer

\$9bn+

Aggregate digital & tech
deal value in last 2 years

55

Transaction closures
in last 2 years

25+

\$100mn+ transactions
in last 2 years

Long-standing track record of advising prominent Unicorns



\$3,300mn/
7 transactions



\$1,750mn+/
9 transactions



\$1,500mn+/
9 transactions



\$1,465mn+/
3 transactions



\$800mn/
3 transactions



Undisclosed
3 transactions



\$600mn/
2 transactions



\$500mn/
3 transactions



\$450mn/
5 transactions



\$400mn/
3 transactions



\$395mn/
3 transactions



\$350mn/
2 transactions



\$345mn/
2 transactions



\$330mn/
2 transactions



\$302mn/
2 transactions



Undisclosed
2 transactions



\$227mn/
2 transactions



\$225mn/
4 transactions



\$225mn/
2 transactions



\$150mn/
2 transactions

Deeply entrenched in the eco-system



30+ Unicorn clients trust
Avendus as the partner of
choice



200+ network of global growth
investors that closely collaborate
with Avendus on Indian tech
opportunities



\$3.5bn+ liquidity generated by
Avendus for investors/shareholders,
thereby keeping the fund-flow wheel
spinning for the ecosystem



Annual Avendus India Internet &
Technology Conference that brings
together 70+ companies and 100+
global growth investors



55 Deal closures in the past 24 months / 25+ Deals >\$100mn

\$805mn Private Equity CPP Investments, Google, Ontario Teachers' Pension Plan, Luxor Capital Advisor to: Verse Innovation Apr / Feb 2022	\$700mn Private Equity Baron Funds, Invesco, ALPHA WAVE Advisor to: Swiggy Jan 2022	\$500mn Private Equity ADIA Advisor to: Lenskart Mar 2023	\$300mn Private Equity Blackstone, TPG, ChrysCapital Advisor to: XpressBees Feb 2022	\$210mn Private Equity TIGER GLOBAL, ADIA, ALPHA WAVE, DRAGONEER Advisor to: Dealshare Jan 2022	\$1,250mn Private Equity SoftBank, prosus, QIA, ALPHA WAVE Advisor to: Swiggy Jul 2021	\$840mn Private Equity ALPHA WAVE, DI CAPITAL PARTNERS, TIGER GLOBAL, DST Advisor to: Dream Sports Nov 2021	\$650mn Private Equity CPP Investments, prosus, Accel, SoftBank Advisor to: Eruditus Aug 2021	\$440mn Private Equity TEMASEK, GENERAL ATLANTIC, TIGER GLOBAL, SoftBank Advisor to: Unacademy Aug 2021
\$200mn Has acquired Advisor to: Shiprocket Jun 2022	\$200mn Private Equity Advent International, PREMJI INVEST, MOTILAL OSWAL, MUFG, AXIS Advisor to: KreditBee Jan 2023	\$150mn Private Equity AMANSA Capital, kotak Private Equity, B Capital Group, DRAGONEER INVESTORS Advisor to: Licious Mar 2022	\$137mn Private Equity INSIGHT PARTNERS, B Capital Group, DRAGONEER INVESTORS Advisor to: Yubi (CredAvenue) Mar 2022	\$135mn Private Equity TEMASEK Advisor to: HealthKart Dec 2022	\$315mn A FirstDry - Mahindra Venture Advisor to: FirstCry Apr 2021	\$315mn Private Equity TPG, PREMJI INVEST Advisor to: FirstCry Apr 2021	\$300mn Private Equity Blackstone Advisor to: Simplilearn Jul 2021	\$250mn Private Equity SoftBank Advisor to: Zeta May 2021
\$130mn Private Equity Accel, lightrock, MULTIPLES Advisor to: Niyo Jul / Feb 2022	\$125mn Your Health Buddy Private Equity QUADRUM CAPITAL, lightrock Advisor to: MediBuddy Feb 2022	\$110mn Private Equity PREMJI INVEST, NORWEST ELEVATION Advisor to: Mintifi Mar 2023	\$108mn Private Equity TEMASEK, venturi Advisor to: Country Delight May 2022	\$107mn Private Equity TEMASEK, GIC, QED Investors, Sarv Advisor to: One Card Jul 2022	\$245mn Private Equity TEMASEK, MULTIPLES, IIFL ASSET MANAGEMENT Advisor to: Licious Sep 2021	\$225mn Private Equity TIGER GLOBAL, Accel Advisor to: Infra.Market Aug / Feb 2021	\$185mn Private Equity zomato, TEMASEK, MOORE CAPITAL MANAGEMENT LP, lightrock Advisor to: Shiprocket Nov 2021	\$100mn more than a bank Private Equity TEMASEK, Google, TIGER GLOBAL, 3ONE4 CAPITAL Advisor to: Open Sep 2021

Transactions closed in Last 15 months

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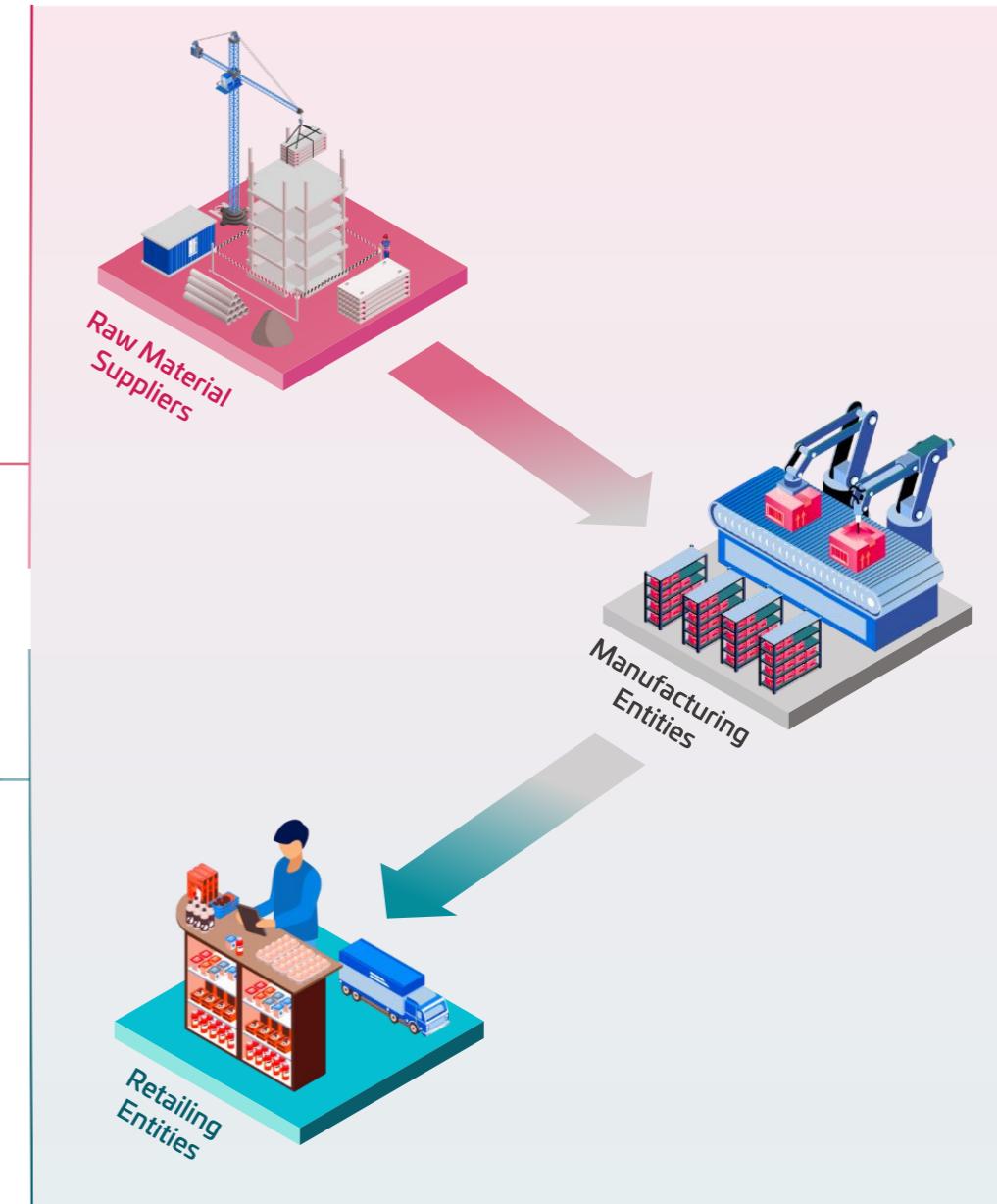
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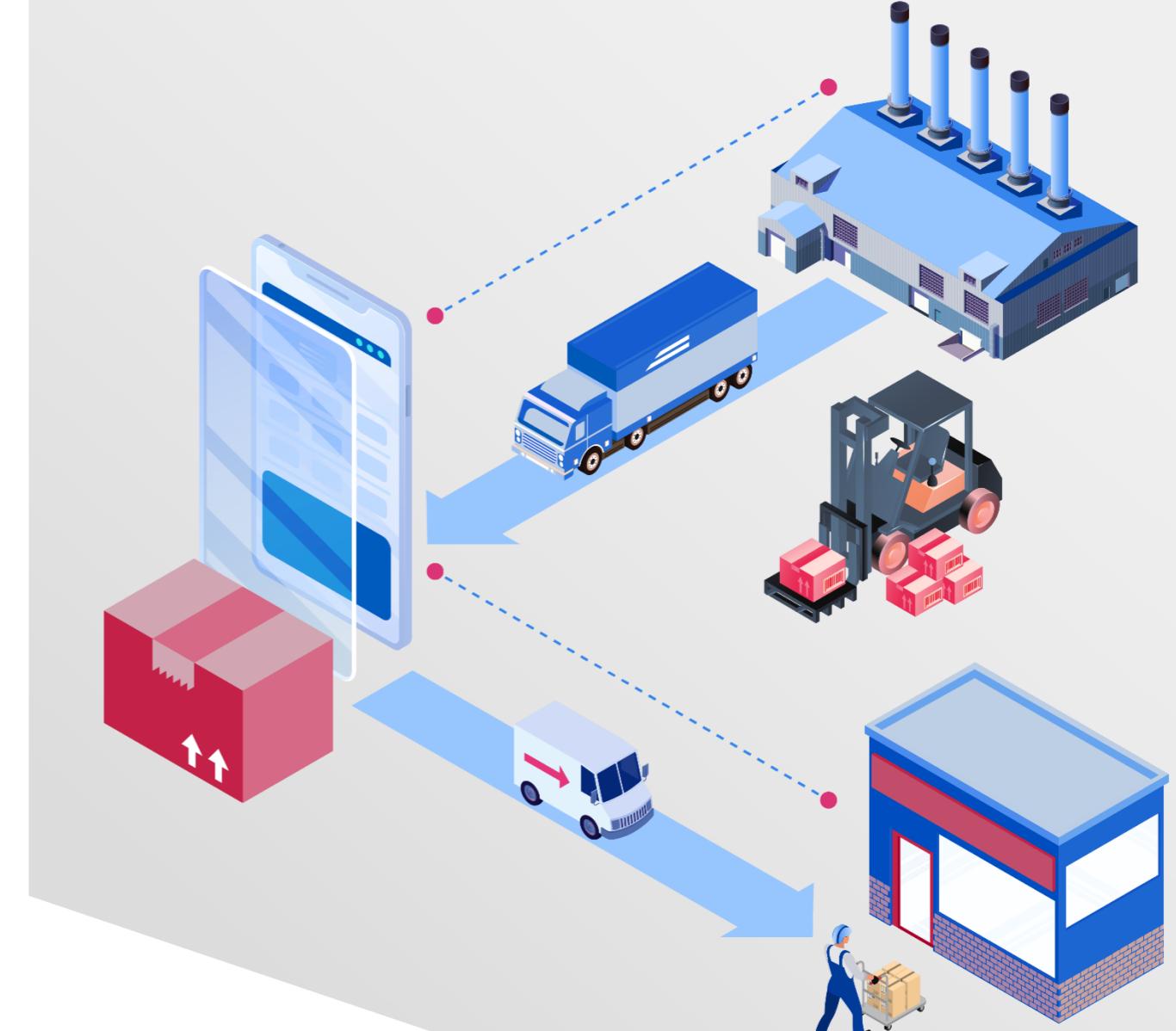
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1: **Introduction**



Indian B2B e-commerce

Massive \$125bn+ GMV opportunity by 2027



Global factsheet

\$26bn+

Funding⁽¹⁾

850+

Transactions⁽¹⁾

45+

Unicorns

\$300bn+

Value created



India factsheet

\$5bn+

Funding⁽¹⁾

14

Companies with \$300mn+ GMV

7

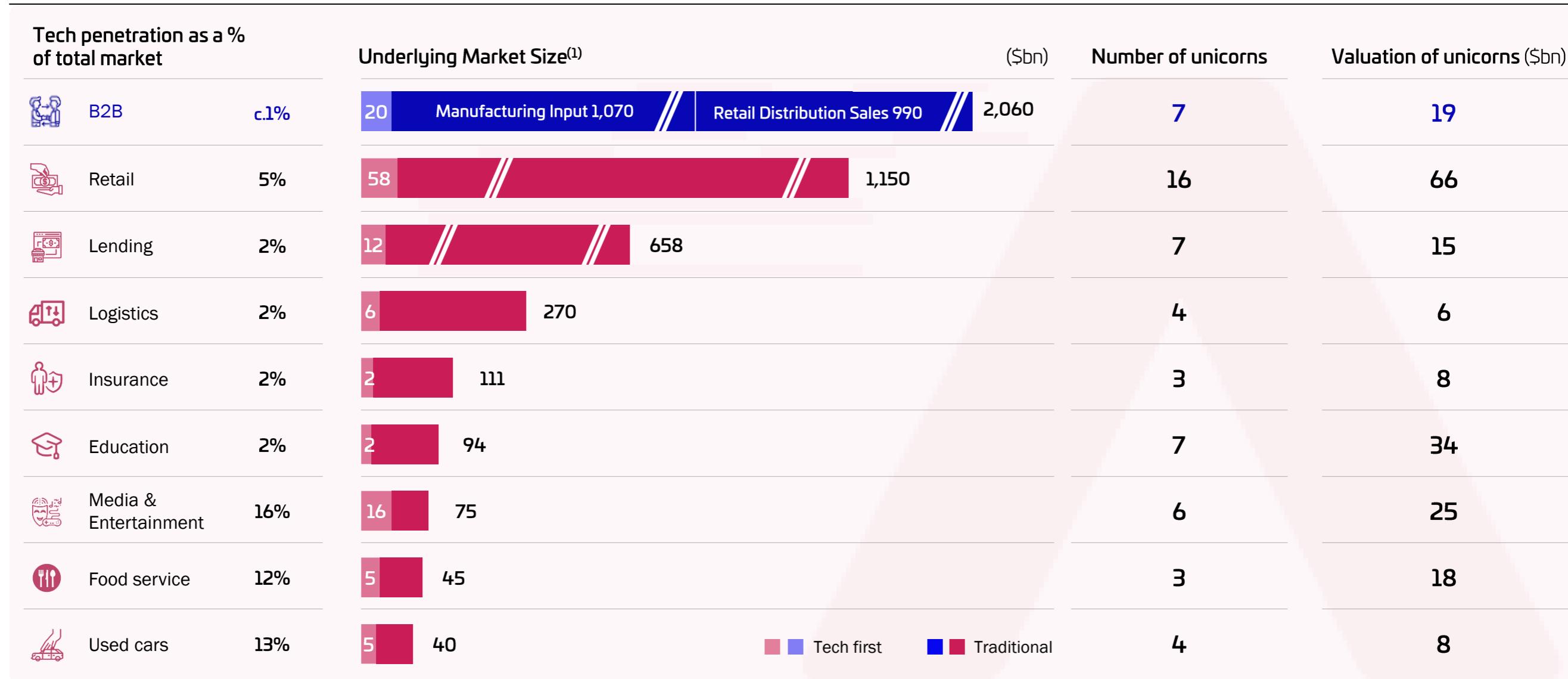
Unicorns

c.45%

B2B marketplaces GMV CAGR⁽²⁾

B2B e-commerce driving the next growth frontier in the Indian economy

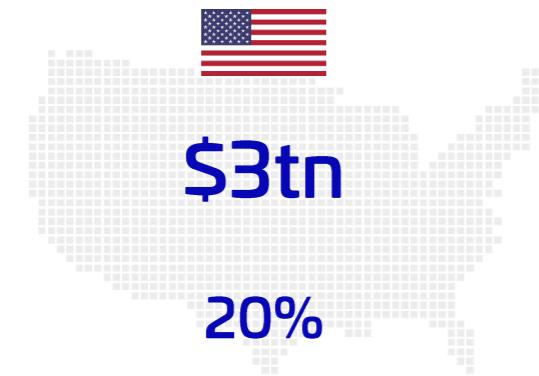
With a massive underlying market, it has the largest potential for disruption and value creation



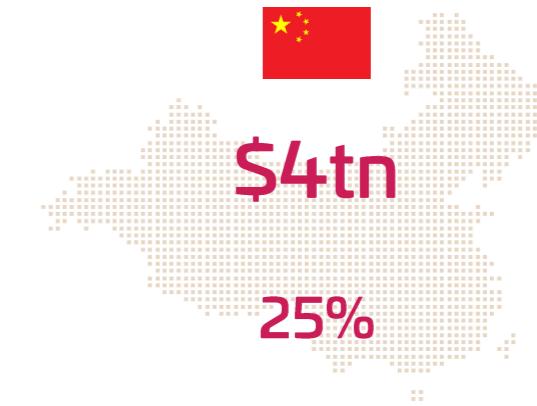
Source: Avendus estimates; Lending refers to assets under management of MSME lending (Entity level credit exposure below INR100cr) and consumer lending other than home and auto loans, Insurance includes GWP of life and general insurance, Education excludes K-12 school tuition fees, Media & Entertainment does not include illegal gaming and betting, used cars include used passenger cars and used two-wheeler market, Food service denotes out of home food consumption, Commerce refers to non-food retail consumption; Note 1. Tech-first market size includes market size of global players like Amazon, Meta, Google etc., they are not factored in number and valuation of unicorns

Global B2B commerce market has seen strong digital adoption

Uptake driven by incumbents adopting tech, favorable government policies and push by horizontal marketplaces



B2B e-commerce market size (CY22)



Market penetration (%)

60% share of EDI in total B2B sales

- ▶ EDI - Systemized exchange of standardized documents (PO's & invoices) by electronic networks
- ▶ EDI is the most preferred electronic channel for B2B transactions in the \$15tn US B2B market

Large incumbents have embraced tech

- ▶ Traditional players have increasingly adopted digital means and now generate a significant share of revenue from e-commerce

80% Bulk commodity share in B2B marketplaces

- ▶ Bulk commodities such as steel, coal, etc. dominate the e-commerce space
- ▶ Emergence of auction, classifieds and horizontal platforms accelerated digital adoption in bulk commodities

Digital push by government led to increased adoption

- ▶ Government five-year plans and stage-wise implementation of policies has driven rapid growth in ecommerce platforms



Multiple large outcomes have emerged globally

US and China, the most evolved markets with 25+ unicorns



B2B MRO marketplace

Valuation \$33bn

Investors (Listed)



Used cars auction marketplace

Valuation \$32bn

Investors (Listed)



B2B MRO marketplace

Valuation \$30bn

Investors (Listed)



B2B MRO marketplace

Valuation \$12bn

Investors (Listed)



B2B food distribution

Valuation \$7bn

Investors (Listed)



B2B electronics marketplace

Valuation \$3bn

Investors (Listed)



Equipment rental marketplace

Valuation \$2bn

Investors TIGERGLOBAL REDBIRD CAPITAL PARTNERS



Construction material platform

Valuation \$2bn

Investors BCV GENERAL CATALYST



Contract manufacturing platform

Valuation \$2bn

Investors HIGHLAND CAPITAL PARTNERS GE VENTURES



Diversified B2B marketplace

Valuation \$13bn

Investors SEQUOIA lightspeed



Diversified B2B marketplace

Valuation \$2bn

Investors TIGERGLOBAL Index Ventures



B2B textiles marketplace

Valuation \$2bn

Investors SOURCE CODE CAPITAL DST GLOBAL

15+ Unicorns

10+ Unicorns

Rest of the world 15+ Unicorns



Huge whitespace in Indian B2B commerce evolution

Unlike evolution of B2B platforms & channels globally, India continues to be dominated by largely offline and unorganized distribution



- ▶ Limited presence of large scale distributors or digital channels
- ▶ Sourcing largely happening offline
- ▶ Only a handful of players have revenue \$1bn+

Revenue⁽²⁾

\$8.2bn



\$4.2bn



\$1.2bn



\$1.1bn



Indian B2B marketplaces experiencing strong macro tailwinds

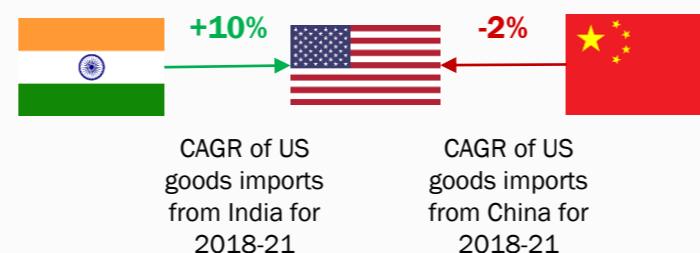
Evolving buyer behavior, global supply chain shift and conducive regulations supporting growth

Covid disruption; Buyer embracing digital

- ▶ Traditional supply chains disrupted during COVID; significant push towards digital commerce
- ▶ 70%+ MSMEs are looking to digitally transform their businesses to meet customer demands
- ▶ 100-300% annual growth in leading B2B marketplaces since COVID – sustained shift in adoption

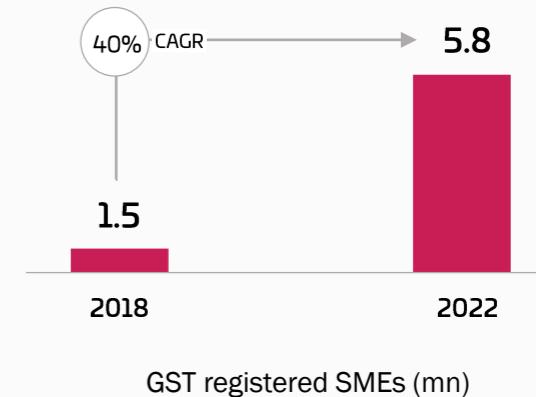
China + 1 supply chain opportunity

- ▶ Diversification of global supply chains away from China; significant acceleration post COVID
- ▶ 20-30% of current China manufacturing is expected to move to India and other South-East Asian countries



Supportive regulatory environment

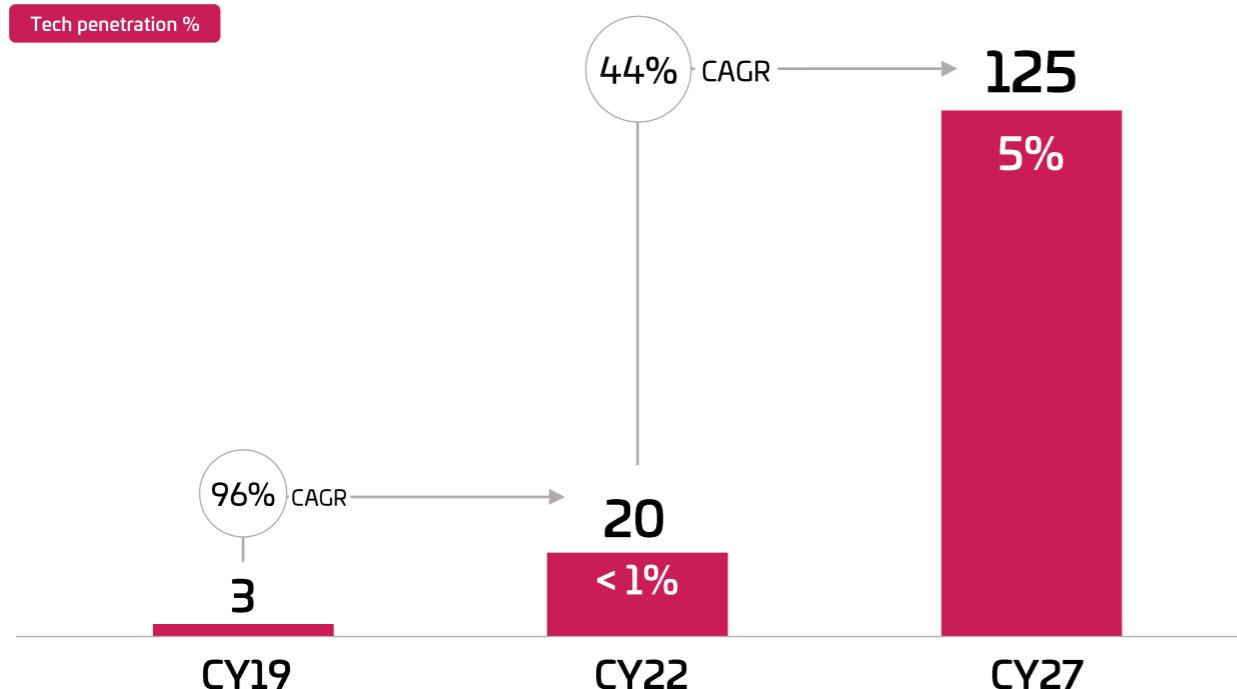
- ▶ Product linked Incentive (PLI) schemes worth \$25bn across 14 key manufacturing sectors
- ▶ GST & demonetization leading to formalization of SMBs; adoption of digital payments and processes



\$125bn+ GMV opportunity by 2027

Companies witnessing strong growth across stages

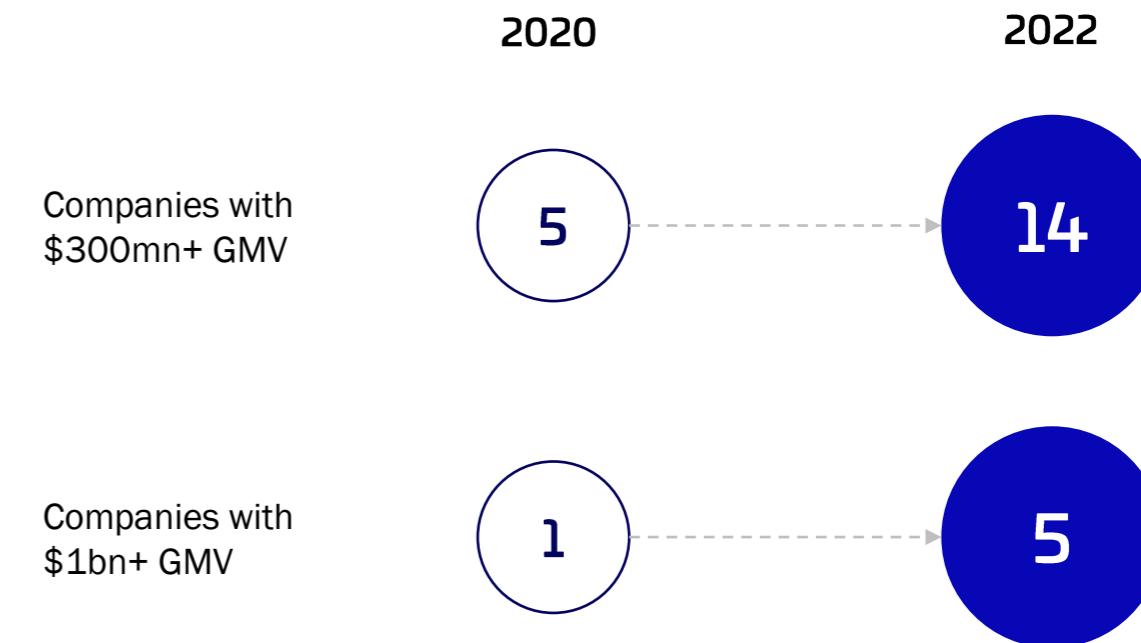
B2B e-commerce market size



6x+

Market expansion since CY19

Multiple scaled platforms have emerged over the past few years

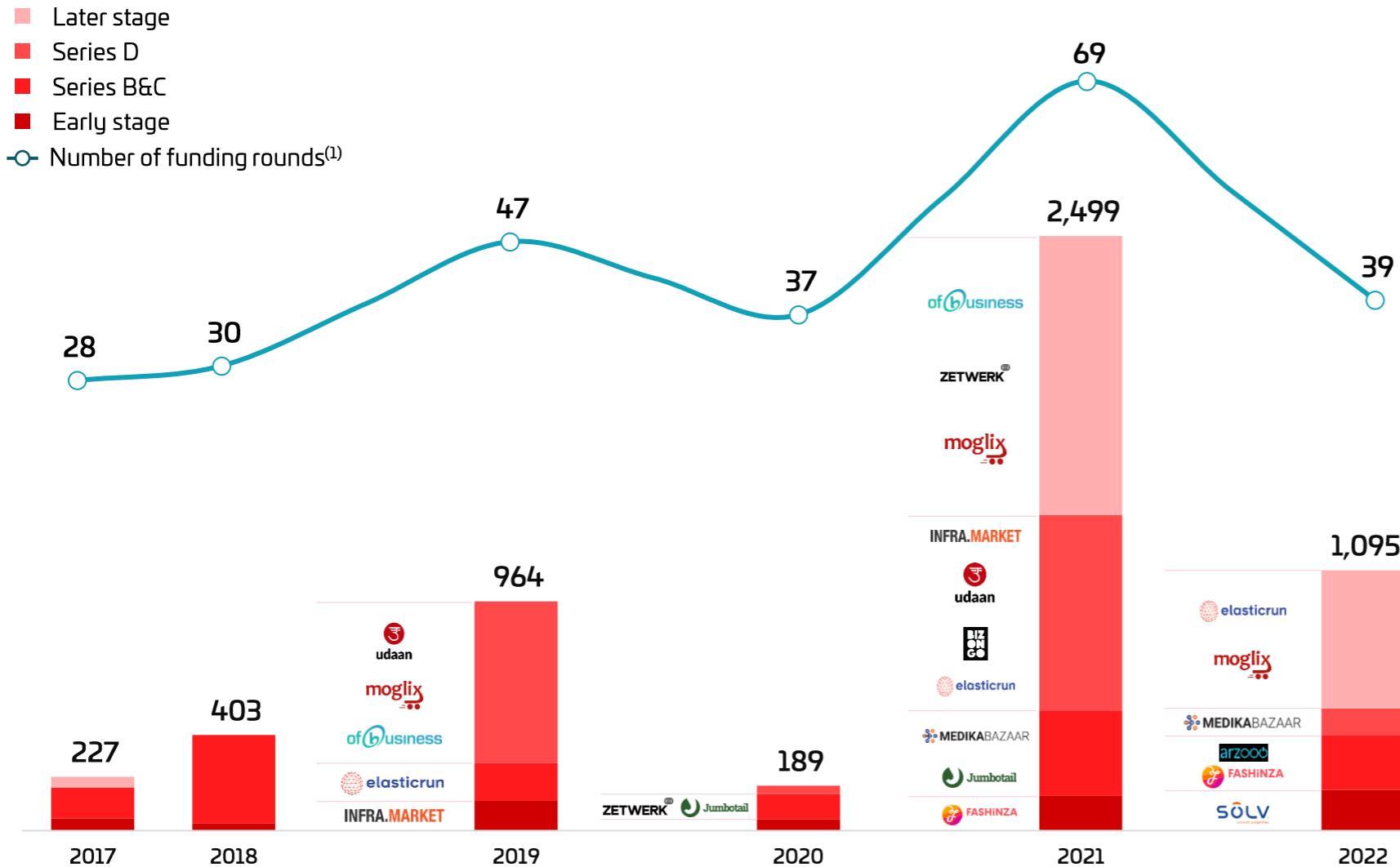


c.200%

GMV CAGR of leading marketplaces in past 2 years

Strong funding momentum in the sector

Attracting significant investor interest with material uptick in funding since 2021



c.100
B2B marketplaces funded till date

c.\$5.3bn
Total funding raised in the last 5 years⁽²⁾

c.67%
Of the total capital has been injected in the last 2 years



Next decade of value creation to be led by B2B marketplaces

CY27 Outlook



Exponential GMV growth

\$20bn → **\$125bn**

CY22

CY27

Grown over 6x from \$3bn in CY19 to current



Unparalleled growth in large outcomes

7 → **20+**

CY22

CY27

Most unicorns created in the last 2 years



Creating a large impact on the ecosystem

10mn+

SMEs positively impacted

15-20%

Improved capacity utilization



Strong foray into public markets



6-7

Initial Public Offerings in the next 5 years

Integrated vertical marketplaces becoming the 'Intelligent Operating System'

Evolution from market making to being a one-stop solution

Initial B2B e-com models (Pre-2015)

Classifieds / listings platforms focused on solving largely for discovery



E-auction platforms / early B2B commerce models



New generation integrated marketplaces (2015 onwards)

End-to-end management of B2B requirements for the customers – right from demand prediction/sourcing to post delivery



Efficient capacity utilization

Optimal inventory management

Assurance of quality

Tech-led traceability

Product value addition

Factory / Supply chain optimization

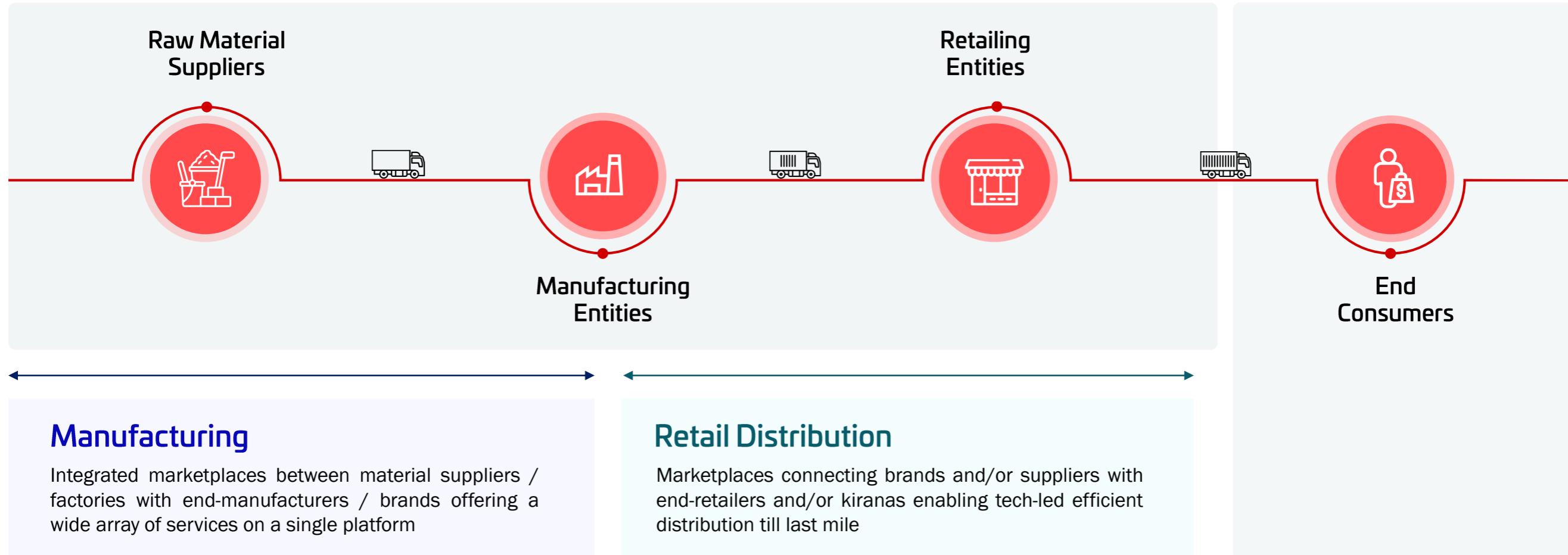
Better TAT / SLAs

Financing support

B2B marketplace companies operate in two broad segments – Manufacturing and Retail Distribution

B2B

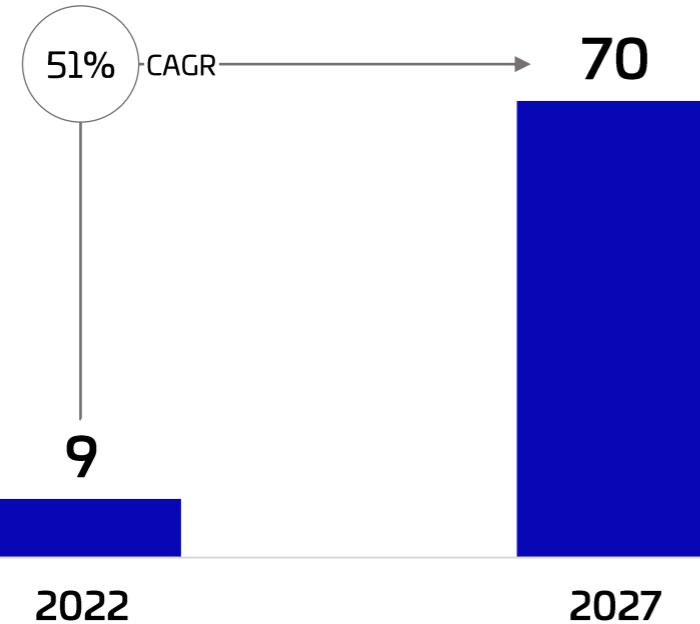
B2C



Explosive growth expected across both the segments

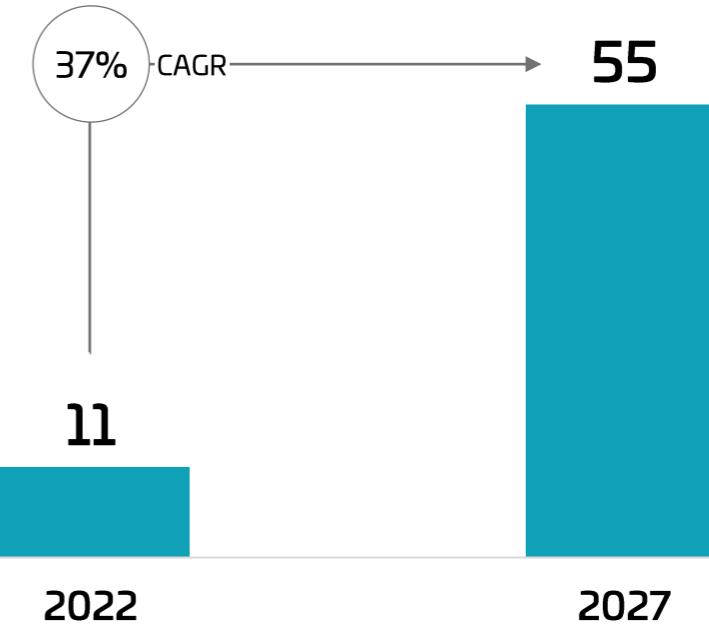
Manufacturing segment GMV

(\$bn)



Retail Distribution segment GMV

(\$bn)



Key Segments

Industrial Materials

Construction & Equipment

Fashion & Apparel

MRO & Packaging

Key Segments

Pharma & Medical Supplies

Auto

Food & FMCG

Electronics



Structural nuances exist between manufacturing & retail distribution

Varied supply chains driving differentiated propositions for the two segments



Demand side



Supply side



AOV & repeat



Working capital



Product value add

Manufacturing

SMEs & Institutional buyers

EPCs, Brands, Government, etc

Small factories / Raw material suppliers

Highly fragmented supply for most

High AOVs, moderate repeat

\$10k+ by SMEs / \$100k+ by institutional buyers;
Moderate repeat & wallet share expansion

High requirement

Average 30-60 days cycle

Intermediate goods

Consistent quality being a key concern;
potential for value add

Retail Distribution

Retail touchpoints

Kiranas, mid and small-format retail stores

National, regional, challenger brands

Moderately consolidated supply

Moderate AOVs, high repeat

\$100 to \$10k;
Very high weekly/monthly repeat

Moderate requirement

Average 20-30 days cycle

Branded, packaged, finished products

Highest degree of value add is in efficient
distribution

Indian B2B marketplaces landscape

Manufacturing

Materials



Contract Manufacturing



MRO & Packaging



Others



Classifieds



Retail Distribution

Pharma & Medical Supplies



Kirana-focused



Others



Electronics





Indian platforms successfully creating global businesses

International markets driving 10-40% of the overall business

INFRA.MARKET

- ▶ c.20% of the revenue from international business
- ▶ Exports across markets such as Dubai, Singapore, Jordan, Italy etc.



FASHiNZA

- ▶ c.40% of the revenue from international business with plan to increase exposure
- ▶ Serves 200+ brands across 6 countries including US, Canada, UAE, India with suppliers across India and South Asia

moglix

- ▶ 3,000 manufacturing partners across India, Singapore, UK & UAE
- ▶ Plans to use India and South-East Asia as a major sourcing hub for global buyers

ZETWERK®

- ▶ c.20% of the revenue from international business with US driving majority of that
- ▶ Global network of 250+ customers with 2,000+ suppliers across 15 countries

captain fresh

- ▶ Main export markets are the US, Europe, and West Asia
- ▶ Looking to meaningfully expand in the US via acquisitions

BIZ ON GO

- ▶ Existing network of 100+ export ready factories
- ▶ Planning to create a local demand and supply ecosystem in SEA region



Marketplaces are increasing their focus on private label/value-add offerings

Globally, B2B platforms have successfully used this strategy to expand margins

Private label has turned out to be lucrative, value accretive strategy

- ▶ **70-80% of retailed goods in India are unbranded⁽¹⁾** and being supplied by small fragmented players
- ▶ Quality assurance is a key concern with **private labels ensuring quality at competitive prices** while extracting better margins
- ▶ B2B marketplaces have an **established connect with manufacturers / retailers** which can be leveraged for efficient GTM
- ▶ Utilizing unused capacity of suppliers, thereby **increasing profitability** for both platforms and suppliers

Global players leveraging private label strategy

15-35%

Revenue contribution from private label



10-15%

Higher gross margin profile for private label



Indian platforms making strong inroads with this strategy

10-50%

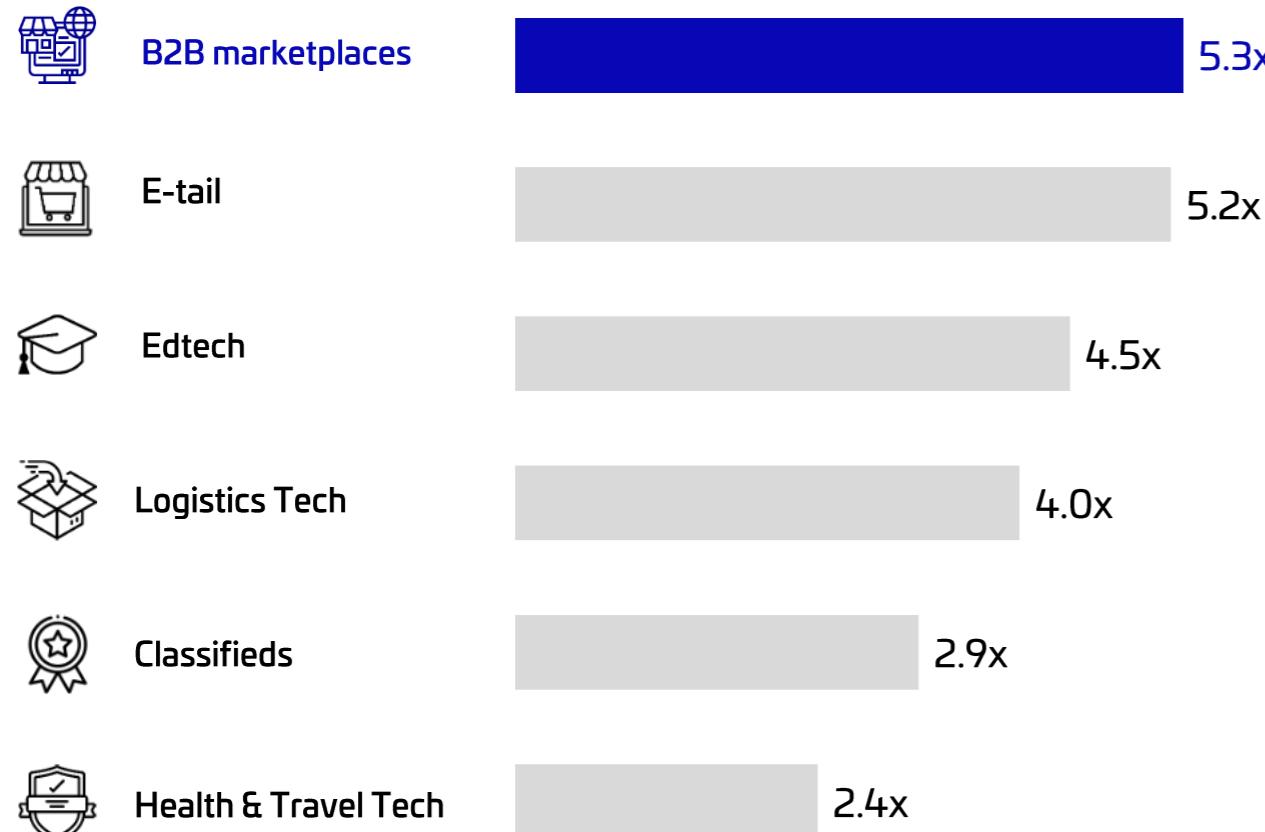
Revenue contribution from private labels/value add



B2B marketplaces demonstrating strong capital efficiency

Significant value creation by key category leaders as they demonstrate profitable growth

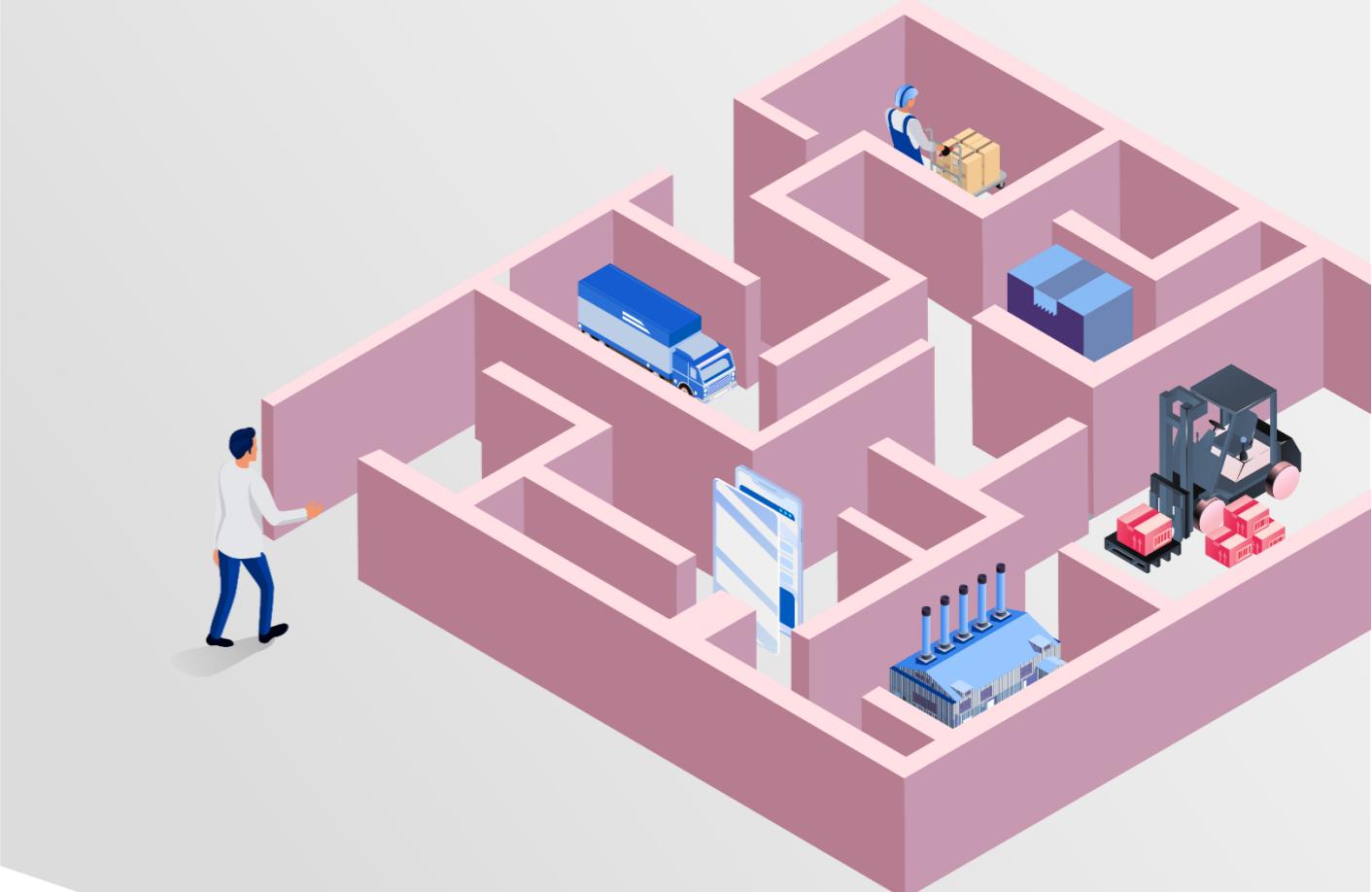
Median Valuation / Primary Capital Raised



Multiple category leaders demonstrating profitability⁽¹⁾



2: **How to navigate the B2B maze**



Key evaluation parameters for B2B marketplaces (1/3)

Interplay of market, growth and unit economics to drive value creation



1. Market Opportunity

Size of the underlying market & potential to expand globally

- ▶ Depth of the actual addressable pie of the overall market basis degree of fragmentation, share of principal-to-principal vs intermediated flow, strength of incumbents etc.
- ▶ Potential to create a globally expandable supply chain & product market fit



2. Value Proposition

Degree of value addition/disruption in the existing value chain

- ▶ Value proposition to the stakeholders outside of offering just better payment/credit terms
- ▶ Potential for the platform to do value-add across aspects (product, private label, factory/retailers' digitization, input sourcing support etc.)



3. Margin Structure

Available margin to be made basis the market structure/depth of value proposition

- ▶ Contribution margin the right metric to benchmark in growth stage – post all costs excluding corporate overheads
- ▶ Important to consider the margin impact of working capital while looking at contribution given stable state PAT margin the eventual north star metric

Key evaluation parameters for B2B marketplaces (2/3)

Interplay of market, growth and unit economics to drive value creation



4. Tech Adoption

Degree of tech adoption by stakeholders currently

- ▶ Nascent front-end (order placement, management etc.) tech adoption; more critical is back-end supply chain tech to drive scalability & profitability



5. Working Capital Intensity

Cash conversion cycle critical to profitability profile

- ▶ Key to consider margin hit from working capital and to understand the interplay of deeper credit periods vs higher gross margins



6. Private Label / Value-add

Potential to drive significant value unlocking

- ▶ Forward/backward integration in the manufacturing supply chain and private label strategy key drivers to unlock margin accretion



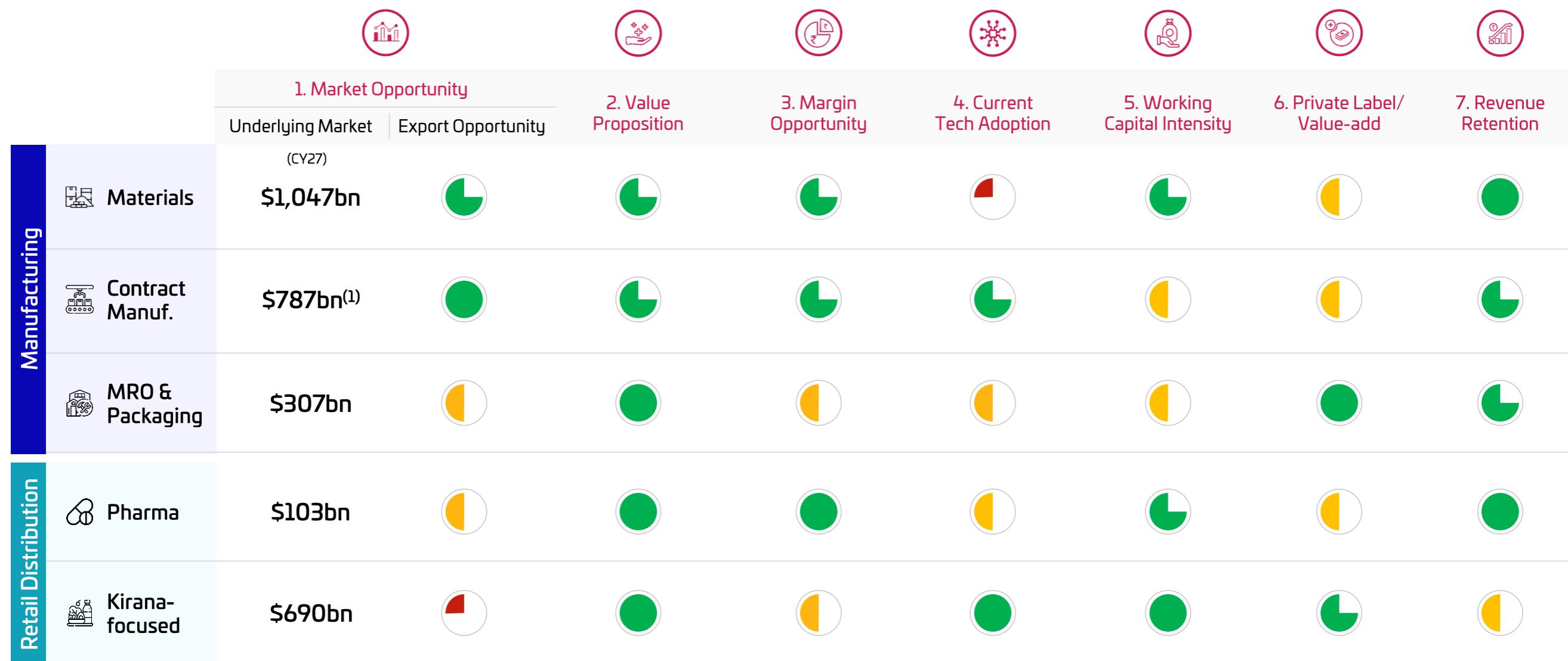
7. Revenue Retention / Efficient Acquisition

Critical not to have a leaky bucket

- ▶ Healthy revenue retention with low-cost acquisition to keep long-term S&M optimal
- ▶ For B2B clients, cluster-based feet-on-street acquisition strategy important vs just digital marketing focus

Key evaluation parameters for B2B marketplaces (3/3)

Mapping across key sub-segments



Corporate governance a critical hygiene factor

Full knowledge and adoption of best practices



Financial Reporting

Integrity in financial reporting and timeliness of disclosures

- ▶ Transparent management reporting in accordance with audit standards with appropriate revenue recognition policies
- ▶ Rigorous audit process to help company, shareholders & regulators to determine the financial performance



Internal Controls

Strong internal controls to minimize errors & risk and safeguard assets

- ▶ Continuous monitoring and separation of authorization - documentation - reconciliation duties in a transaction
- ▶ Periodic internal audits across business parameters (financial, legal, structure etc.)



Risk Management

Establishing robust risk management frameworks

- ▶ Strengthening internal risk team & processes supported by defined mitigation measures and robust IT platform to enhance efficiency in monitoring & decision making



Compliance Management

Ensuring regulatory & business compliances at all times

- ▶ Mandatory appointing of compliance officer to ensure regulatory & business compliance
- ▶ Key to also focus on segment specific compliances (such as quality of supplier/certifications, ESG etc.)



Fairness & Transparency

Fairness & transparency with all stakeholders

- ▶ Communicate frequently and ethically with all stakeholders including clients, investors, business partners, etc.

3: **Valuation framework for B2B marketplaces**





Listed B2B companies in India command premium valuation multiples

Attractive return profile coupled with demonstrated growth trajectory drawing significant investor interest

**100+**B2B companies with
\$1bn+ market cap**\$900bn+**Total market
capitalization**11%**Median ROCE⁽¹⁾**9%**Median revenue
growth CAGR⁽¹⁾**16%**Median ROE⁽¹⁾**67**Average working
capital days

Median EV/EBITDA



Median P/E

Listed B2B companies with market capitalization⁽²⁾



\$193bn



\$39bn



\$26bn



\$23bn



\$18bn



\$14bn



\$13bn



\$10bn



\$10bn

...& 87
others

\$8bn



\$7bn



\$6bn



\$5bn



\$5bn



\$4bn



\$3bn



\$3bn

B2B marketplaces have the potential to trade at better market multiples

Ability to deliver superior return profile and sustained growth

Key valuation drivers



Market leadership



Growth



Profitability



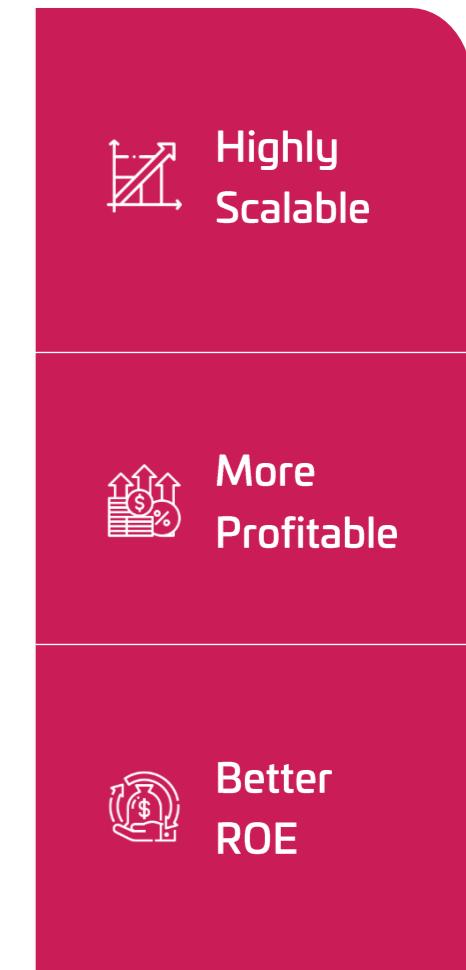
Steady state
ROE/ROCE profile



Competitive
intensity

B2B marketplaces have potential to command better valuation vs traditional B2B companies

- ▶ **Asset light & tech-enabled** marketplaces have the ability to **scale non-linearly** as opposed to the traditional players
- ▶ **Aggregation at scale** allows the **most efficient price discovery** and optimized margin structure
- ▶ Ability to tap into **variable supply capacity network** reduces fixed cost overload boosting bottom line
- ▶ Intelligent demand bundling and **optimized logistics & warehousing** capability built for scale
- ▶ **Optimized capital structure** given the ability to tap into low-cost formal sources of capital
- ▶ **Lower initial capex** requirements and **efficient WC cycles** enhance return profile of the platforms



4: **Manufacturing Deep-Dive**

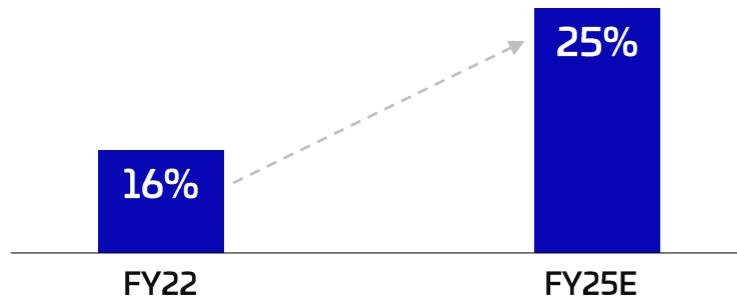




Manufacturing possesses significant potential, but supply chain is plagued with inefficiencies

India is the 5th largest economy with manufacturing significantly contributing to India's GDP

Contribution of manufacturing sector to India's GDP



Expected contribution by 2025 at par with manufacturing levels of China, Germany, Japan & the US as per National Manufacturing Policy of India

Supportive government policies improving India's manufacturing attractiveness

\$25bn+
PLI outlay planned

Launched by the Government to develop 14 sectors on par with global manufacturing standards from 2022

\$21bn+
FDI in manufacturing

Measures taken by the Government and RBI on FDI policy reforms and liberalization have increased FDI inflows in India

AtmaNirbhar Bharat Abhiyan
MAKE IN INDIA
Supportive Government Policies

Policies aimed at increasing the demand and consumption for machinery & equipment by the local manufacturing industry

However, manufacturing sector is plagued with challenges due to limited scale of production & infrastructure limitations



Inadequate infrastructure, higher logistics costs and dependence on key raw materials imports for production



Lower return on capital owing to operational inefficiencies like poor capacity utilization, higher costs of credit, quality issues, etc.



Stagnant labor productivity due to low format skilling amongst the workforce and lack of business intelligence tools



High dependence on MSMEs which are facing multitude of challenges



c.20mn
Manufacturing Units



35-40%
MSME's contribution to manufacturing output



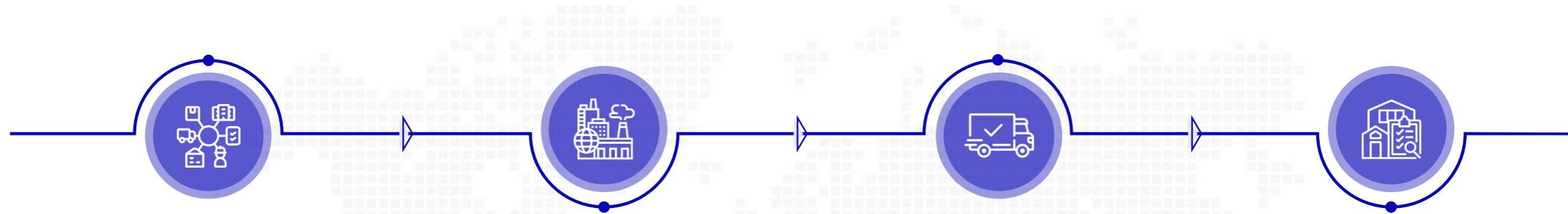
Low
MSME Capacity Utilization



84%
Debt financing through informal sources



Manufacturing Value Chain



Sourcing

- ▶ Project planned by the manufacturer/tender
- ▶ Vendor sourcing and evaluation
- ▶ Quote finalization & onboarding

Production

- ▶ Specification of exact project requirements
- ▶ Prototype/sample development
- ▶ Working capital advances provided to supplier
- ▶ Input sourcing for supplier

Delivery

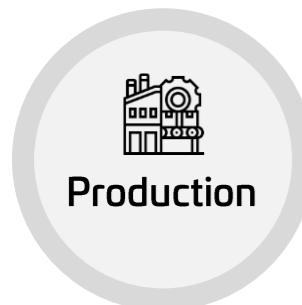
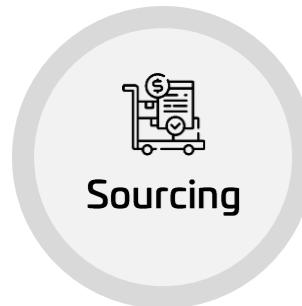
- ▶ Final product QC checks
- ▶ Logistics handling & delivery
- ▶ Warehouse/Inventory management solutions

Post-delivery

- ▶ Vendor invoicing basis POD confirmations
- ▶ Reconciliation/payment approvals
- ▶ Final payment/credit extension



Pain points solved by B2B marketplaces (1/2)



! Pain points

- ▶ Multiple small vendors across 100s of SKUs
 - ▶ Low procurement transparency
 - ▶ Opaque inefficient & time-consuming quote/pricing process
 - ▶ Elaborate onboarding paperwork
-
- ▶ High fragmentation with limited or seasonal access to demand
 - ▶ Lack of knowledge of requirements for larger customers

✓ B2B marketplaces disruptions

- ▶ One-stop-shop across SKUs & locations
 - ▶ Fully transparent selection
 - ▶ Efficient pricing; 20-50% lower time to align
 - ▶ Seamless vendor onboarding (KYC, certification requirements etc.)
-
- ▶ Steady demand prediction resulting in better capacity utilization by 15-30%
 - ▶ Access to better quality of customers which otherwise would not be possible

Illustrations



Uses AI to match and profile suppliers, helping fashion brands source in a quick and efficient manner



Provides quality certification for each part and a precise match between customer specifications & supplier capacity

INFRA.MARKET

Uses technology to track supplier process & quality control ensuring standardized finished product

Demand side

Supply side

Common



Pain points solved by B2B marketplaces (2/2)



! Pain points

- ▶ Expensive logistics given no aggregation of demand
- ▶ Manual reconciliation processes leading to disputes & delays
- ▶ Unstructured payment flows
- ▶ Unpredictable payment timelines & need to give discounts
- ▶ Limited credit availability

✓ B2B marketplaces disruptions

- ▶ Support on logistics, QA processes, etc. making 85-95% OTIF deliveries
- ▶ Automated contracting and reconciliation flows across both supply and demand side
- ▶ Defined payment timelines
- ▶ Better access to formal credit
- ▶ All resulting in working capital efficiency improvement by 30-40%

Illustrations



One stop platform for packaging needs with design, development and procurement, logistics, inventory tracking

of business oxyzo

Provides lenders the digital financial profile of stores and physical access to allow for easy access to credit



Taking Factories To The World
Easy-to-use digital tools to help manage inventory, cashflow, production, and optimize the operational effectiveness of factory

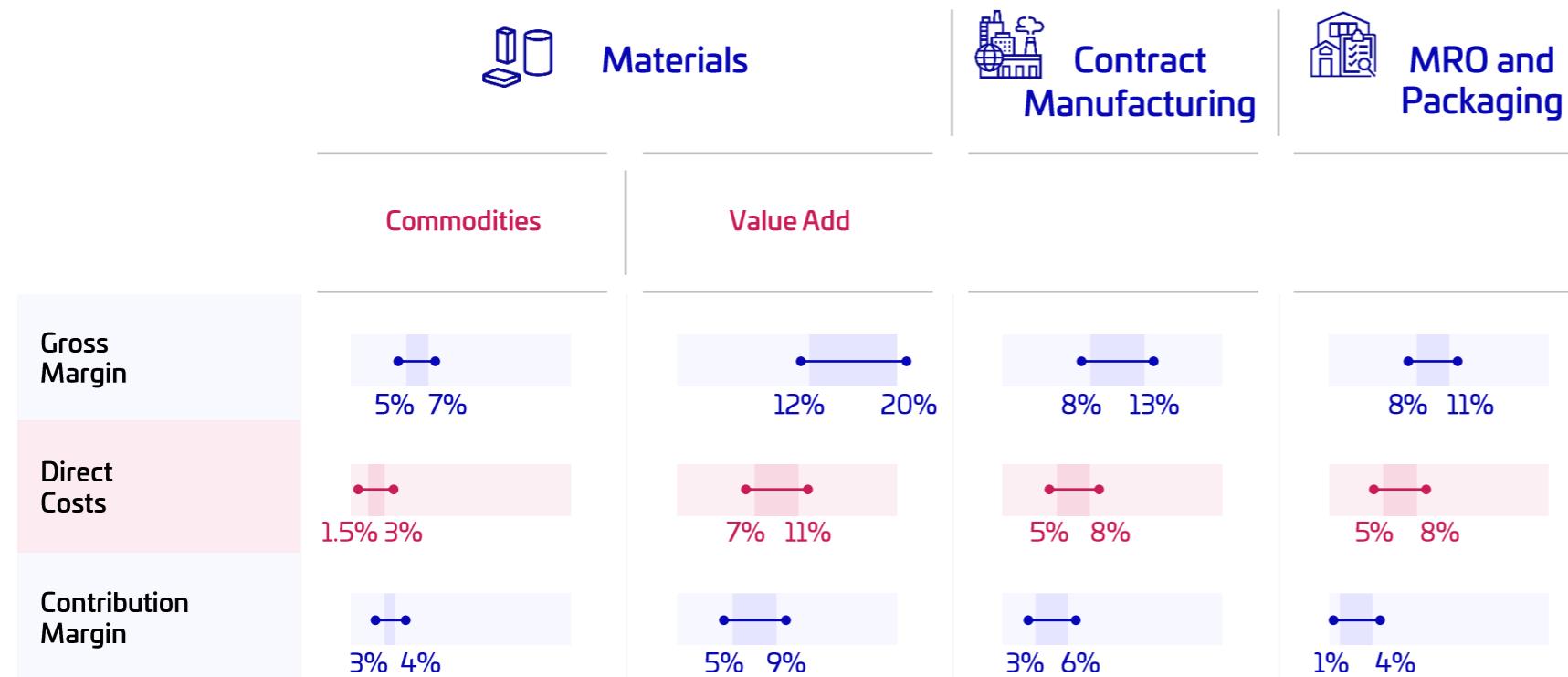
Demand side

Supply side

Common

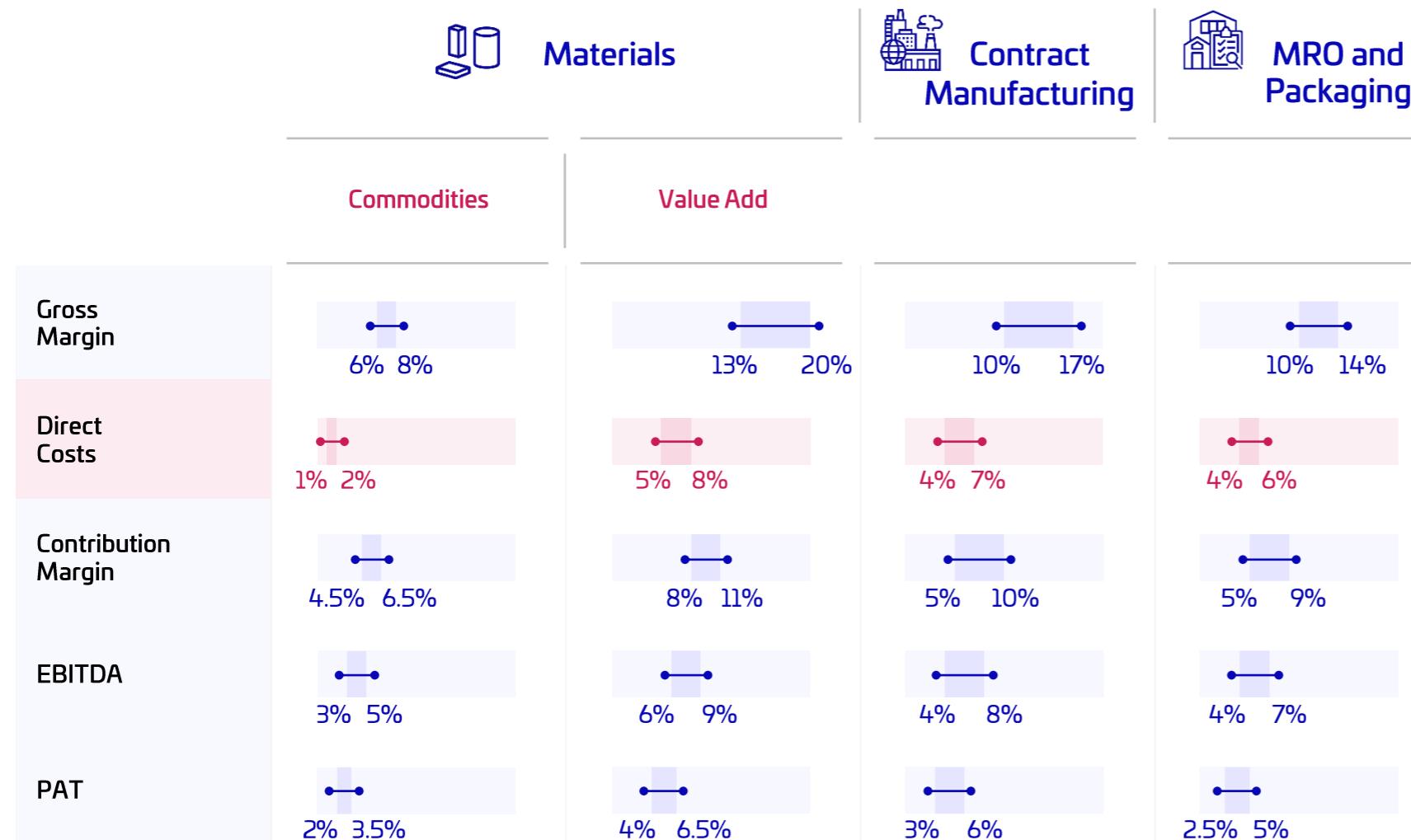


Manufacturing Unit Economics – Current





Manufacturing Unit Economics – Steady State



Key Considerations

Margin Expansion

Private label, forward and backward integration along with deeper services to the customers / suppliers

Operational Efficiencies

Scale leading to inherent cost rationalization, wallet share expansion, using tech to efficiently acquire & service

Working Capital

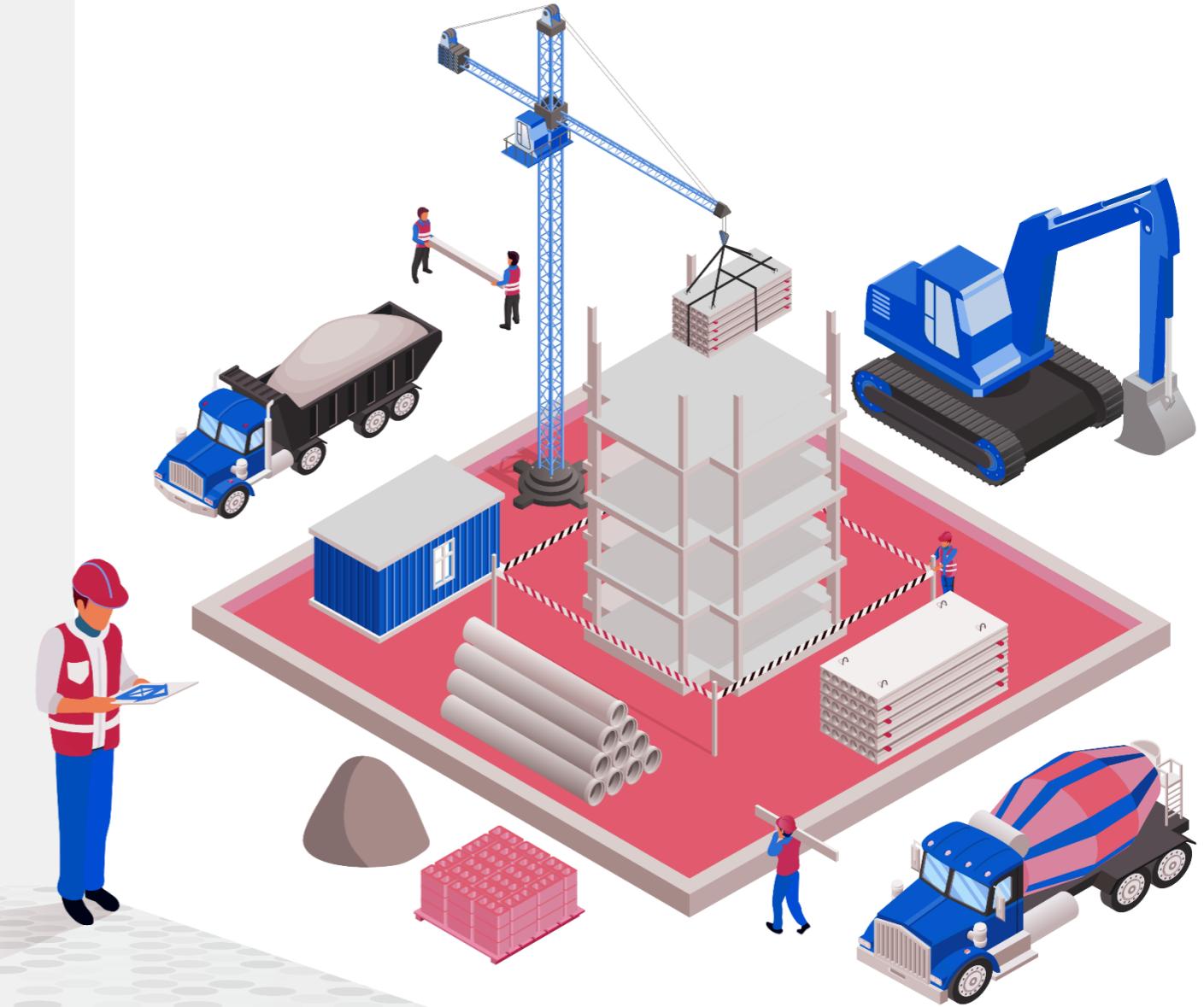
Negotiating better terms with customers & suppliers; focus on collections

Capital Structure

Players to move away from funding growth through equity as they scale and get access to low-cost debt

Companies with lower capex requirement, optimized WC and efficient capital structure will deliver 25%+ ROE

4.1 **Materials**



Indian B2B materials market will be \$1tn+ by 2027

Largest underlying market



\$773bn

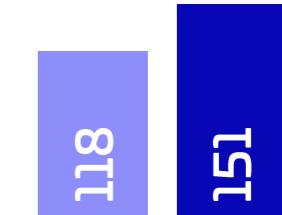
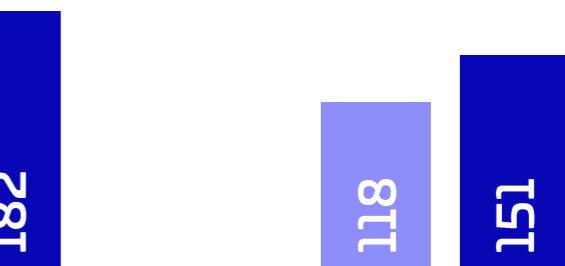
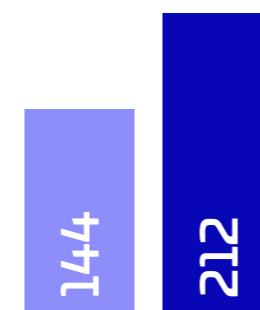
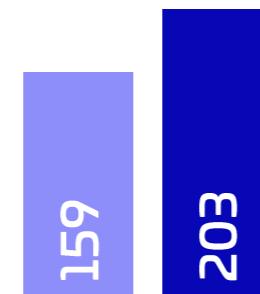
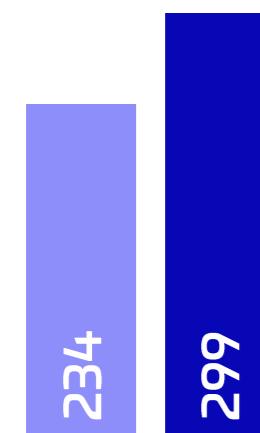
Materials consumption (2021)

Values in \$bn



\$1,047bn

Materials consumption (2027E)



Metals: Largest category with construction & infrastructure as core end-users

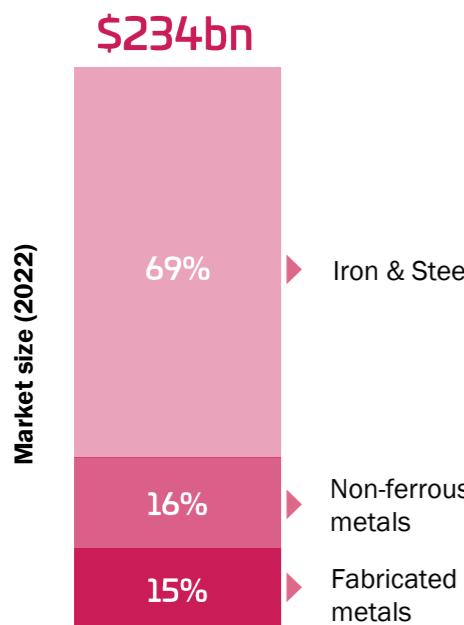
Processing significantly expands available margin pool for B2B marketplaces

 **National Infrastructure Pipeline**
Committed over the period of FY20-25
\$1.5tn

 **Gati Shakti Master Plan**
Committed for multi-modal connectivity to 1,200+ industrial clusters by FY25
\$1.25tn

 **Railway Infrastructure**
Planned Government investment for period FY18 - FY30
\$750bn

 **Rural electrification scheme**
Focused on strengthening sub-transmission & distribution infrastructure
100%



Primary metals manufacturing is concentrated, however, secondary market is largely fragmented

- ▶ Metals has 2 segments: Primary (manufacturing from ores) & Secondary (manufacturing from scrap recycling)
 - **Primary segment is capital intensive and hence concentrated** with few large players
 - **Secondary segment is fragmented with small scale manufacturers** & scrap suppliers
- ▶ **Steel is the largest category:** 40% production from top 5 players & 60% consumption within construction
- ▶ **Non-ferrous metals** (Aluminum followed by Copper & Zinc) **have higher margin** potential vs ferrous



B2B marketplaces are solving for efficient supply

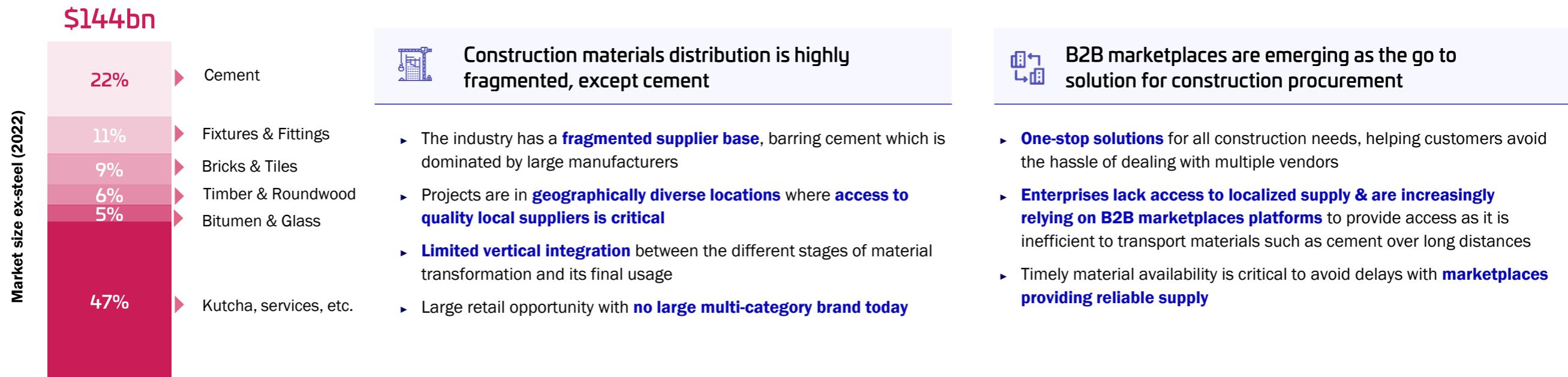
- ▶ Demand for **processed metals** (processes such as welding, cutting, punching, etc.) is high with marketplaces commanding **additional 4 - 6% margin vs. basic products**
- ▶ **SMEs lack access, bargaining power & credit facilities** to purchase directly from the manufacturers
- ▶ Institutional buyers also do efficient procurement of metals as part of the overall SKU basket
- ▶ **E-auction platforms act as a cost effective & transparent transacting medium** for high volume, commodity products

Metals B2B marketplaces Landscape



Construction: India to be the 3rd largest market by 2025

Traditional supply ecosystem highly localized and fragmented



Construction materials B2B marketplaces Landscape

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of business

GF
GLOBALFAIRZippMat
Supply Simplified

Magma

POWER2SME

mjunction
innovating for outcomes

yojak

ximkart

M

vendor infra[®]

YK



Chemicals: Fastest growing materials category

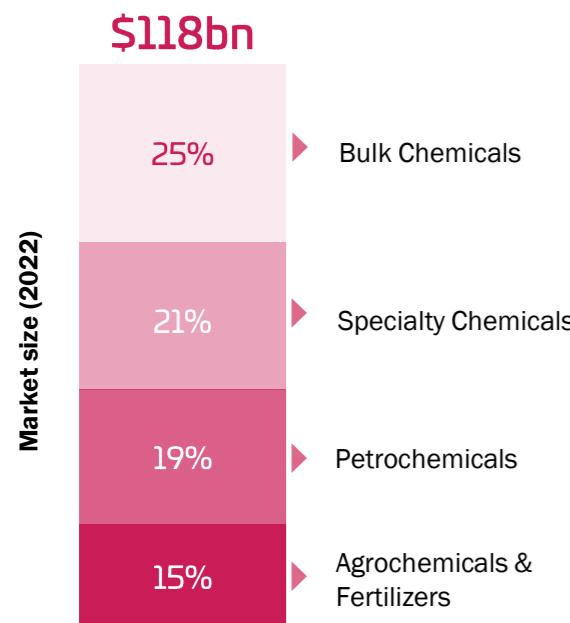
Huge opportunity given nuanced supply chain requirements with largest distribution platform <\$1bn in scale

Manufacturing GDP contribution
From chemicals segment by 2025
25%

PCPIR policy
Anticipated investment under by 2025
\$142bn

De-risking supply chain
Away from China to India by large MNCs
China+1

Indian chemicals industry TRS
vs. global chemicals market from 2006 to 2019
c.2x



Chemical distribution in India is highly fragmented

- There are **over 200mn chemical SKUs** with varied applications
- Top **10 distributors distribute <5%** of the distribution relevant chemicals with most **traditional distributors being sub scale**
- Manufacturers are increasingly **relying on 3rd party distribution** as evidenced by the global chemical distribution market⁽¹⁾ growing faster than the underlying market
- Specialty chemicals command a significantly higher margin** than bulk / basic chemicals and can be a potential margin expansion strategy

B2B marketplaces are solving for efficient storage, transport & chemical discovery

- Chemical storage is a key requirement in the supply chain**, with B2B marketplaces platforms solving for this
- Platforms are creating a taxonomy** where chemicals can be searched by name, application, group, etc. and are also **providing formulation services with in-house technical teams**

Chemicals B2B marketplaces Landscape

of business

INFRA.MARKET

Covalent
Quality. Delivered on time.

POWER2SME

SOURCE^{ONE}

Elchemy

Carbanio
12.0107

chemX

Indian raw materials supply chain is plagued with challenges

Efficiency loss for both Enterprises/SMEs and suppliers across various aspects

Fragmented Vendor & Customer base

Limited access to customers, lumpy demand leading to low utilization

No access to local supplier base for diverse project locations

Discovery & Access

c.18mn
MSMEs

40-50%
Capacity utilization

Opaque pricing

Inefficient price matching

Complex RFP process;
delayed quotes

Pricing

c.7 days

To get quotes for
material requirements

Inconsistent & unreliable supply

Unreliable raw material sourcing
leading to forward delays

Inconsistent quality & SLA non-adherence from small suppliers

Supply Reliability

c.1-2 weeks

Delay due to lack of availability of raw materials

High service timelines

No preference logistics relationships for costs / TAT

No visibility on delivery and inefficient cost structure

Logistics & Warehousing

20%

Typical schedule overrun for large construction projects

Broken payments & Credit access

Demand loss due to inability to extend credit; broken payments

Long WC cycle; limited access to formal credit for SMEs

Payments & Financing

45-90 days

Working capital cycle

Supply Side

Demand Side

B2B marketplaces solving for both supply and demand side

One-stop solution from discovery to post delivery engagement

Supply & Demand aggregation

Assured demand & increased access to customers

Access to multiple suppliers across the country

Discovery & Access

Up to 20%

Increase in capacity utilization

Transparent pricing

Online price matching

Instant quotations & cheaper prices

Pricing

c.5-20%

Cheaper pricing

50%+

Faster TAT on quotations vs. traditional distributors

Ensuring timely supply

Robust QA process with input support

Standardization & quality assurance; SLA adherence

Supply Reliability

c.100%

Adherence to SLAs

Logistic support

Reduced service timelines with logistics & warehouse support

Inventory optimization with real time tracking of materials

Logistics & Warehousing

Up to 70%

Reduction in service timelines for delivery

Supply Side

Demand Side

Superior & easy access to credit

Timely payment to suppliers; provide supplier financing

Easy access to credit with faster processing time

Payments & Financing

Up to 0.5%

Per month lower interest rates than informal finance

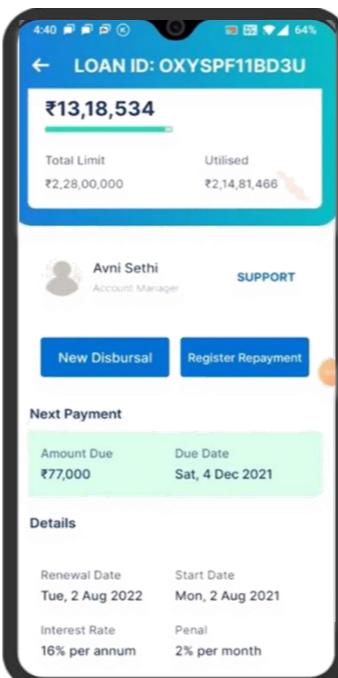
Examples of leading platforms driving efficiencies vs. traditional supply chains

Ofbusiness and Infra.Market

ofbusiness 

Smart financing engine with customized credit solutions, shorter disbursement time and optimized capital cycles

	Traditional Distributor	ofbusiness
Rate of Interest (% per month)	2%+	c.1.5%
Loan Disbursement	40+ days	<10 days
Credit Period (trade financing)	<30 days	90 days
Control over use of credit	Low	High
VAS services offered	No	Yes
Post sanction disbursals & replenishments	2+ days	<1 day



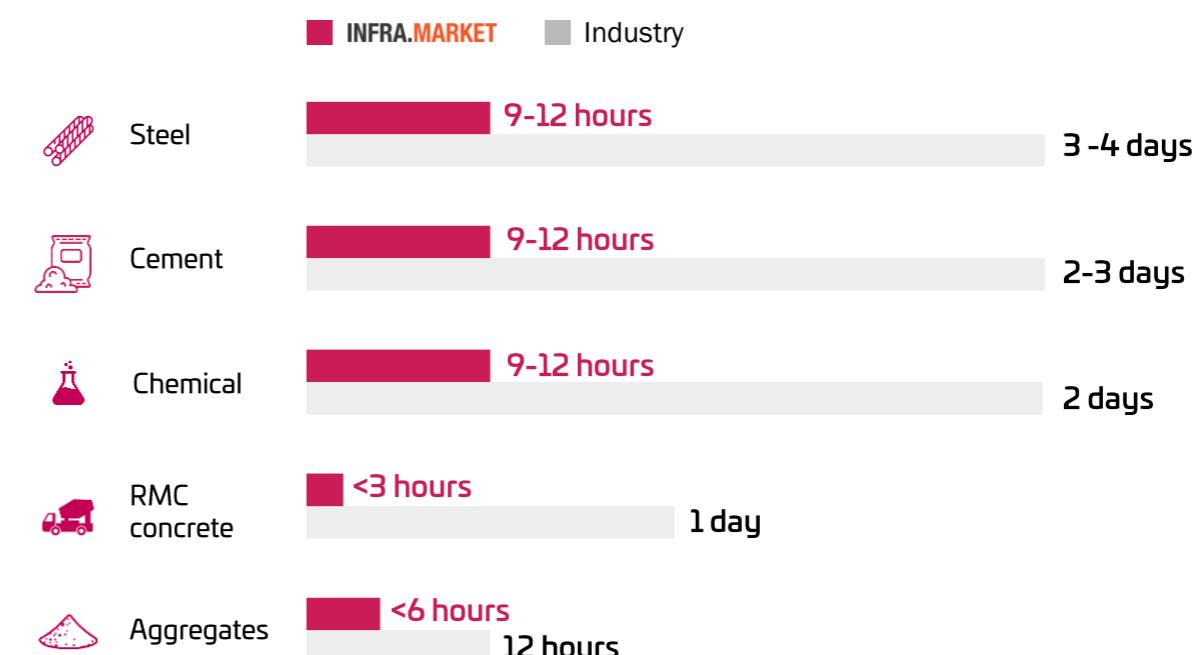
Online process with customized financing & additional benefits

-  Quick & simplified digital process

-  No prepayment charges & interest as per usage

INFRA.MARKET

Access to localized supply with dedicated capacities and in-house logistics leading to best-in-class TAT



Wide construction materials SKU range forming a one-stop solution



Acquisitions proving to be an accretive route for expansion

Multiple acquisitions by key category leaders to expand vertically or horizontally

Deeper penetration of supply chain has numerous benefits



Synergies with existing network

Platforms leverage existing know-how and relationships with suppliers / customers

% Improve margins by increasing value-add

Margin profile can increase as the platform moves from raw materials to semi-finished goods to finished goods

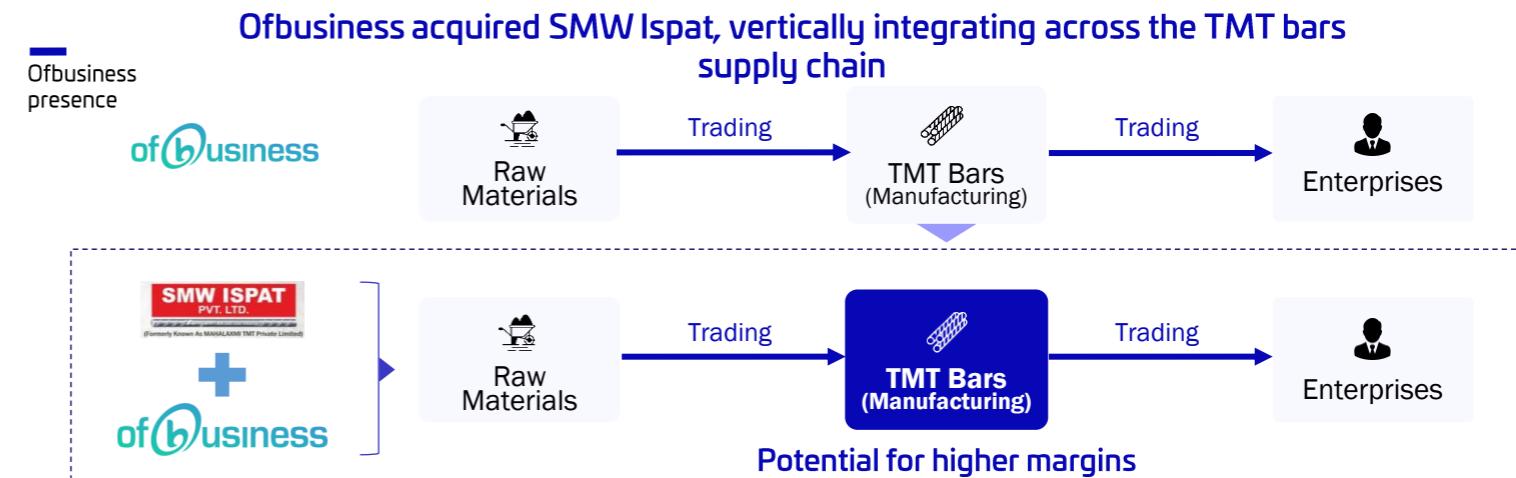
Economies of scale

Inorganic expansion can lead to increased scale benefits (higher pricing power, lower opex etc.)



New geographies & increased brand resonance

Acquisitions can give platforms access to new markets & improve brand presence



Infra.Market acquired RDC Concrete, accelerating market leadership in ready concrete

2.5x
Increase in scale

Largest brand in ready concrete

INFRA. MARKET
+

92
Manufacturing locations

Access to 52 new exclusive
manufacturing tie ups across India



Interesting go-to-market strategies employed by key platforms

To expand the addressable market or to optimize the lead generation funnel

Infra.Market – Expansion to Retail (D2R Strategy)



4,000+ stores
17+ states
8+ EBOs

Retail Penetration



\$25bn
D2R Market Opportunity

Increased
Brand Recall

Higher
Margin Potential



One-stop retail outlets offering a wide range of building materials and interior products



Enables the company to tap into residential markets of tier 2 & 3 towns where average ticket size is low

Ofbusiness – Bidassist as effective lead-gen engine



► Acts as an MSME acquisition channel for Ofbusiness

The BidAssist platform is a lead-generation engine for Ofbusiness, specifically targeting MSMEs. It features a dashboard with GEM Tenders, Pricing Plans, and a mobile application.

GEM Tenders:

- Department Of Scientific And Industrial Research Tender: Ghaziabad, Uttar Pradesh. Sterilizer Shallow Dressing Drum As Per Is: 3831 & Is: 6911-is, 3531 & Is: 6911. 30 Views, 11 Downloads.
- Department Of Education Tender: Saharsa, Bihar. School Bag, Hindi Copy, Maths Copy, English Copy, Pencil With Rubber And Cutter, colour Pencil, Scanner/laptop. 30 Views, 11 Downloads.
- Revenue And Relief Department Tender: Srinagar, Jammu & Kashmir. Scanner/laptop. 30 Views, 11 Downloads.
- Ministry Of Railways Tender: Ajmer, Rajasthan. Custom Bid For Services - Manning Of 10 Nos C One Depots For A Period Of 02 Years Of Ajmer. 30 Views, 11 Downloads.

Pricing Plans:

Get started today at a nominal cost. Add more services as you wish.

Custom Plan (Get all services in one-go) vs **CUSTOM** (Buy Custom Plan).

450k+
Active Tenders

90%
Leads from Bidassist



Repository of all govt. tenders across the country sorted by industry, tender amount, state etc.



Rapidly evolving into a collaborative portal enabling creation of JVs via match-making AI/ML algorithm and manual intervention

Integrated tech built by platforms across the supply chain

Driving efficient scale up beyond critical mass

Vendor Management

! Inefficient procurement: Complex vendor selection & nonstandard SLAs

! Variability of RM / input prices

✓ Easy Supplier registration, invoice management

✓ Instant RM quotes & de-risking

Working Capital

! Complex financing from external banks with detailed documentation

! Slower processing timelines and poor credit terms

✓ PO processing & financing

✓ Quick & easy credit options

Inventory

! Higher inventory stocked at warehouses

! Low transparency of stock across the value chain

✓ Real time inventory management

✓ Reduced data entries and higher transparency

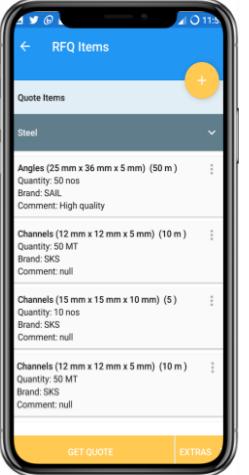
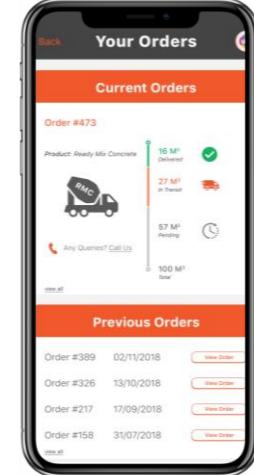
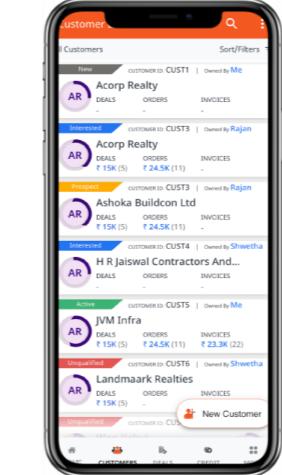
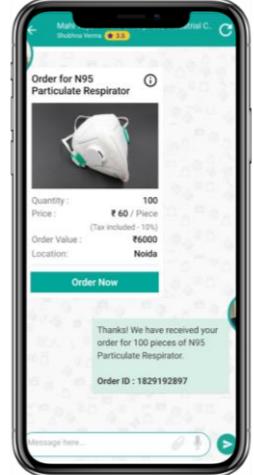
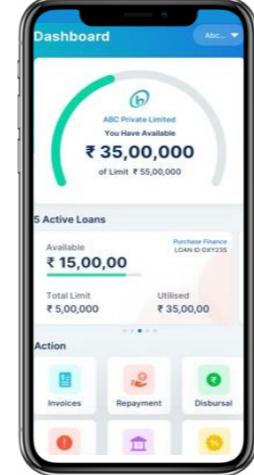
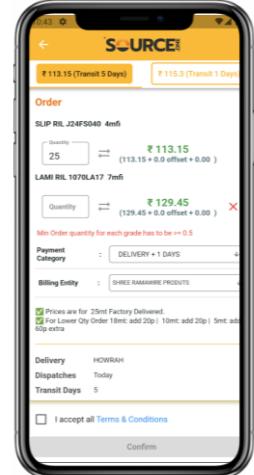
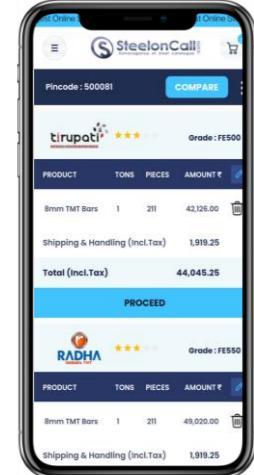
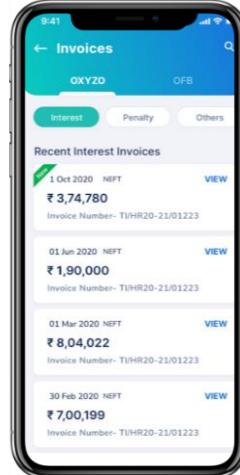
Delivery & Analytics

! Inefficient fleet management

! Errors in fulfillment, order tracking and shipping

✓ Live order tracking, shipping management

✓ Pricing analytics and customer relations



! Problems ✓ Solutions

Industry giants also increasingly focusing on digital capabilities

Multiple platforms across categories have emerged in the last couple of years

JSW, the 2nd largest steel producer in India, launched 'JSW One', their MSME focused B2B platform for industrial products in 2021

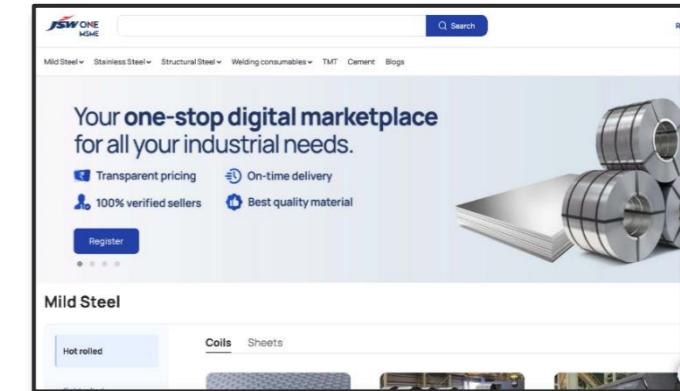


7,000+
MSME Customers

\$500mn
Capital Commitment

35%
GMV from non JSW products

- ▶ **One stop digital solution** for your steel & building material purchasing of MSMEs
- ▶ Company expects to reach a GMV of **c.\$1bn by FY24**
- ▶ 60% of GMV is currently from steel.
- ▶ Expects **50% sales from new customers** which JSW didn't service due to small ticket size earlier.
- ▶ Targets to reach 500k+ customers by FY27



L&T has launched 'L&T Sufin' in 2022, a B2B marketplace for industrial & office supplies of both MSMEs and large enterprises

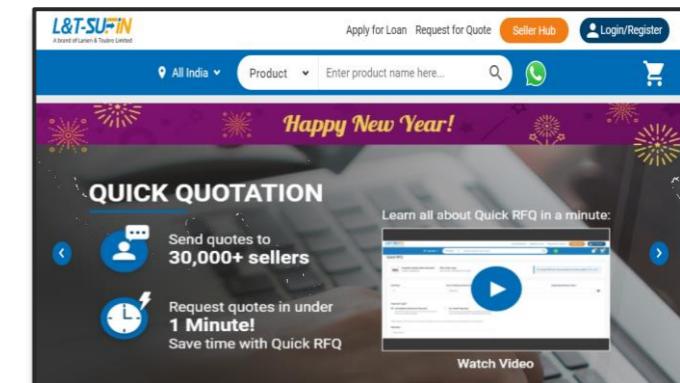


40+
Categories

17,000+
Entities onboarded

15,000+
Pincodes serviced

- ▶ **Multi-category** B2B marketplace, aiming to simplify procurement
- ▶ Platform charges **1.5% transaction fee** and has a host of verified suppliers onboard
- ▶ The company plans to double its SKU depth and expand into newer categories & geographies.



Other large corporations launching their marketplaces



\$250mn
Capital committed

Building Materials
Focused marketplace



6,000+
SKUs

Electricals
Focused marketplace



Cement
Focused marketplace

E-auction/E-tendering platforms also prevalent in the segment

Asset-light flow-based model dominated by commoditized goods

Fragmented tendering system

Non-standardized content across multiple sources



Government
Portal



Private Portal of
Companies



News
Aggregators



Newspaper &
Magazine

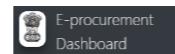
Multiple challenges in traditional auctions & tenders

Limited discovery / access to government & private tenders

No composite repository of tender eligibility / qualifications

Opaque auctions / tenders with no price transparency

Revenue booster for PSUs and large private conglomerates



280k+
Tenders awarded



6.2mn+
Auctions till date



c.52k
Auctions conducted

\$500bn
Tender bids awarded

c.\$19bn
Auction value⁽¹⁾

c.\$17bn
Auction value⁽²⁾

Economics of auction platforms

Gross Margins
(on GTV) **20 – 25 bps**

EBITDA **7 – 10 bps**

EBIT **5 – 7 bps**

PAT **3 – 5 bps**

ROE **10 - 20%**

Illustrations

Key B2B marketplaces in India (1/2)

Materials

					
(Year founded)	(2015)	(2016)	(2020)	(2021)	(2021)
Description	Horizontal platform for SMEs for procurement of industrial materials while also offering smart financing solutions	On-demand construction material platform serving as a one-stop shop for all construction procurement needs	Digital cross-border procurement marketplace offering building supplies across the US, India and Vietnam	Full-stack supply chain as a service (SCaaS) enterprise which simplifies material procurement and delivery for construction companies / contractors	End to end metal procurement marketplace focused on digitizing the metal supply chain
Key metrics	<ul style="list-style-type: none"> ▶ Presence: 24+ states, 35+ countries ▶ Registered SMEs: 700k+ ▶ Categories: 100+ ▶ Lending partners: 50+ ▶ Disbursements: \$1.25bn+ 	<ul style="list-style-type: none"> ▶ Presence: 17+ states, 10+ countries ▶ SKUs: 6k+, 15 product categories ▶ Retail stores: 4k+ 	<ul style="list-style-type: none"> ▶ Presence: 38 states in US ▶ SKUs: 1.5k+ ▶ Orders Delivered: 1k+ 	<ul style="list-style-type: none"> ▶ Presence: 16+ states ▶ SKUs: 20+ ▶ Projects: 150+ 	<ul style="list-style-type: none"> ▶ Sellers: 700+ ▶ Customers: 500+
Total funding (\$mn)	700	268	22	11	5
Investors	    	   	   	   	    
Key differentiators	<ul style="list-style-type: none"> ▶ Integrated solutions for both procurement and financing ▶ Large span of materials across sectors at efficient prices 	<ul style="list-style-type: none"> ▶ Strong private label portfolio ▶ Only large multi-product brand in construction materials 	<ul style="list-style-type: none"> ▶ Specialises in ready to install custom products across the multi-family residential and commercial hospitality segment in the US 	<ul style="list-style-type: none"> ▶ Real-time collaborative tool to manage supply needs of contractors from bill of materials to ordering & delivery at site 	<ul style="list-style-type: none"> ▶ One of the few players with metal processing capabilities through its cloud factories network ▶ Strong digital adoption with most transactions taking place on the platform

Key B2B marketplaces in India (2/2)

Materials

(Year founded)	YOJAK (2019)	Covalent (2022)	Magma (2022)	SOURCEone (2018)	ximkart (2021)
Description	Export focused marble & stones marketplaces providing global importers with end-to-end fulfillment	Tech-enabled ecosystem helping manufacturers in the US & Europe to source high quality specialty chemicals	Supply chain enablement platform for building materials procurement	End-to-end chemicals & polymer distribution marketplace with integrated partner credit solutions	Cross-border marketplace for raw material procurement across categories such as metals, chemicals and minerals
Key metrics	<ul style="list-style-type: none"> ▶ Designs: 30k+ ▶ Customers: 300+ ▶ Presence: 30+ countries 	<ul style="list-style-type: none"> ▶ Chemicals served: 250+ ▶ Laboratories: 10+ ▶ Capacity: 20k MTPA ▶ Quality tests: 50+ 	<ul style="list-style-type: none"> ▶ Factories: 80+ 	<ul style="list-style-type: none"> ▶ Customers: 1,600+ ▶ Warehouses: 800+ ▶ Transport partners: 590+ 	<ul style="list-style-type: none"> ▶ SKUs: 90+ ▶ Sellers: 40+ ▶ Manufacturers: 200+
Total funding (\$mn)	6	4	4	3	2
Investors	  FOUNDAMENTAL		 	 	  
Key differentiators	<ul style="list-style-type: none"> ▶ Vertically integrated across the stone supply chain ▶ Large portfolio of stone and ceramic designs with customization options 	<ul style="list-style-type: none"> ▶ Covalent Quality Check (CQC) ensures >99% adherence between customer specifications & suppliers' output 	<ul style="list-style-type: none"> ▶ Exclusive factory & supplier apps having global buyer recommendations and factory production optimization 	<ul style="list-style-type: none"> ▶ Robust network of polymer suppliers across the country 	<ul style="list-style-type: none"> ▶ End-to-end value chain support, providing discovery, transparency and accountability on cross-border transactions

4.2 **Contract Manufacturing**



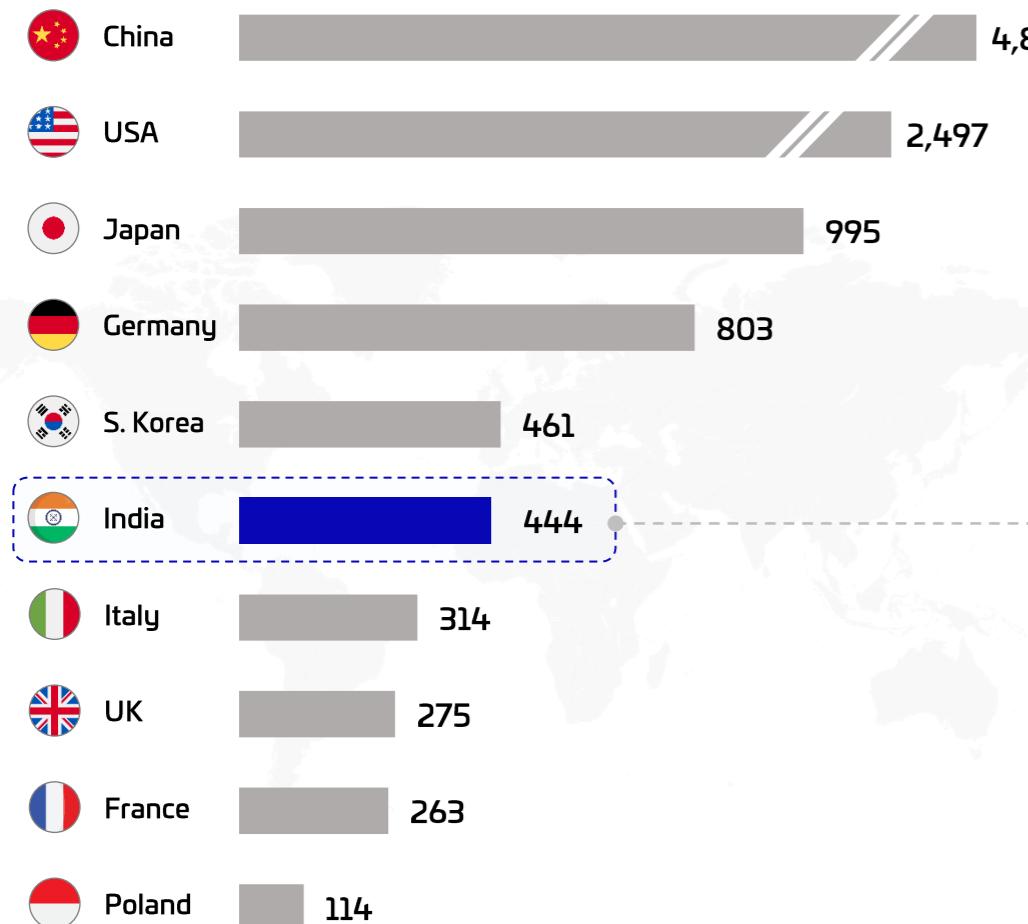


India is the 6th largest manufacturing hub in the world

Strong macro tailwinds to amplify capacity addition

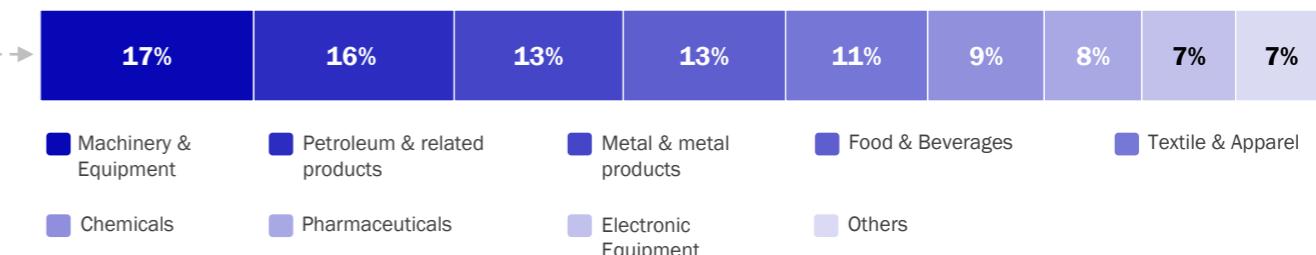
10 countries account for 75% of the world's manufacturing capability (\$bn)

Manufacturing value added by top 10 countries in 2021



India's manufacturing sector expected to benefit by a host of factors

Indian manufacturing value added split by Industry in 2021 (%)



India's manufacturing exports are expected to grow 2.5x to ~\$980bn by 2027, with industrial machinery being the largest category by value

Production-Linked Incentive (PLI) Scheme of \$25bn+ to bring in incremental investment, production, and exports

\$21bn FDI received in FY22, an increase of 76% YoY, signaling significant interest in Indian manufacturing sector

Low-cost labor, increasing tech adoption, access to natural resources, entrepreneurial spirit key to growth

Global supply chain de-risking will benefit countries like India with existing infrastructure & government impetus

c.50% of the respondents expressed intentions to invest and expand their capacity as per FICCI survey (Mar-23)



MANUFACTURING

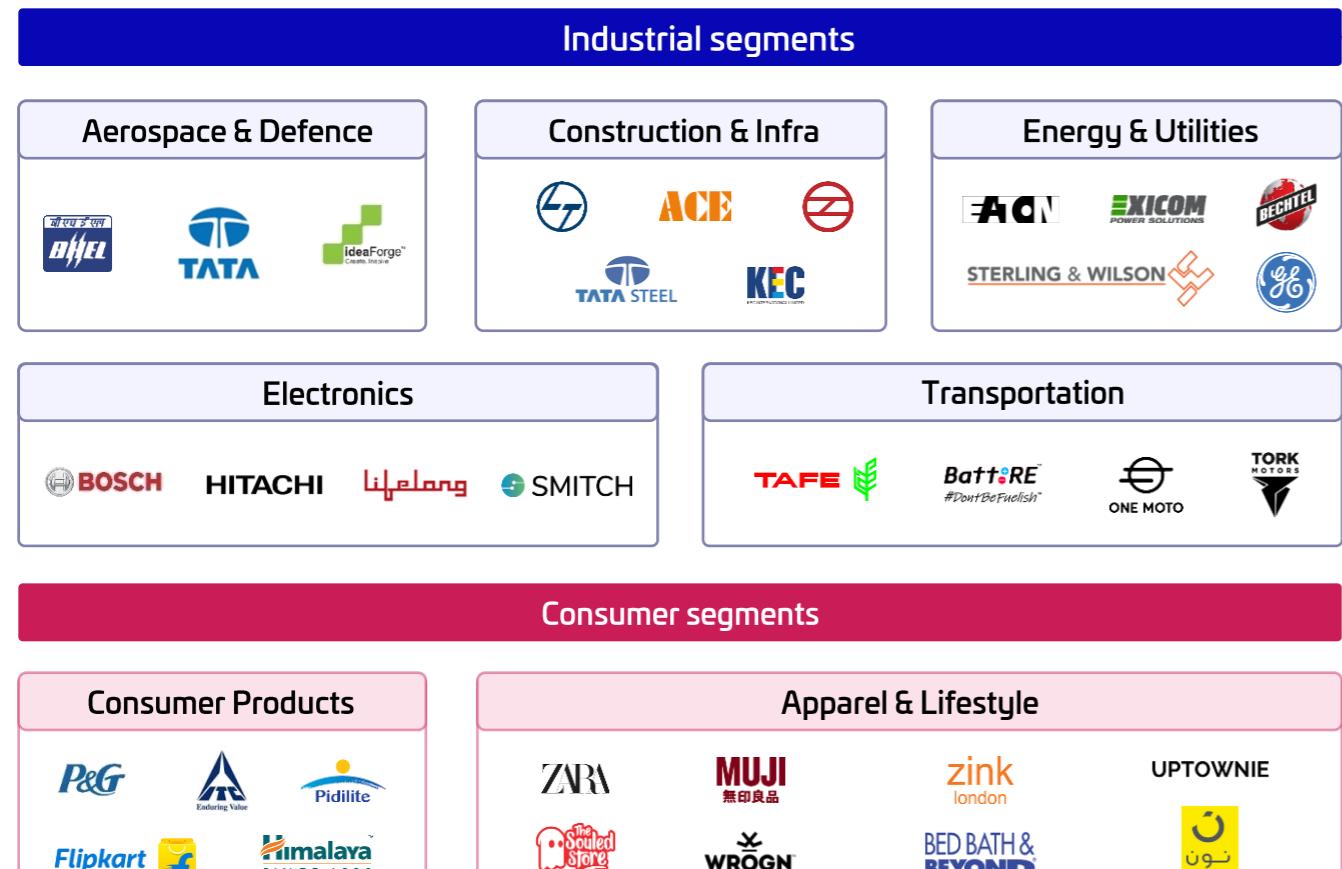
CONTRACT MANUFACTURING

Avendus^A

Two broad focus categories for the tech platforms in the segment

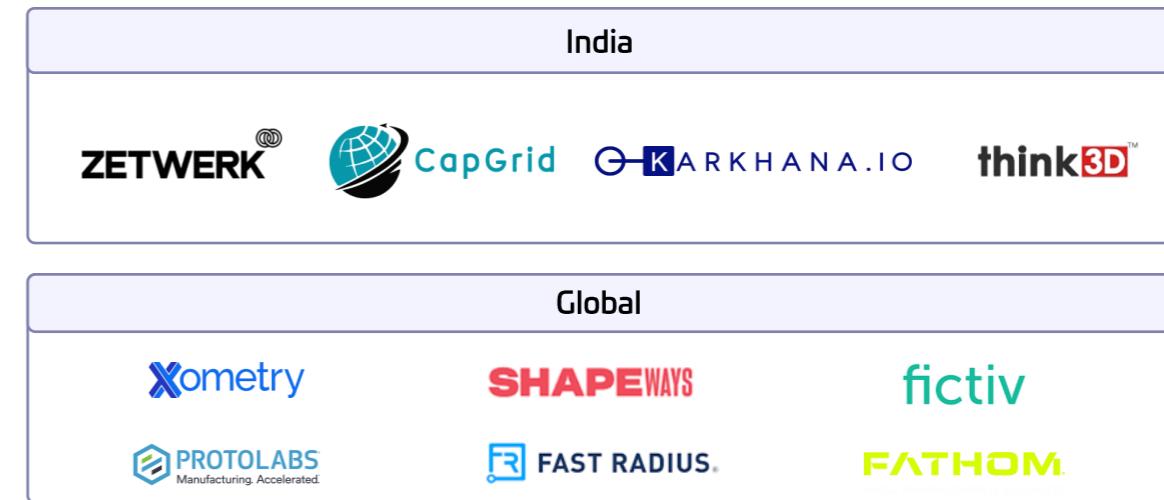
Industrial focused vs Apparel & lifestyle focused

B2B platforms serve clients across 2 broad segment of operations



Several vertically focussed apparel & lifestyle players have emerged in India (Discussed separately ahead)

Landscape of Industrial focused B2B platforms



Key Industrial Processes

CNC Machining

Injection Moulding

Die Casting

Sheet Metal Fabrication

Urethane Casting

3D Printing



Manufacturing is a complex, costly and time-consuming process

Tech solutions driving significant efficiencies

Traditional

Tech Intervention

Solution Metrics

Vendor / Buyer Discovery

- ❗ Costly, time-consuming sampling approvals
- ❗ Tedious custom designing process
- ❗ Limited relationship building and marketing opportunities
- ❗ Information asymmetry in vendor diligence
- ❗ Multiple in-person visits & informal channel checks

- ✓ Cloud based design platform for easier cross-team coordination
- ✓ Receive and efficiently incorporate the Design for Manufacturability (DFM) feedback
- ✓ Efficient marketing of business for discovery
- ✓ Access to verified suppliers with reliability score

Pre-production Process

- ❗ Inefficient price negotiation
- ❗ Long RFQ process
- ❗ Multiple turns in designing with updated quotes/design extending lead times
- ❗ Limited visibility on procurement of tools and supplies

- ✓ Instant price quotation, quick TAT estimate, low MOQ requirements
- ✓ Precision matching of capacity with customer specifications, thereby increasing capacity utilization
- ✓ Easy access to drawings, specifications, RFQs



3-4x
Faster supplier matching



20-30%
Increased supplier discovery



30-40%
Reduction in overall lead times



Up to 50%
Inventory reduction



Manufacturing is a complex, costly and time-consuming process

Tech solutions driving significant efficiencies

Traditional

Production Process

- ❗ Quality standardization across multiple vendors is challenging
- ❗ Delays due to different lead times from various vendors
- ❗ Multiple follow-ups for products increasing admin cost
- ❗ Difficulty in managing production lines for multiple buyers
- ❗ Absence of effective mechanisms for tracking delivery timelines

Tech Intervention



- ✓ Verified and certified manufacturing partners
- ✓ Transparency and visibility in production process
- ✓ Factory digitization using SaaS tools
- ✓ Project management tools with real-time tracking capabilities

Logistics & Payments

- ❗ Limited reach to vendor/buyer universe due to logistics network limitations
- ❗ Inconsistent payment schedules leading to working capital management challenges
- ❗ Inefficient invoicing, receivable and payables management



- ✓ Managed logistics services, reduced need for follow-ups
- ✓ Financial assistance including working capital loans
- ✓ Minimum order guarantee for the supply partners
- ✓ Enhanced visibility on payment timelines with pre-defined criteria

Solution Metrics



15-30%
Increased capacity utilization



Up to 70%
Boost in manufacturing efficiency



90%+
On-time deliveries



80-90%
Less follow-ups required



Platforms providing digital solutions to manage the manufacturing workflow efficiently (1/2)

Tech players minimizing time taken from Design to Product

Automating pre-manufacturing processes like Design for Manufacturability (DFM)

Overview of DFM

Engineering review to evaluate the manufacturing feasibility of a product design with highlighting & addressing any manufacturing concerns, evident from the design before proceeding with mass manufacturing

Benefits of DFM

Recommends manufacturing process based on the uploaded design file

Optimizes the shape & geometry of products by reducing defects

Faster time to market, increased production rate & machinery utilization

Lower production costs with minimum manual labor involved

Parts may be combined to reduce assembly steps & quantity of parts

B2B marketplaces are delivering comprehensive suite of services on a single platform



Upload digital designs

Designs can be uploaded in CAD formats in 3D & 2D



Get instant quotes for price

Instant quotes for the desired parts are provided depending on the complexity of the design latest within 24 hours



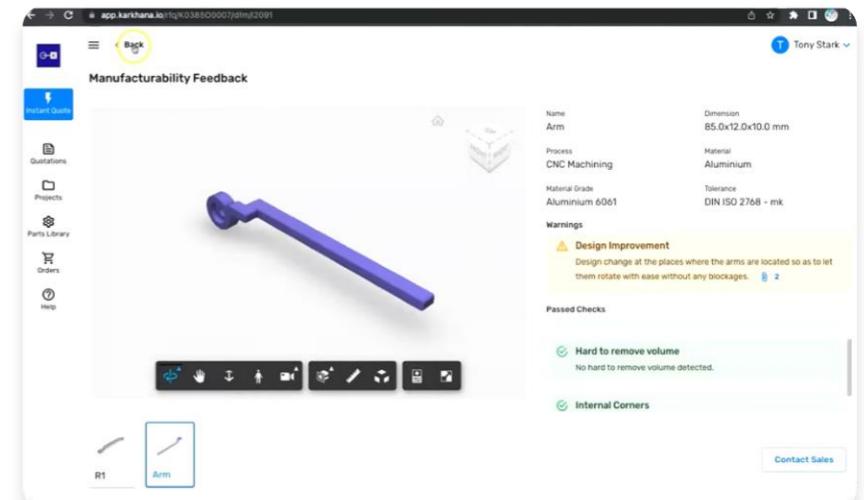
Design feedback and recommendation

Platform provides instant DFM feedback with details of potential manufacturing risks



Post feedback support

Facilitating interactions with manufacturing experts for solving questions on the DFM feedback





Platforms providing digital solutions to manage the manufacturing workflow efficiently (2/2)

Tech players minimizing time taken from Design to Product

Managing manufacturing process



End-to-end managed manufacturing process

- ▶ Increased **transparency, traceability and control** over the manufacturing process
- ▶ **Verified vendors with certifications** like such as ISO, SEDEX, etc
- ▶ **Multiple production processes can be tracked** via a single dashboard easily
- ▶ **Quality control**, preview of products before dispatch, dedicated teams for monitoring help reduce inefficiencies and wastage in the process

The screenshot displays a Gantt chart titled "Track Production with Gantt Chart View". It shows a timeline from June to November. A specific task, "Construction of Intake well cum pump house as per specification including Substructure and Superstructure", is highlighted in blue. Below the chart, there's a table for "Manage Multiple BOQ Items" with columns for Item Name, Total Amount, and Budgeted Amount. The table lists two items: "Construction of Intake well cum pump house as per specification including Substructure and Superstructure" and "Supplying and making end termination with brass compression gland and aluminum tags".

Post manufacturing requirements



Seamless management of post-production processes

- ▶ **Managed logistics services** including import-export services that eliminate long lead times and prevent disruptions
- ▶ **Easy tracking of dispatches**, no follow-ups required
- ▶ **Inventory management** made easy and streamlined
- ▶ Dashboard that helps **manage payables, receivables, documentation, invoicing**

The screenshot shows a dashboard with several cards. One card is titled "Manage Payments Due" with a total amount of ₹48,87,680. Another card is titled "Organise Documents" under "Supporting Documents". A third card is titled "Track Upcoming Dispatches" and lists "2 Dispatches in the next 30 days". The dispatches include "MPP/FAB-2061/2019" and "MPP/FAB-2061/2019" for "Roller Conveyor Belt".



Acquisition a key strategy to expand

Driving better access, capabilities and/or margin

Tech players use acquisitions as a lever to expand & acquire new access to:

Geographies

Clients

Categories / Capabilities

Industries

Zetwerk has a network of 8,000 active suppliers, active buyer base of 1,800 with about 9mn+ parts manufactured, 2,000 projects completed with a 90% on-time delivery

	Pinaka Aerospace Solutions		Wardha fabrication unit of Wheels India		Sharp Tanks & Structural	
	Access to Industries	Aerospace & defense	Power, railways and roads		Oil & gas, petrochemicals	
	Certifications / accreditations held by targets	ISO 9001-2015, DGAQA, NSIC, CEMILAC, etc	ISO 9001:2008, ISO 140001:2015, etc		Bureau Veritas, TUV, Engineers India, Baxcounsel, etc	

Xometry an on-demand manufacturing marketplace has 36,000+ active buyers like BMW, Moderna and a vast network of highly vetted 10,000+ suppliers on its platform

	Access to Capabilities / Geographies	Industrial product sourcing, supplier selection, access to proprietary data, strong lead-generation funnel	International expansion into 12 new countries, access to European markets
	Access to Clients	Clients like GE, J&J, Lockheed Martin (where 93% of the Fortune 1,000 companies transact with the platform)	Clients like BMV (global), Bosch (global), leading European manufacturers



Apparel & lifestyle is a large growing market

Key categories



Apparel

Largest



Footwear



Furniture



Home Furnishings



Home Decor

Apparel is a large fast-growing category for India contributing 2%⁽¹⁾ to India's GDP



c.\$98bn

Indian Apparel Market (2022)

With the market expected to grow at a CAGR of 20% for the next 5 years



c.\$1.4tn

Global Apparel Market (2022)

With USA, China, Germany being the largest apparel consumers



c.88% of the apparel & footwear in India is sold via offline channels



c.3% of the global apparel & textile exports are from India which amounted to \$44bn⁽²⁾ in FY22



\$1.3bn+ Production Linked Incentive Scheme to promote production of apparel, fabrics, technical textiles

Market is split into three key categories (\$bn)



Men's Wear



Women's Wear



Kid's Wear

41

39

18

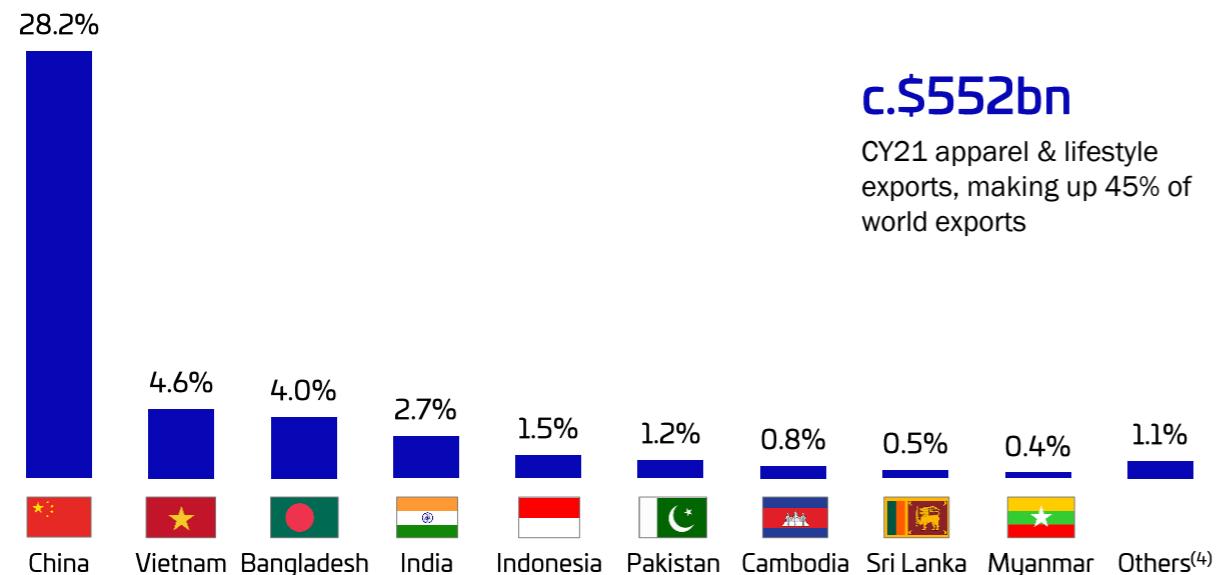


Potential for India to become preferred manufacturing destination as global sourcing moves to China +1 strategy

Major apparel, footwear and lifestyle brands are sourcing from Asia

Brands	GAP	UNIQLO	H&M	NIKE	adidas	TARGET	INDITEX
Presence	44 countries 3,350+ stores	25 countries 2,450+ stores ⁽²⁾	78 countries 3,970+ stores ⁽³⁾	78 countries 1,980+ stores	60 countries 2,200+ stores	1 country 1,940+ stores	95 countries 6,470+ stores
% Asia sourcing ⁽¹⁾	98%	90%	74%	81%	77%	74%	55%

Asian region making up for c.50% of the world exports



c.\$552bn

CY21 apparel & lifestyle exports, making up 45% of world exports

India has favorable economic and regulatory elements

Lowest \$ per hour labour rate

USA	30.8
Europe	28.9
China	3.8
India	1.5

Strong reserve of natural resources

Largest producer (23%) of Cotton
2nd largest producer (41%) of Jute
2nd largest producer (37%) of Silk

2nd Largest employer

Employs 145mn people directly and in allied industries

Strong regulatory push

PLI Scheme, MITRA⁽⁵⁾ parks, SITP⁽⁶⁾, etc. to boost production & employment generation

430k+

Udyam registered MSMEs operating in textile, apparel, footwear, lifestyle products sectors

Cluster-based production

80%+ production from 60+ clusters like Panipat, Tirupur, Mysore, Chennai, Ahmedabad



Apparel supply chains need to adapt to ever changing consumer preferences

Key trends defining the fast-evolving global fashion landscape



Fast Fashion



With the rise of brands like Zara, Shein, time taken from runway to shelf has reduced to **as low as two weeks**



D2C Brands



Emergence of D2C brands has increased the choices, fashion styles for the consumers. Styles quickly go out of fashion and **wardrobes are updated at a much faster rate than before**



Social shopping



Influencer marketing has become the go-to marketing technique for brands which has led to **extinction of 'seasonal fashion lines'** and a birth of multiple social-first apparel brands



High discretionary spend



Indian consumer discretionary spending is expected to grow at 10% CAGR in the next decade. Clothing & footwear forms **c.10% of the spend basket** with increasing share for affluent



Lower MOQs



Higher SKUs



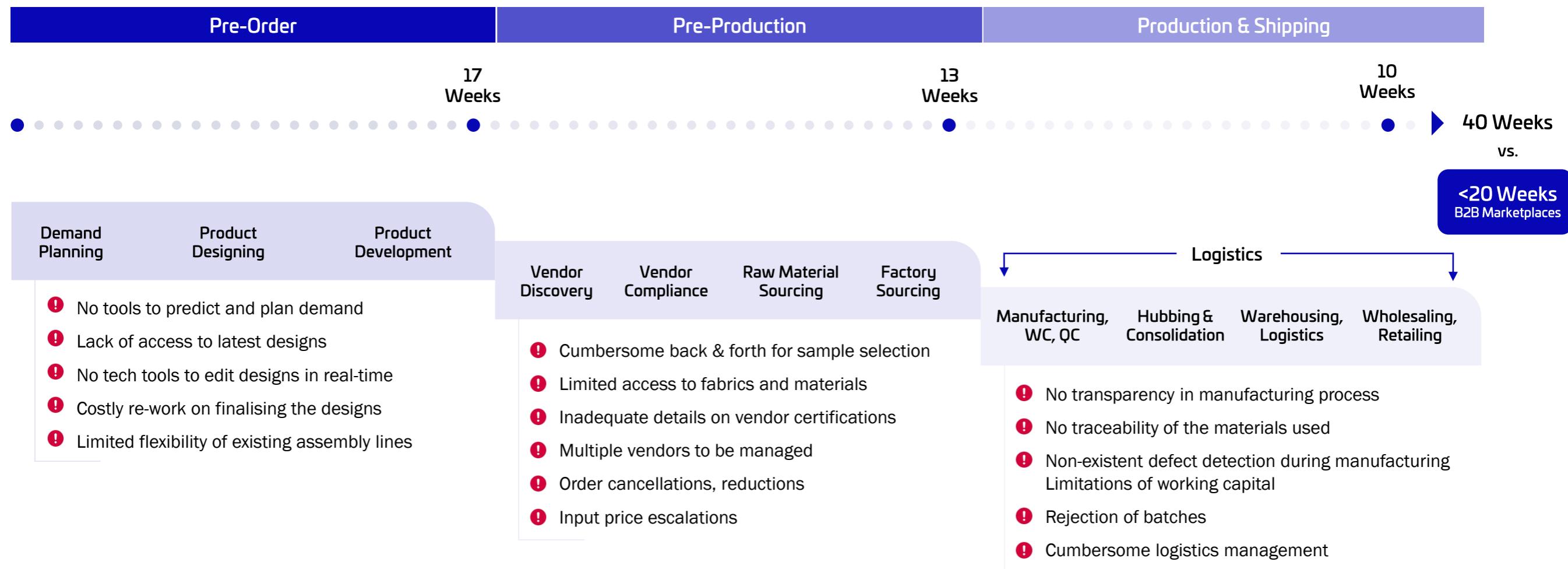
Lower TAT



Traditional supply chain is complex and time consuming

Multiple challenges across various stages

Traditional supply chains take about 9 to 10 months from demand planning, conceptualization, designing to the product hitting the markets which has been brought down c.50% by tech platforms





Large players in the space have structural differences to address the new supply chain

Focus on larger partners and linear scale up model

Global scaled manufacturers are serving marquee brands across multiple geographies and manufacturing stages



Chinese global contract manufacturer offering economical raw material, factory sourcing, product & design development services to global brand & retailers

Founded: 1906

Suppliers: 10,000+

Revenue (2019): \$11,413mn

Key Brands served



bebe



TESCO

GYMBOREE

LEVI STRAUSS & CO.



AVON

THE LIMITED



Global | Collaborative | Digital | Ethical

India based company providing customized manufacturing & sourcing solutions to retailers & brands, operating as a design-led plug-and-play platform

Founded: 1987

Suppliers: 500+

Revenue (2022¹): \$1,282mn

Key Brands served

KOHL'S

TESCO

macys

Walmart



PAC SUN

PRIMARK

However, certain key challenges are yet to be addressed by these players

! Long-tail small brands / lower MOQs not serviced

Have **lower minimum order quantities (MOQ)**, **infrequent demand** that are not serviced by traditional companies

Limited attention and engagement from the large platforms owing to lower share in overall revenue pie

! Fragmented small supplier/vendor base not catered to

Limited supplier base due to traditional players preferring to work with **mature units having pre-defined manufacturing lines**

As a result, **small suppliers** (turnover \$0.5-2mn p.a.) operate on an **20-30% lower capacity utilisation**



Tech players creating an integrated experience for brands

Helping the brands streamline the manufacturing process for ever-changing apparel consumption patterns



50-60%

Reduction in sample approval time



4-6% pts

Improvement in rejection rates



4-5x

Faster supplier matching & pricing

Digital cataloguing, designing, sampling

Tech players **enable virtual sampling** giving access to wider & new variety of materials & designs via **virtual catalogues, libraries**

Supply chain visibility and traceability

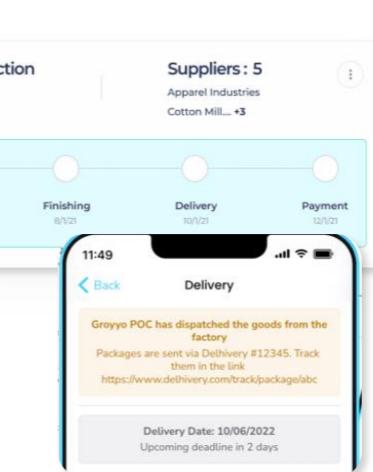
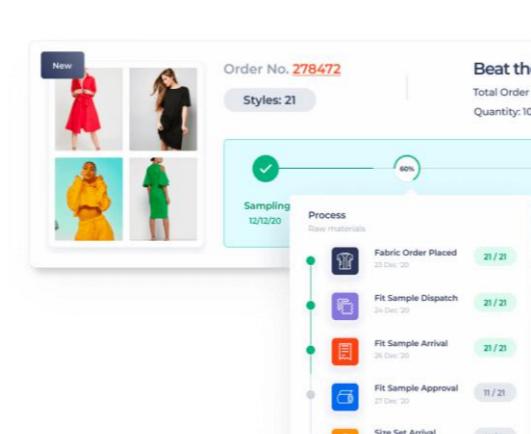
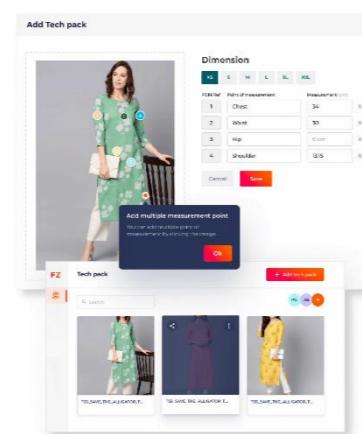
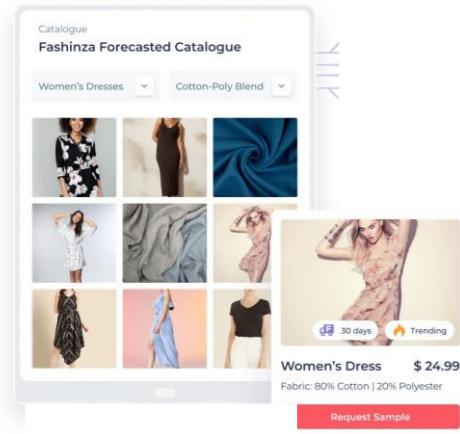
The platforms allow brands to **track daily progress** at each stage of the manufacturing cycle resulting in **reduction in rejection and wastage**

Quality supplier discovery, instant first quote

Details of certifications (Sedex, BCI, GOTS, ISO) held by vendors are readily available, saving time, increasing discovery. **Instant quotes** are available based on choice of style, fabric, prints

End-to end order traceability & management

Quality checks, logistics, extension of credit, invoice management, payables management, can all be done via a single app



Brand reach - States		
Your Brand Reach is across 6 States in India		
State	Retailers	Sales
Rajasthan	300	₹25,000
Arunachal Pradesh	150	₹15,00,213
Bihar	100	₹10,00,000
Delhi	50	₹50,000
Tripura	50	₹11,00,000
Distribution		
Completed orders (30 Days)		
231 Delivered	₹13,00,000	
10 RTO to Seller	₹30,000	
1 Lost	₹50,000	
5 Cancellation	₹6000	



Manufacturers, suppliers finding significant value in adopting tech platforms

Platforms play the role of an intermediary attempting to organize the supply side by providing tech solutions across various stages



20-30%

Improvement in efficiency



Higher

Demand and cashflow predictability



20-30% pts

Increase in capacity utilization

Increased capacity utilisation

Reach was limited due to limited avenues to engage in marketing, **capacity remained under-utilized generating lower revenues**

Streamlining inputs sourcing

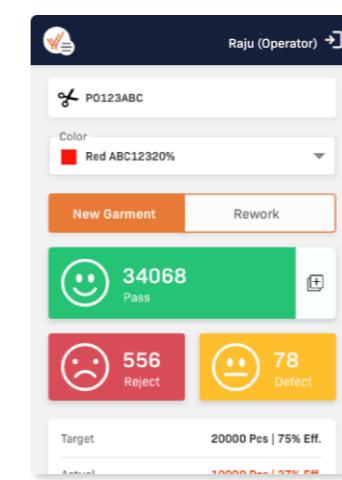
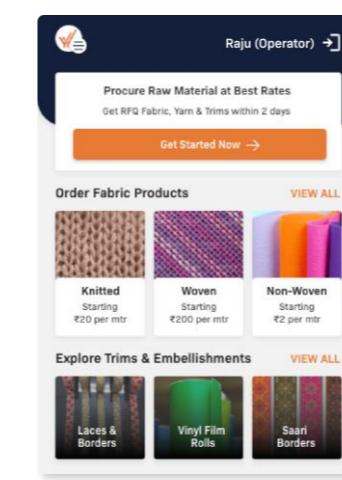
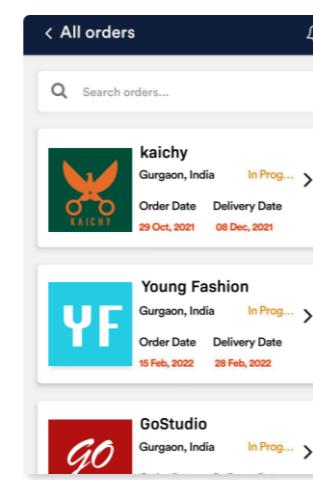
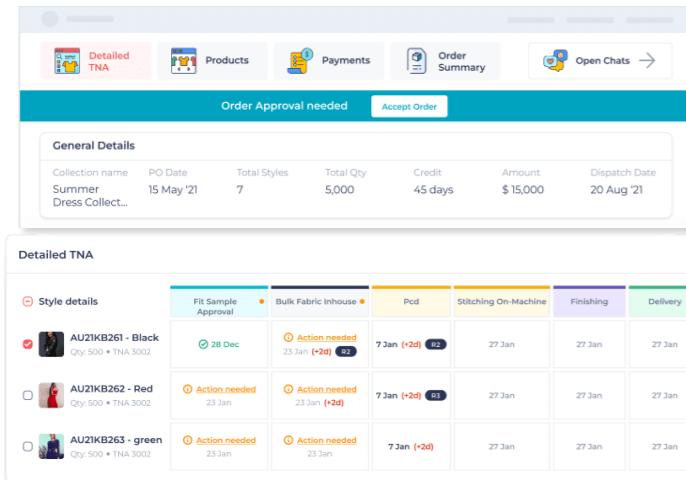
Increased **access to variety of fabrics, materials at a lower cost**, reducing dead inventory. Sustainable, traceable sourcing now possible

Production tracking & end-to-end management

IoT devices providing real-time data of the processes, resources used, defects identification before batch is processed fully

Order management services

SaaS based services are provided which help keep track of receivables, RFQ status, order status among others





Key B2B marketplaces in India (1/2)

Contract Manufacturing

(Year founded)	ZETWERK MAXIMIZE MANUFACTURING (2018)	FASHINZA Manufacturing Simplified (2020)	bijnis Taking Factories To The World (2014)	GENIEMODE (2021)
Description	Global custom manufacturing network for high quality capital goods, consumer goods and precision parts	Fashion focused B2B marketplace connecting global brands & retailers with SMB manufacturers across South Asia	Manufacturing focused B2B tech platform solving for three key stakeholders of the supply chain: factories, brands & retailers	B2B cross-border tech platform for lifestyle goods involving categories like home textile, furniture, apparel and accessories for global buyers
Key Metrics	<ul style="list-style-type: none"> ▶ Presence: 15+ countries ▶ Industries: 25+ ▶ Customers: 1,800+ ▶ Suppliers: 10k+ ▶ Parts Manufactured: 9mn+ 	<ul style="list-style-type: none"> ▶ Brands: 100+ ▶ Manufacturers: 250+ ▶ Pieces delivered: 10mn+ ▶ Original designs delivered: 10k+ 	<ul style="list-style-type: none"> ▶ Presence: 19k+ pin codes ▶ Active factories: 5k+ ▶ Active brands: 500+ ▶ Active retailers: 200k+ 	<ul style="list-style-type: none"> ▶ Presence: 9+ locations (4 international) ▶ Manufacturers/suppliers: 250+ ▶ Buyers: 100+ ▶ Orders: 13mn+ pieces (7mn+ shipped)
Total funding (\$mn)	544	75	44	37
Investors				
Key differentiators	<ul style="list-style-type: none"> ▶ Pan India on-demand sourcing capabilities across segments with faster TAT ▶ Virtual catalogue, pricing engine automation and project management at scale 	<ul style="list-style-type: none"> ▶ End-to-end online project management solution ▶ Forecast driven designs for brands ▶ Factory digitization via mobile based solutions providing real-time quality, production, inventory data from shop floor 	<ul style="list-style-type: none"> ▶ Factory-first approach in the footwear, fashion and lifestyle segment with large retailer reach 	<ul style="list-style-type: none"> ▶ Focus on overseas market for lifestyle goods providing complete order management with end-to-end cost transparency

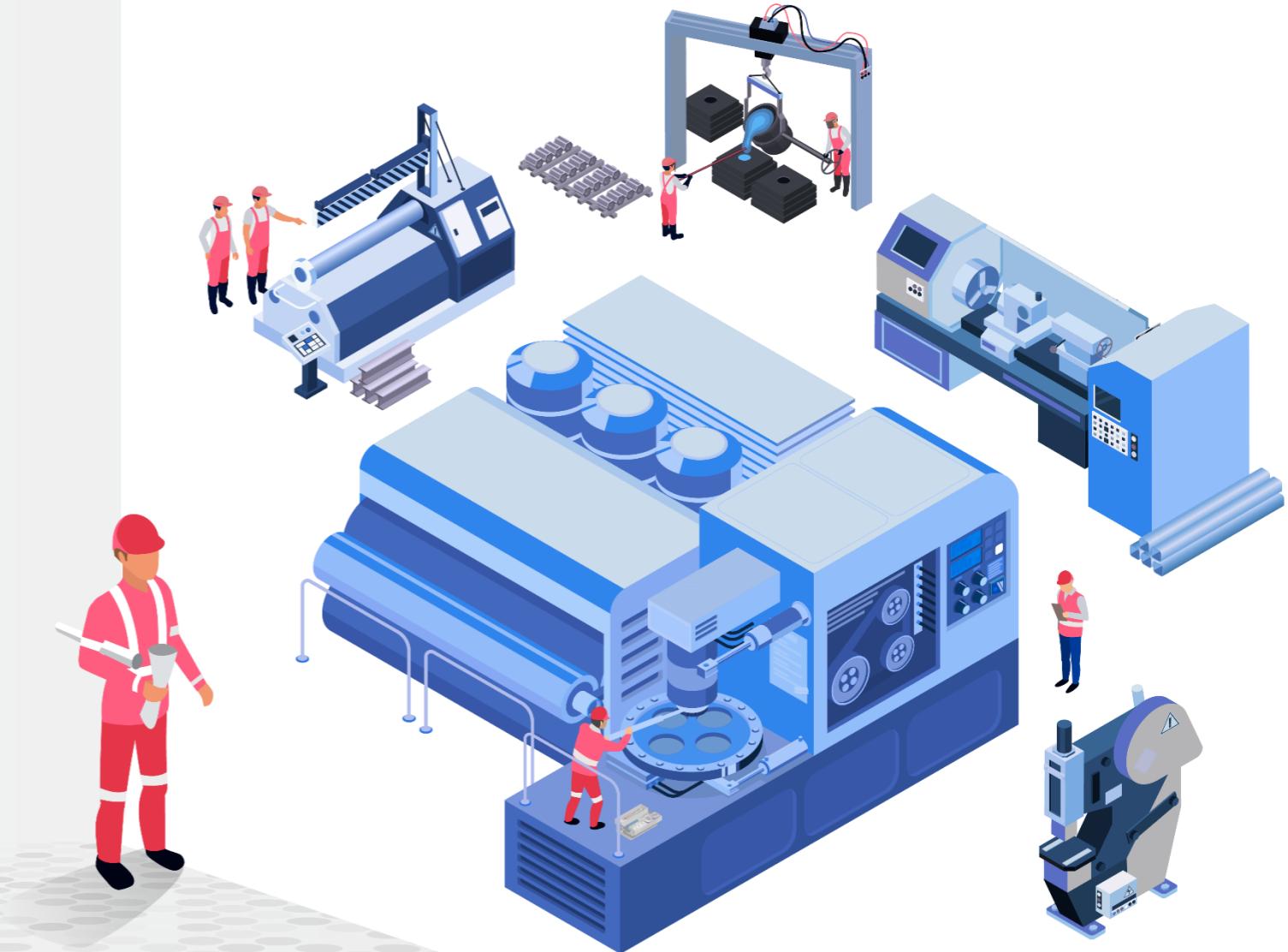


Key B2B marketplaces in India (2/2)

Contract Manufacturing

(Year founded)	Grovo (2021)	CapGrid (2020)	Laloo (2016)	Karkhana.io (2018)
Description	Digitizing factories using manufacturer-first automation platform and connecting them with global demand in apparel, lifestyle & accessories segment	Cloud manufacturer for precision components focused on automotive and industrial manufacturing	Wholesale B2B cross-border platform for MSMEs in small towns operating in the home & apparel category	Managed manufacturing marketplace for sourcing custom-built components & products catering to sectors like automotive, consumer electronics, healthcare and robotics
Key Metrics	<ul style="list-style-type: none"> ▶ Presence: 10+ countries ▶ Partner factories: 360+ ▶ Partner brands: 110+ ▶ Categories: 150+ 	<ul style="list-style-type: none"> ▶ Manufacturing partners: 300+ ▶ Warehouses: 6 ▶ Components manufactured: 5,000+ 	<ul style="list-style-type: none"> ▶ MSMEs: 2.2k+ ▶ Production centers: 7 ▶ Brands: 200+ ▶ Presence: 3+ countries 	<ul style="list-style-type: none"> ▶ Manufacturing partners: 200+ ▶ Components manufactured: 2mn+ ▶ Customers: 80+
Total funding (\$mn)	33	8	7	2
Investors	TIGERGLOBAL ALPHA WAVE BlackSoil	NEXUS VENTURE PARTNERS AXILOR	Yuj Ventures beyond capital fund HIRAL VENTURES	SV vertex VENTURES icreate act
Key differentiators	<ul style="list-style-type: none"> ▶ Manufacturing and automation start-up using AI to boost production efficiency 	<ul style="list-style-type: none"> ▶ Reduced supply chain complexity and time to market through innovation around sourcing, procurement and quality tech 	<ul style="list-style-type: none"> ▶ Strong foothold with MSMEs in Tier 2/3/4 belts of India to enable design, production, QC and delivery to export buyers for the first time 	<ul style="list-style-type: none"> ▶ Seamless transition from low volume to mass production with quick turnaround time ▶ Efficient supply chain management through digital-first platform and cost-effective raw material procurement

4.3 MRO

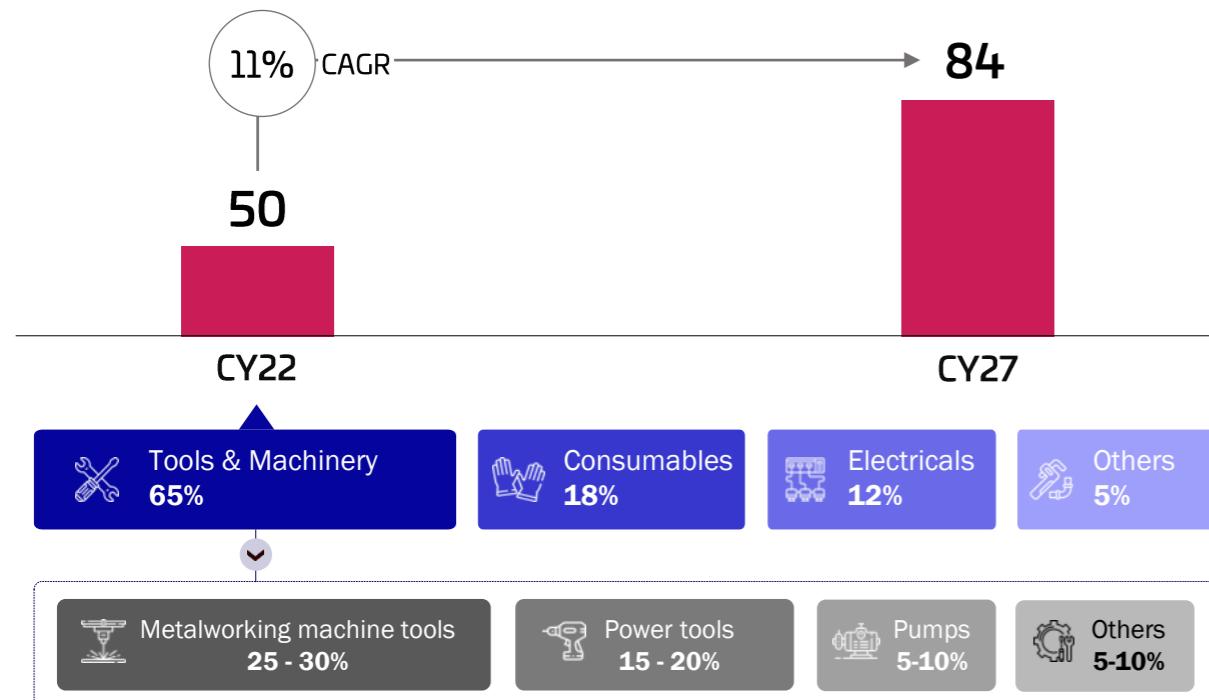


Indian Materials, Repair & Operations (MRO) market is ripe for disruption

Majority of MRO procurement happens feet-on-street through inefficient and fragmented intermediaries

Indian MRO is a large, untapped market opportunity...

(\$bn)



....with an inefficient & fragmented structure

 **80%**
MRO procurement happens through intermediaries

 **20%**
of procurement spends are in MRO for manufacturing enterprises

 **1.5mn+**
MRO specific SKU's

 **40k+**
Distributors across India

 **1mn+**
Unorganized small retailers

 **<1%**
Digital penetration in the Indian MRO market

MRO B2B marketplaces Landscape



bulkMRO



industrybuying



Differentiated go-to-market strategies across customer profiles & distribution models

Large enterprises form bulk of the MRO demand and most platforms follow a hub & spoke distribution model



Customer Type

MRO Service levels & business requirements vary basis the size of customer

80% - 20%

Split of MRO market between large & small enterprises in India



Logistics & Inventory

Distribution model, logistics network & inventory play a key role in determining margins / free cash flow

Up to 6 - 8%

Higher margin potential for onsite inventory

Up to 40%

Lower WC of hub & spoke vs onsite



Large Enterprises

- ▶ Bulk & sophisticated purchases with dedicated account managers
- ▶ Sources directly from brands for high-priority products (c.20%)
- ▶ Long-term contracts focusing on the total cost of ownership
- ▶ Higher visibility of revenue & lower default risk
- ▶ High LTV with relatively low CAC



Service Levels

- ▶ Small & standardized purchases, usually done with minimum assistance



Sourcing

- ▶ Entirely sourced through intermediaries



Pricing

- ▶ Spot purchases basis immediate requirements



Risk Profile

- ▶ Lower visibility of revenue & potentially higher default risk



LTV / CAC

- ▶ Relatively higher CAC; need to be adequately addressed through higher margins

Small Enterprises

Hub & Spoke Distribution (Major)

- ▶ Centralized inventory through hub & spoke model
- ▶ Low working capital & capex
- ▶ Relatively higher fulfillment time
- ▶ Higher inventory turnover



Distribution Model

- ▶ Maintain inventory near customer locations for key SKUs, driving proximity & boosting margins



Capital

- ▶ Relatively higher working capital & capex



TAT

- ▶ Negligible TAT with fast moving SKUs stored



Inventory

- ▶ Distributed inventory – relatively lower turnover

Onsite Inventory (Minor)

Direct sourcing and private label play key to margin expansion

Sourcing mix for platforms shift to direct as they build scale and become critical mass for large manufacturers

Sourcing & Portfolio Mix

1 Manufacturers / Brands

Margins

- ▶ Higher margins for marketplaces

Lead Times

- ▶ OEMs have a definite lead time, so they cannot be flexible & responsive to one-off requests

2 Distributors / Wholesalers

Margins

- ▶ Sourcing from intermediaries leads to lower margins due to an extra supply chain layer

Lead Times

- ▶ Wholesalers ensure the ready availability of the products resulting in lower lead times & faster shipments



Ability to directly source from OEMs & higher share of private label can positively impact margins of the platforms

10-15%

Extra margins on private label products

Higher

Margins when sourced directly from manufacturer/ brands

c.10%

Boost in sales by increasing delivery speed by just one day

B2B marketplaces revolutionizing MRO procurement (1/3) – Discovery

Easy product discovery through structured and detailed online catalogues



Create Order

- ! Problems with traditional supply chain



Vendor / Inventory management



Logistics



Analytics



Credit Solutions

! Offline catalogue

Online catalogue

- ▶ Allows easy product discovery across categories
- ▶ Relevant / other suitable product suggestions

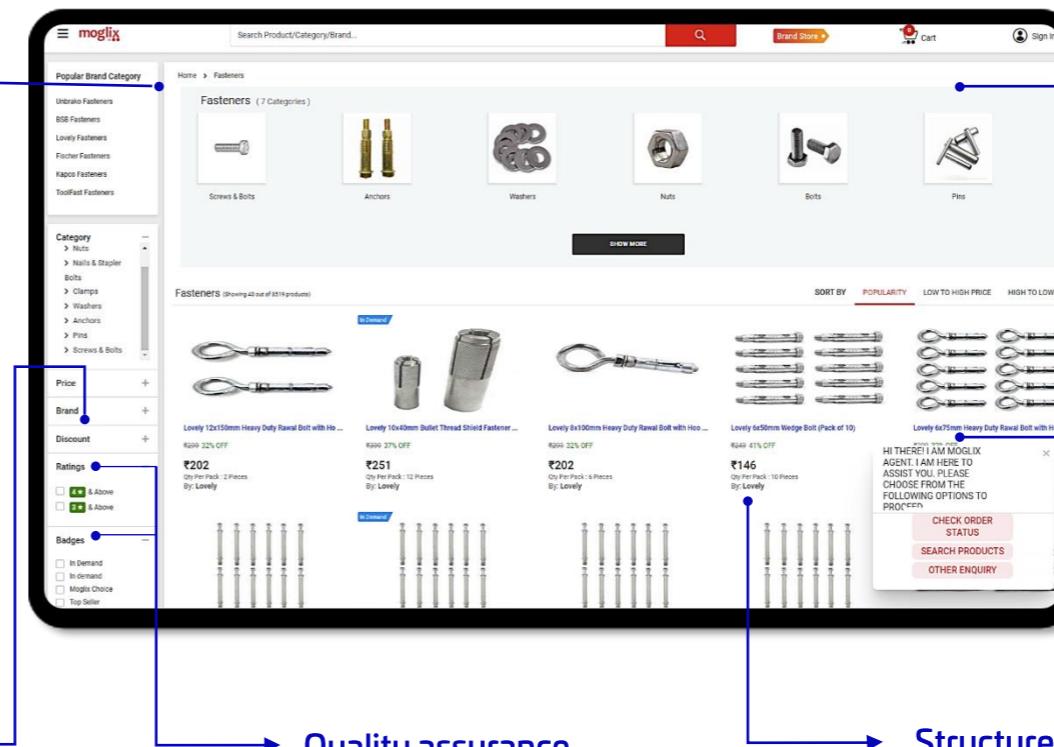


moglix Categories: **45+**
SKUs: **800k+**



bulkMRO Categories: **50+**
SKUs: **1.5mn+**

! Limited market access



! Quality issues

Quality assurance

- ▶ Product ratings, badges & in-demand filters provide comfort to buyers regarding quality

! Difficult comparisons

Expanded visuals

- ▶ Draws customer attention to important differences

Enhanced features

- ▶ Specialized chatbot addressing additional customer queries

Structured information

- ▶ Product information basis popularity & price, presented consistently to allow customers to compare, select, and order relevant products

Wide market access

- ▶ Listing of all latest products from global & regional brands serviceable across all pincodes

B2B marketplaces revolutionizing MRO procurement (2/3) – Fulfillment

One stop shop for MRO needs with digitized procurement, efficient logistics and inventory & vendor management



Create Order



Vendor / Inventory management

! Problems with traditional supply chain



Logistics

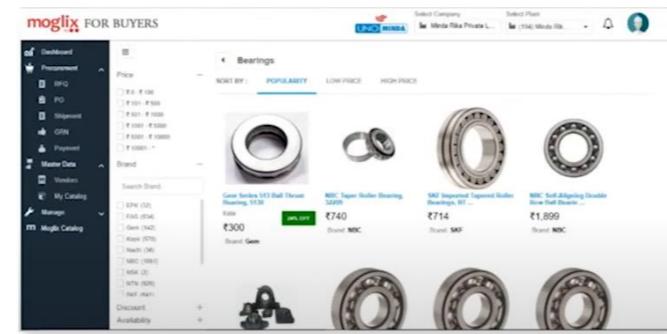


Analytics



Credit Solutions

! Overlapping & manual procurement teams



Digitizing procurement

- ▶ Integration with legacy procurement systems
- ▶ Data management and supply chain visibility
- ▶ Using vendor management inventory framework



JIT delivery

- ▶ Routing the best combination of feasible inland transportation resources to deliver the products on JIT basis



Bulk deliveries

- ▶ Bulk products deliveries of industrial tools at on-site locations

! Unoptimized inventory



Inventory optimization & vendor consolidation

- ▶ Leveraging tech solutions for reducing inventory on hold, rejection rates, staff hours and overall lower cost of ownership



Real-time monitoring

- ▶ Real-time order tracking with on-ground support for logistics and last-mile delivery

! Inefficient logistics



Up to 30%

Reduction in MRO inventory levels



Up to 60%

Vendor consolidation resulting in reducing total cost - of - ownership for MRO procurement



80%

OTIF as compared to previous 50%

B2B marketplaces revolutionizing MRO procurement (3/3) – Analytics, Credit & Process

Streamlined processes along with analytical insights to optimize spend and assess credit worthiness



Create Order



Vendor / Inventory management



Logistics



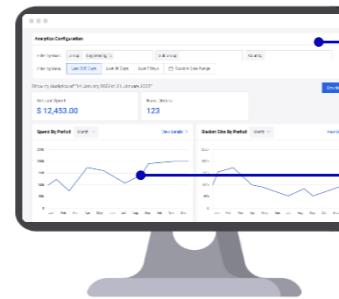
Analytics

! Problems with traditional supply chain



Credit Solutions

! Low visibility of consumption patterns



Purchase monitoring

MRO supplies by month, order type and supplier

Spend analytics

- Creates the groundwork for a more effective and strategic approach to future MRO spending
- Tracking purchase history to obtain actionable insights into purchasing behavior and optimize costs

! Unstructured processes



Robust process controls

- ERP integration with platform
- Streamline contracting & compliance processes



Up to 20%

Reduction in spend by uniform pricing and catalogue through advance analytics



c.10%

Costs saving due to reduction in compliance & quality issues



c.48hrs

Disbursement of loans by Credlix (Moglix subsidiary) vs. 30-120 days taken by banks & NBFCs

Analytics
Credit solutions

	Collateral	Invoice size	Documentation
Banks & NBFCs	Required	Large amount	Paperwork
Financing by MRO platform	Not required	\$10k+	Digital
Financing products by MRO platforms	 Purchase order financing	 Invoice financing	 Tailor-made financing solutions

Globally, multiple large outcomes have been created in MRO

Platforms have scaled their digital offerings driving majority share of revenue



M.Cap	\$30bn
Digital Sales	53%+
Key Categories	Fasteners, safety supplies & tools



M.Cap	\$5bn
Digital Orders	62%
Key Categories	Electronics, Facilities & maintenance



M.Cap	\$12bn
Digital Orders	69%+
Key Categories	Food & grocery, safety & hygiene

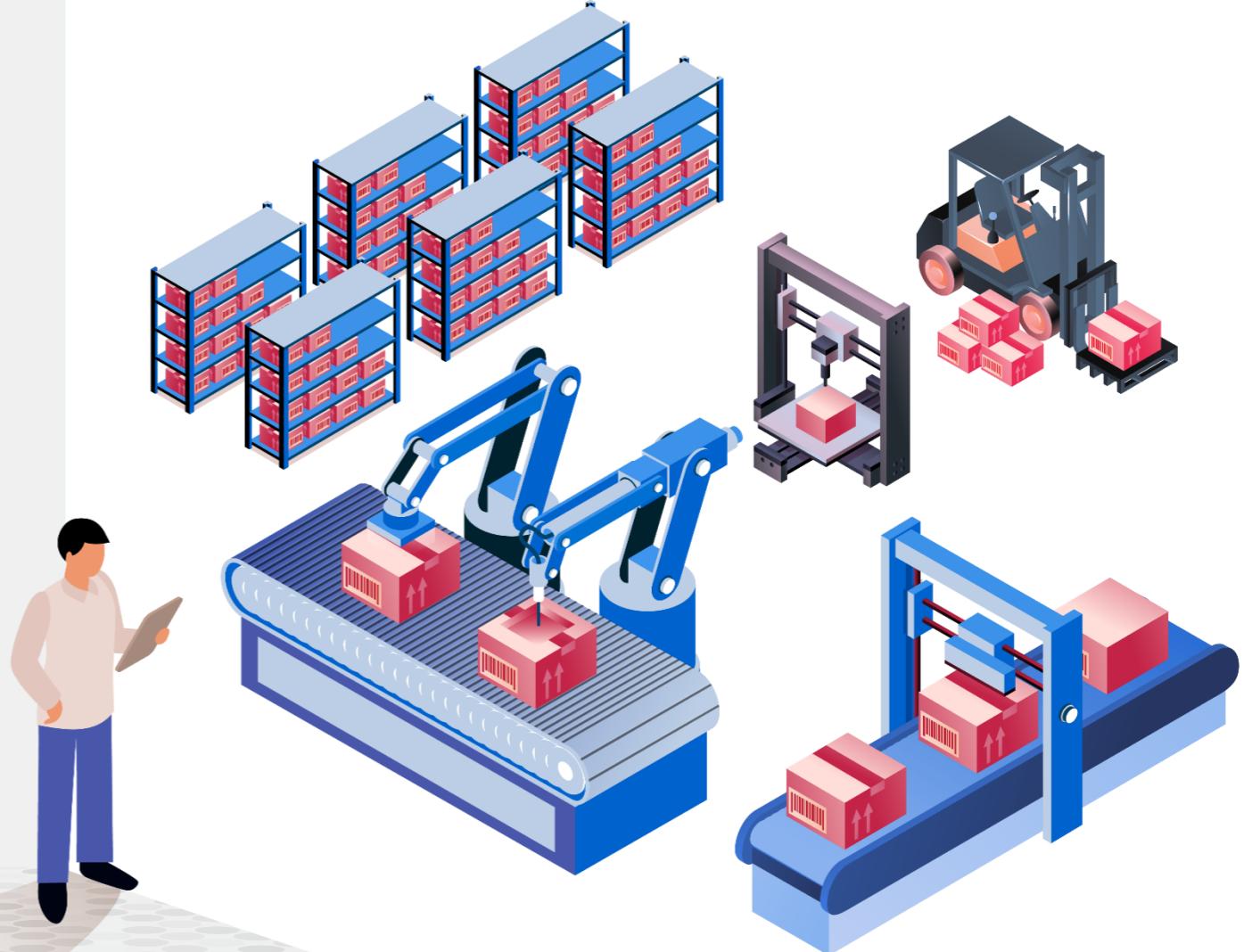


M.Cap	\$36bn
Digital Orders	75%+
Key Categories	Pumps, metalworking & hand tools



M.Cap	\$6bn
Digital Orders	95%+
Key Categories	Industrial Equipment, Cutting tools, Safety, Fasteners

4.4 Packaging





MANUFACTURING

PACKAGING

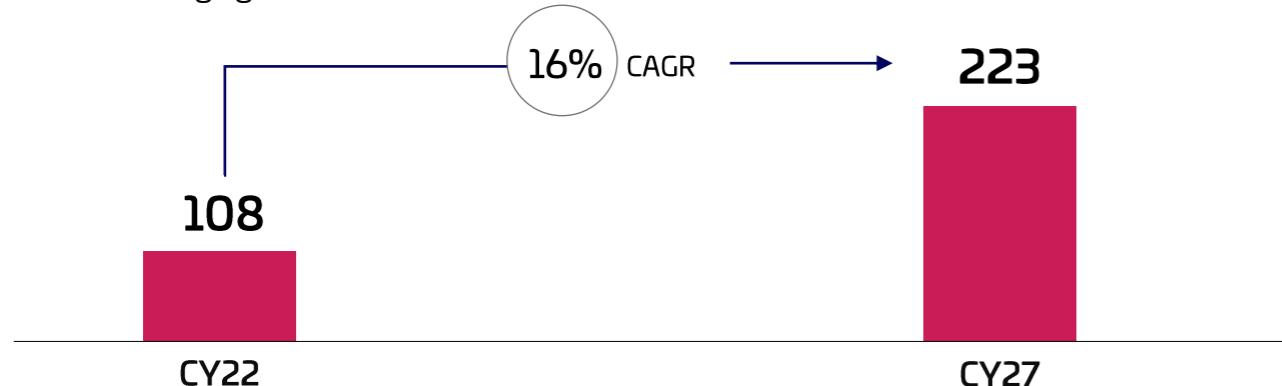
Avendus^A

Indian packaging market is growing rapidly

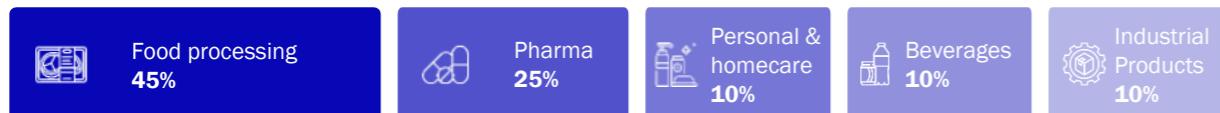
Rising consumption across sectors driving growth

Packaging is one of the fastest growing sectors

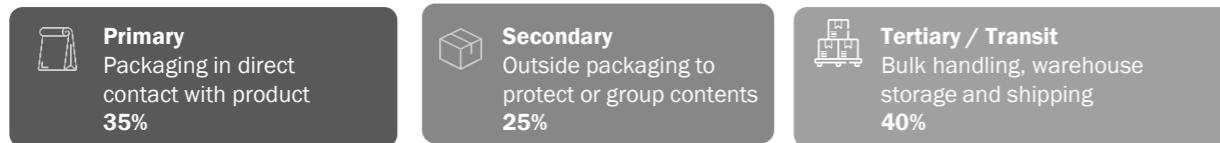
Indian Packaging market size



1 Packaging market split by vertical



2 Packaging market split by type



Low packaging consumption is indicative of significant opportunity

(As per 2021 data)

	India	China	USA
Per capita consumption (kgs)	11	45	109
# of parcels shipped (bn)	3	108	22
Per person parcels shipped	2	77	65

India packaging B2B marketplaces



India packaging players



Packaging has transitioned from utility to a key focus area for enterprises

Industry has evolved with changing consumer demand, cost and brand considerations



E-commerce growth has increased packaging demand driven by 3x higher packaging touchpoints and increase in online shoppers



Sustainability is the focus with India banning single-use plastic and FMCG companies and brands committing 100% recyclable plastic usage



Digitization to reduce TCP⁽¹⁾ and improve competitive edge for brands by integrating technology in packaging



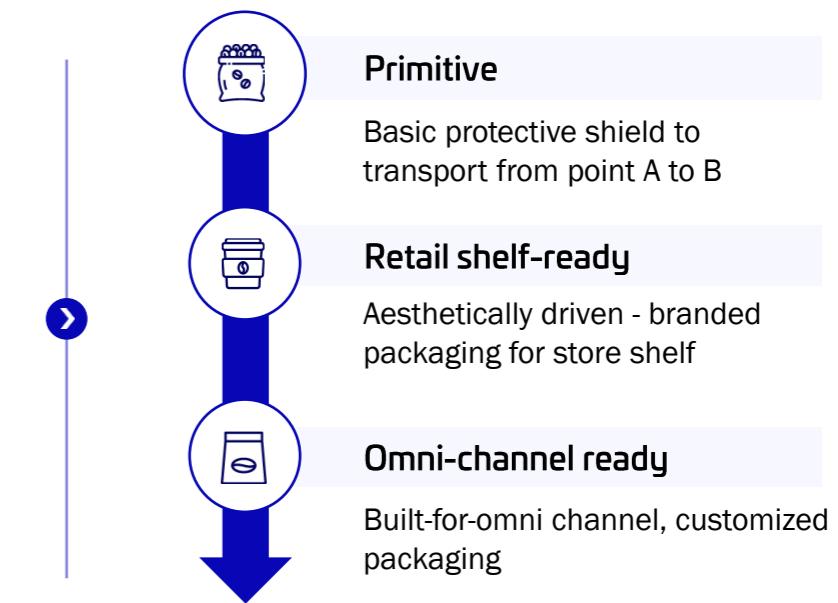
Changing consumer preferences & rapid urbanization causing shift towards using disposable & portioned packaged products with higher repeat purchases



Rise in customized packaging with higher degree of personalization, driven by product & brand proliferation



F&B and Pharma industry growth are the major drivers of compact and consumer-oriented packaging



Highly fragmented industry



22,000+

Packaging manufacturers in India



<\$0.5mn

Monthly Turnover of small packaging players



c.50%

Share of industry is unorganized



c.50%

Capacity Utilization

A key profitability parameter for enterprises

Packaging as a % of turnover



5 – 7%

Manufacturer



3 – 5%

Distribution



4 – 6%

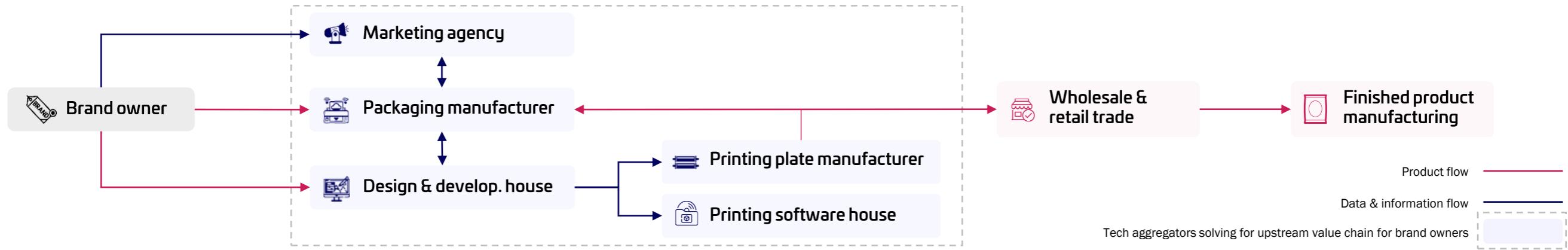
FMCG companies

- ▶ Packaging prices have gone up due to increased costs of packaging inputs like inks, adhesives, UV coating and rising fuel prices, impacting the profitability for enterprises

Traditional supply chain struggling to keep up pace with changing industry demands

Multiple layers with long lead times to create production ready packaging

Traditional packaging supply chain is inefficient and multi-layered



Pain points across the traditional supply chain

Limited design & development capabilities

- ▶ Design & development process from structure to shape is a **complex process requiring technical know-how**
- ▶ **Traditional players have little / no expertise** with customers relying on 3rd party vendors for their design & development requirements

8-12 weeks Packaging design to product turnaround time

Quality control

- ▶ **Rampant use of cheaper non-prime materials** is a key challenge in food & beverage, pharmaceutical packaging
- ▶ **Standardization & testing of products is challenging**, particularly for the small & unorganized players

1/3rd Of packaging related product returns are due to item damage

Difficult vendor discovery & management

- ▶ **Fragmented & un-organized** nature makes supplier discovery & vendor management difficult
- ▶ **Offline purchase with no price benchmarking**, SLA standardization and no supply chain visibility

High Variability in SKUs with limited standardization

Rapidly changing technology & SKUs

- ▶ **Traditional players lack the agility & technological prowess** to adapt to the rapidly changing packaging demands of customers
- ▶ Increasing customization of SKUs and new product development is **challenging for small players**

c.0.5% Average R&D spend of manufacturers

B2B marketplaces are solving the challenges of complex packaging procurement

Driving efficiency for both demand and supply side

Supply Side



Digital supply chain management

Digital solutions to bid for relevant leads, track payments & invoices, dispatch schedule planning, etc.



Access to credit

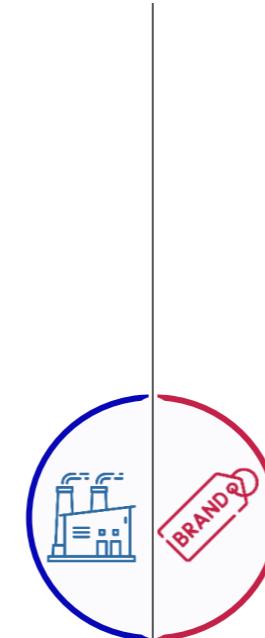
Tie-ups with banks & financial institutions to provide receivable financing



Increased utilization ✓

Intelligent demand allocation to increase capacity utilization & take home of suppliers

All values in INR Cr	Before	After
Utilization	50%	+20% → 70%
GMV	35.0	→ 50.0
Variable costs	17.5	→ 25.0
Fixed costs	10.5	→ 13.0
Gross profit	7.0	1.7x → 12.0
EBITDA	3.5	2.1x → 7.5
PAT	1.8	2.5x → 4.5



Demand Side



Customizable SKUs with Low MOQs

Customized packaging solutions with low MOQ for D2C & e-commerce requirements, which were not serviced earlier



Reduced price, TAT & inventory

Supply chain optimization to reduce material cost, improve TAT and reduce excess inventory through automation



Reduced complexity in packaging design & development

Combining the latest packaging trends with design & development framework to reduce complexity in new product development

c.15%

Reduction in overall packaging costs

20%

Reduction in the procurement TAT of packaging

100%

Traceability in items in transit and stock

30%+

Reduction in inventory

3-4%

Reduction in TCO⁽¹⁾

99%+

Adherence to SLAs

Design & development plays a pivotal role in packaging decisions

As brands are moving towards e-commerce & personalization, design plays a key role in creating brand perception

Key influencer of purchase decision	Design importance in packaging	Reflection of product quality	Limited attention span of consumers
64% of consumers try a new product because the package catches their eye	36% consumers view design as the most important element of packaging while purchasing	52% online consumers have admitted to rebuying products if they are received in premium packaging	5-7 seconds time taken by consumers to buy a product in-store

Designing and packaging development involves multiple challenges which require tech interventions

Product development & designing challenges

! Master design development research and design updates on a regular basis to differentiate products and create brand stories

! Collaboration across multiple stakeholders – design agency, development partners and suppliers is offline managed over mail threads, excel sheets and phone calls

! Higher TAT due to delay in approval process of design mockups and prototypes

! Variability in material type basis product characteristics

Tech solutions offered by New-age players

✓ **Comprehensive research for packaging design** around competition, category & culture with market research

✓ **Cloud based stakeholder management** minimizing communication gap

✓ **Secure online workflow collaboration tools and integrated platforms** reducing approval time from all stakeholders and providing transparency on process

✓ **In-house packaging engineers & external consultants** helping in evaluating materials & associated costs according to marketing story of the product

End-to end serviceability and sustainability are two important focus areas for organizations

Examples of sustainable and innovative outcomes delivered by e-commerce platforms

Indian organizations are focused on sustainable solutions

- ▶ Consumers increasingly look for 'green' products
- ▶ Industry moving towards processes & supply chains with lower carbon footprint
- ▶ Plastic alternatives like bioplastics are increasing supported by government and industry

100% recyclable plastic usage commitment by 2025



Moglix delivered sustainable packaging solutions for Blinkit's goal of plastic free delivery



- ❗ Replacing packaging with sustainable alternative

- ✓ Sustainable solution of compostable bag

- ❗ SLA breaches by suppliers for on-time deliveries

- ✓ Delivery TAT reduced to 1 week

100%
Accomplishment of sustainable packaging goal

150MT
Plastic reduction from the market

80%
Reduction in staff hour engagements

B2B packaging value chain entail tech integration

- ▶ Demand for personalization, convenience, health, and affordability, driving SKU proliferation to new heights
- ▶ Packaging SMEs having to deal with margin squeeze passed back up the line by FMCG manufacturers and retailers
- ▶ Need for investment in R&D to be able to cater to the changing needs of consumers across industries

Indian organizations packaging investments distribution

c.30%	Process optimization
c.50%	Packaging innovation and tech
c.15%	Sustainability

Bizongo delivered a tech-led solution to automate the packaging supply chain for PharmEasy



- ❗ Multiple shipments for single orders leading to missing and/or delayed shipments

- ❗ Long & complex process for multiple vendor management

- ✓ Developed a courier bag with two sections to hold both normal and refrigerated medicines

- ✓ Identifying the right vendors through tech-enabled seller platform



Key B2B marketplaces in India

MRO & Packaging

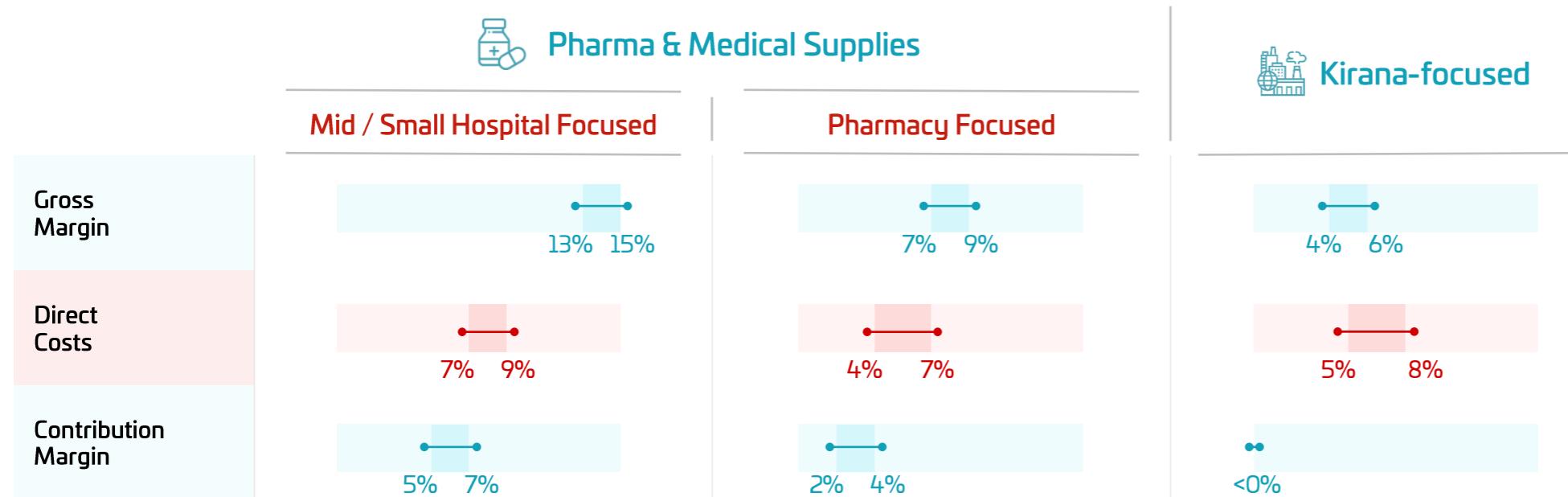
(Year founded)	moglix	BIZ ON GO	ProcMart	bulkMRO
Description	MRO procurement platform across categories such as industrial goods, tools & machinery, etc.	Digital platform for vendor management, supply chain automation & financing and packing / design services	Enterprise focused MRO aggregator with a tech-enabled digital platform which provides supply chain solutions to businesses	Provides industrial supplies across long-tail industrial consumable products, bulk commodities, capital goods, etc. for large corporations
Key Metrics	<ul style="list-style-type: none"> ▶ SKUs: 800k+, 45+ categories ▶ MSME clients: 500k+ ▶ Enterprise clients: 1,000+ ▶ Suppliers: 18,000+ ▶ Warehouses: 40+ 	<ul style="list-style-type: none"> ▶ Reach: 14,000+ pincodes ▶ Manufacturers: 1,500+ ▶ Clients: 600+ (120+ enterprise clients) 	<ul style="list-style-type: none"> ▶ Suppliers: 5k+ ▶ Cities: 20+ ▶ Clients: 50+ 	<ul style="list-style-type: none"> ▶ SKUs: 1.5mn+ ▶ Brands: 5k+ ▶ Categories: 50+ ▶ Customers: 200+
Total funding (\$mn)	470	156	10	7
Investors	 	 		
Key Differentiators	<ul style="list-style-type: none"> ▶ A full-stack commerce platform with physical infra (WH & logistics), digital infra (platforms for buyers & suppliers) & financing infra (domestic & cross border) 	<ul style="list-style-type: none"> ▶ Large base of tech-enabled manufacturing & supply chain partners ▶ Full-stack packaging solutions including design 	<ul style="list-style-type: none"> ▶ Allows ERP integration for clients providing real-time information transfer and error reduction 	<ul style="list-style-type: none"> ▶ Unique back-to-factory IT, audit and control systems ensuring quality and compliance with international standards

5: **Retail Distribution Deep-Dive**





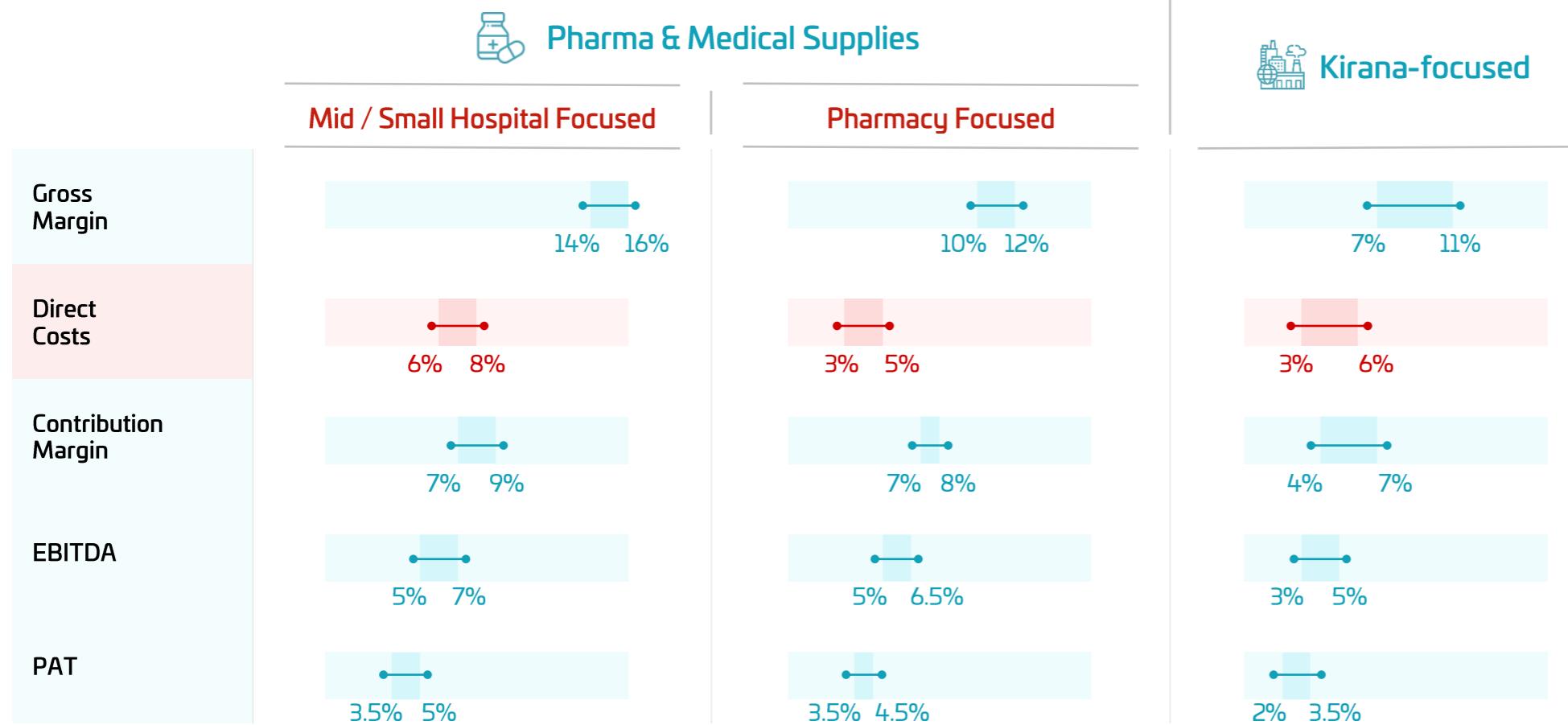
Retail Distribution Unit Economics - Current



Some players have started demonstrating +ve CM in few geographies



Retail Distribution Unit Economics – Steady State



Companies with lower capex requirement, optimized WC and efficient capital structure will deliver 25%+ ROE

Key Considerations

Category & Brand mix

Private labels can add 5-8pts incrementally to the gross margin; diversification towards emerging or regional brands; optimizing mix towards higher margin categories

Supply Chain Cost

Better warehouse utilization with scale; optimal logistics with concentrated demand density

Maximizing LTV

Retention & wallet share expansion to dictate S&M levels

Working Capital & VAS

Robust underwriting and collections engine; Other VAS including marketing services, retailer SaaS

5.1 Pharma & Medical supplies

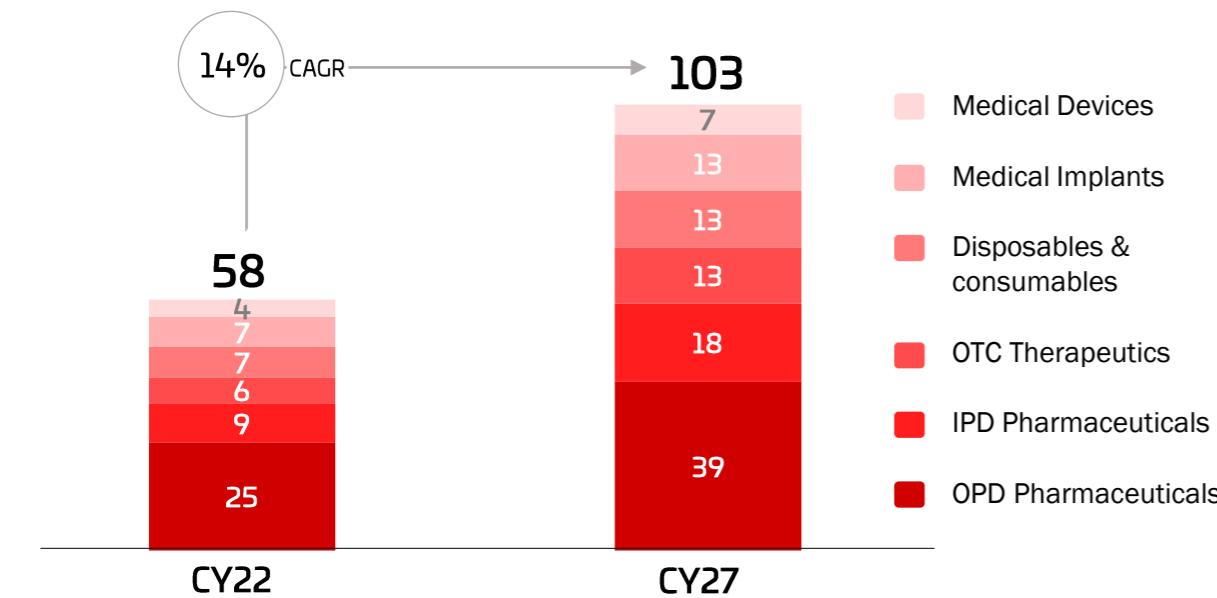




Indian medical distribution market is highly fragmented

<5% market share for the top 3 players

Large underlying B2B market with a highly fragmented demand & supply (\$bn)



Supply

 200+ Equipment Makers

 2,000+ Pharma Companies

 3,500+ Consumables Manufacturers

 75,000+ Distributors / Wholesalers

Demand

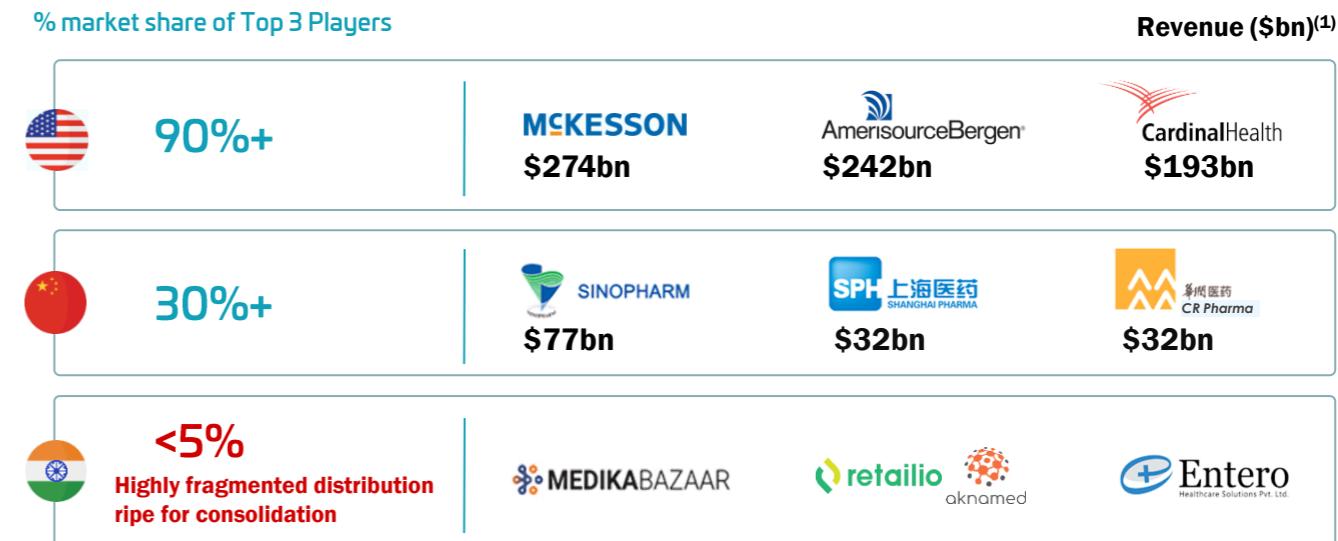
 70,000+ Hospitals

 120,000+ Diagnostics Labs

 800,000+ Pharmacies

 1,800,000+ Doctors

Pharma distribution in India is highly fragmented vs. consolidated globally



With new-age B2B Marketplace players already making headway into this space

Indian Landscape

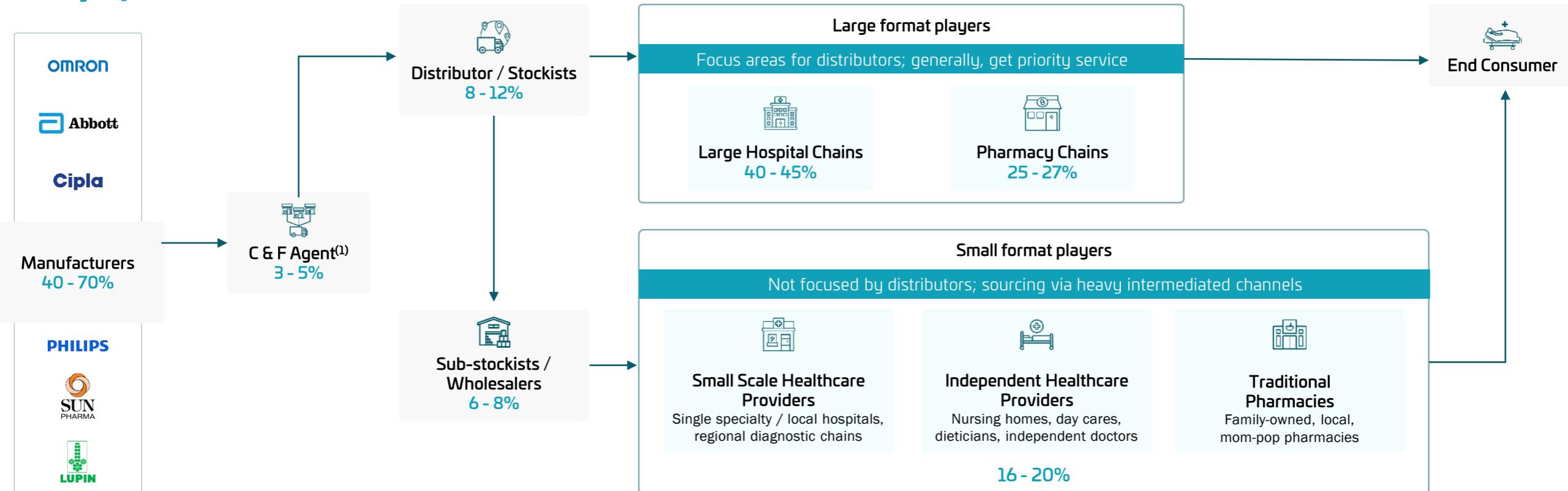




Traditional pharma distribution oriented towards solving for large format players

Lower volumes make the specialized handling, logistics & opex structures too costly to service smaller formats

[Trade margin %]



Pharma products need controlled environments sophisticated handling mechanisms, capabilities for which have to be developed by the distributors



Distributors are not brand exclusive, they stock multiple products of multiple brands, hence have more bargaining power on the brands



Feet-on-street (FoS) intensive with medical representatives undertaking marketing activities & securing orders directly from the large format players



Healthcare supply chain is plagued by multiple challenges

Challenges across key operating metrics in the sector



3-5%

Wastages,
expiries, damages



30-40%

Supply chain related
escalations in cost



50-60%

Low fill rates
Poor serviceability



75-80%

Inventory managed
manually

Pain points faced by various participants in the supply chain



Pharma / Devices / Equipment Manufacturers



Dealing with multiple distributors

Brands frequently interact with 4-5k stockists leading to high operational costs



Data dark supply chain

Limited direct reach to retailer, no secondary sales data visibility, limited data insights



Hospitals and Pharmacies



Product & Inventory management

Low visibility over inventory, high expiries, Inconsistent product quality, circulation of counterfeit products



Serviceability issues

Low fill rates, inventory overhang from multiple SKUs, high turnaround time (TAT)



Limited SKU availability

SKU collection limited to distributor's portfolio which is generally restricted to fast moving SKUs



Tech players solving problems across supply chain for various participants (1/2)



Pharma / Devices / Equipment manufacturers

Increased distribution reach

- ▶ Access to ready distribution network, end-to-end services for global brands to expand in Indian market

Increased supply chain visibility

- ▶ Secondary sales data visibility, direct retailer reach, reports & analytics for promotional campaigns



B2B medical distribution platform

Streamlined sales channels for brands

- ▶ Reduced administration cost, efficient utilisation of S&M force, reduction in dealing with multiple distributors



Hospitals and Pharmacies

Marketing services and support

- ▶ Assistance in GTM strategy & execution, data analytics & insights, medical reps management apps

Post-sales support and services

- ▶ Complete lifecycle support, installation, decommissioning, breakdown maintenance on behalf of the brands



Offers marketing amplification platform for sellers & brands to promote their products



Provides data on user behavior and purchase pattern enabling effective demand prediction and targeted pricing strategy



Decision making and business evaluation tool for manufacturers. Market insights, SKU level, salesman level analytics



Tech players solving problems across supply chain for various participants (2/2)



Pharma / Devices / Equipment manufacturers



B2B medical distribution platform



Hospitals and Pharmacies

Better product & price discovery

- ▶ Virtual inventory, wider assortment, alternate products availability, price standardization, cheaper private label products

Lower TAT, improved fill rates

- ▶ TAT reduction by 35-40% with visibility, Fill-rates increased to 80%+, live purchase order to order delivery (PO to OD) tracking

Inventory management system

- ▶ Inventory tracking, information availability about stock levels, expiries, SKU standardization

Direct access to brands' promotional campaigns

- ▶ Single avenue for information about discounts, promotions for cost savings

Fully integrated tech stack with credit

- ▶ Access to ordering, payments & collections, coupled with financing layer

MEDIKABAZAAR**VPO**

End-to-end healthcare procurement solution optimizing inventory and procurement cost by 30%

VIZI

Smart hospital inventory management system, uses historical data for projections, automatically triggers purchase decisions

aknamed**SmartBuy™**

Digital platform to automate procurement, operational & analytical needs of hospitals
Real-time order tracking, inventory optimization, GRN, Purchase request automation, hospital sales report

SAVEO

Virtual inventory of all available (50,000+) SKUs, with detailed medicinal information of 1,00,000+ medicines, live tracking of delivery



Key B2B marketplaces in India

Pharma & Medical supplies

(Year founded)	MEDIKA BAZAAR (2015)	retailio aknamed (2016 & 2018)	Entero Healthcare Solutions Pvt. Ltd. (2018)	SAVEO (2019)
Description	Marketplace for healthcare procurement focused on mid to small healthcare providers	Online B2B marketplaces connecting pharma retailers & hospitals to distributors & manufacturer	Supply chain partner and aggregator for pharmaceutical products and medical equipment	A B2B managed marketplace (midstream and downstream) for pharmacies built around fill rate and trade marketing
Key Metrics	<ul style="list-style-type: none"> ▶ Presence: 20k+ pincodes ▶ SKUs: 700k+ ▶ Customers: 200k+ ▶ Medical establishments: 90k+ ▶ Fulfillment centers: 30+ 	<ul style="list-style-type: none"> ▶ Presence: 100+ cities ▶ SKUs: 200k+ ▶ Companies: 1,000+ ▶ Pharmacies: 100k+ ▶ Brands: 10k+ ▶ Hospitals: 1,200+ 	<ul style="list-style-type: none"> ▶ Presence: 35+ cities, 5.5k pin codes ▶ Hospitals: 2.5k+ ▶ Retail Pharmacy: 50k+ ▶ SKUs: 55k+ ▶ Warehousing capacity: 450k sq. ft. 	<ul style="list-style-type: none"> ▶ Presence: 120 towns ▶ SKUs: 50k+ ▶ Pharmacies: 12k+
Total funding (\$mn)	165	-	78	12
Investors	   		 	   
Key differentiators	<ul style="list-style-type: none"> ▶ One-stop solution for commerce, logistics, payments & financing ▶ Smart OS for healthcare providers to optimize procurement/inventory 	<ul style="list-style-type: none"> ▶ Leading supply-chain platform for pharma, OTC, surgical and consumable products ▶ Provides order management and integrated payments solutions to pharma retailers ▶ Streamlines procurement for hospitals using its cloud-based supply chain software 	<ul style="list-style-type: none"> ▶ Full stack offering across healthcare value chain ▶ Brands: Analytics tools ▶ Distributors: ERP, Salesforce management ▶ Retailers: Ordering platform, purchase management 	<ul style="list-style-type: none"> ▶ Full stack platform with all pharma categories (branded generics, trade generics, surgical etc.) & 50k+ SKUs

5.2 Kirana-focused





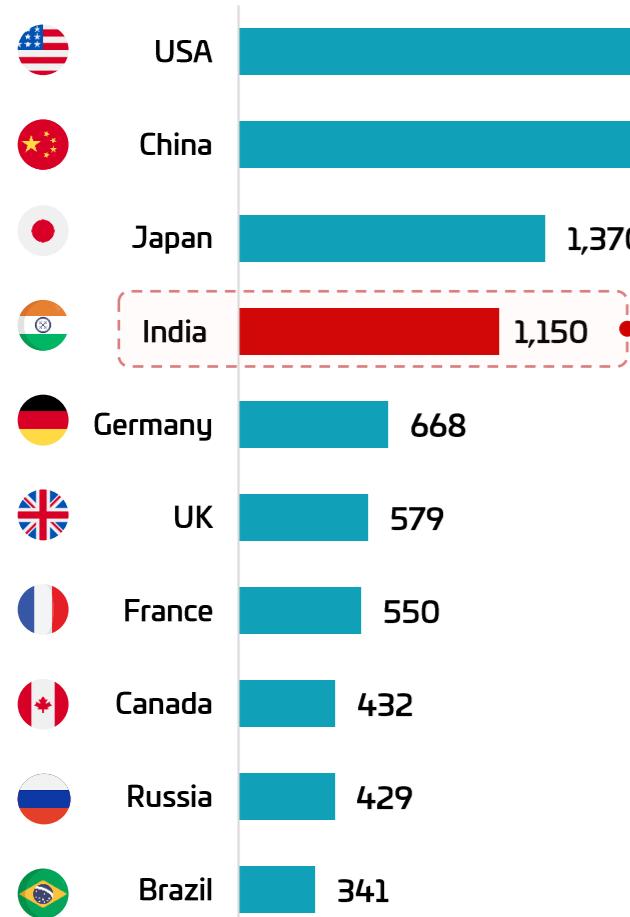
Indian retail – a large distribution opportunity waiting for disruption

One of the largest and fastest growing market globally

India is world's 4th largest retail market

(\$bn)

Retail sales in 2021



With food & grocery comprising the highest share of retail spend in 2021 (\$bn)



9 – 10% CAGR

expected in Indian retail sales over the next 5 years

85%

Sales takes place through 15-20mn kiranas, local stores

80%

Products pass through indirect distribution supply chains

\$369bn

Addressable Food & Grocery⁽¹⁾

\$20bn

Beauty Products⁽¹⁾

\$389bn

udaan

elasticrun

Jumbotail

SOLV

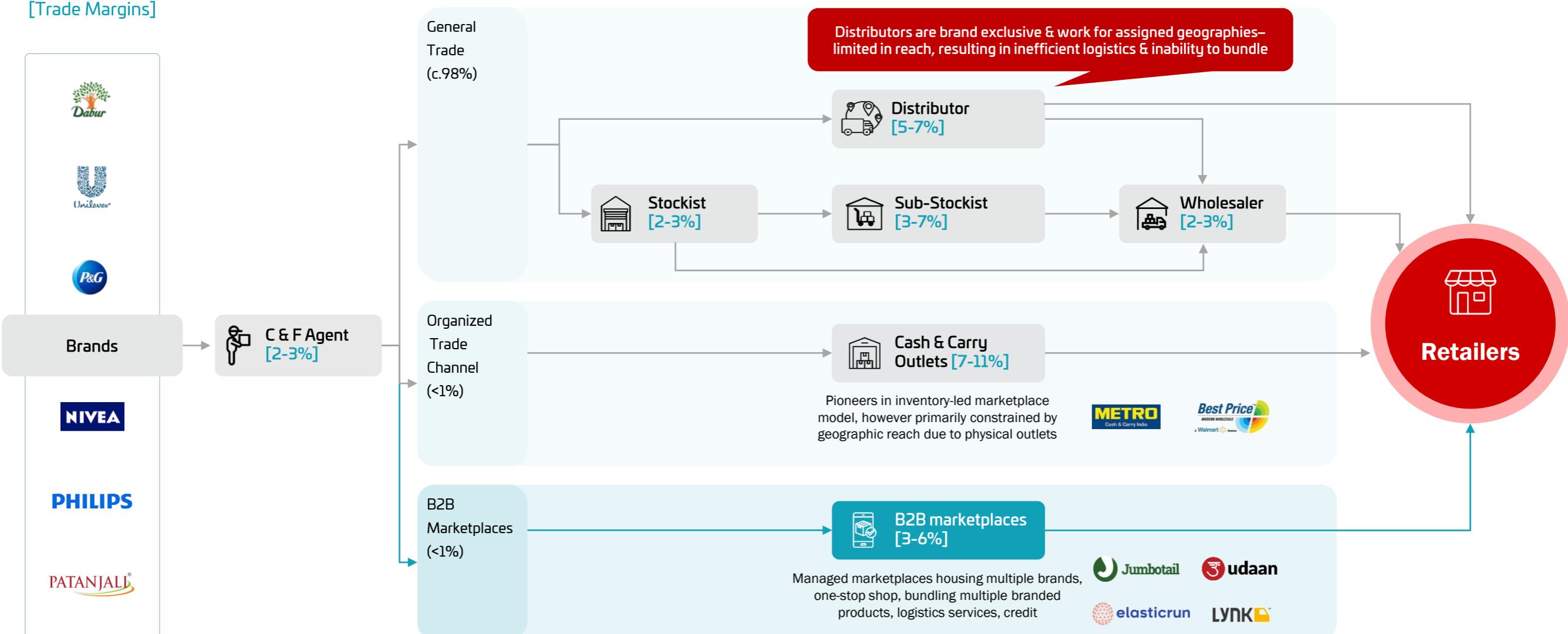
LYNK

....and others

Highly inefficient traditional retail distribution supply chain

Complex multi-tiered market structure with inefficiencies at various levels

[Trade Margins]



Multiple pain points solved by B2B marketplaces (1/2)

Efficient sourcing and delivery of a wider range of SKUs



Pain points	B2B marketplace disruptions
<p>Established brands</p> <ul style="list-style-type: none"> ❗ Distributor attrition ❗ Over-reliance on top SKUs ❗ Inefficient supply chain adding to cost ❗ Distribution to locations beyond Tier 2 is broken and expensive <p>For Emerging brands, in addition to above</p> <ul style="list-style-type: none"> ❗ No ready distribution access ❗ Smaller retailers don't get brand distribution access or get low delivery frequency leading to dependence on wholesale market ❗ Lack of credit and opaque pricing in wholesale markets ❗ Hassle of managing multiple distributors ❗ Limited access to new SKU assortments ❗ Restricted ability to optimize shelf space ❗ High inventory carrying costs 	<ul style="list-style-type: none"> ✓ Reliable access to large base of retailers across large and small cities / towns ✓ Ability to promote wider SKUs and emerging brands ✓ Efficiencies in logistics & warehousing resulting in 20-40% lower delivery cost ✓ Doorstep distribution access even for smaller retailers ✓ Transparency and efficient pricing increasing margins by 15-20% ✓ Wider SKU assortment ✓ Higher inventory turns ✓ Digital catalogue solutions to optimize for store space ✓ Better access to brand promotions

Multiple pain points solved by B2B marketplaces (2/2)

Data driven insights and standardized payment / credit flow



Brands

Retailers



Brands

Retailers

Pain points		B2B marketplace disruptions
<ul style="list-style-type: none"> ❗ No feedback loop to capture consumer insights basis micro-markets ❗ Sample based surveys are ineffective & time-consuming ❗ c.80% of the product value flows via indirect distribution channels ❗ Retailers don't have intelligence on what is selling or not resulting in dead stock 		<ul style="list-style-type: none"> ✓ Faster information flow enabling up-to-date insights ✓ Efficient demand prediction ✓ Ability to drive targeted promotions
<ul style="list-style-type: none"> ❗ Credit worthiness of the buyer a question ❗ Multiple distributor engagement leads to cumbersome reconciliation process ❗ Expensive distributor credit ❗ Limited access to formal credit 		<ul style="list-style-type: none"> ✓ Provides dashboards based user-friendly metrics to understand end-consumer preference ✓ Agreed credit terms adhered to ✓ Integrated accounting and payments ✓ Reasonable credit terms ✓ Facilitate access to business loans through lending partners



"The growth of the e-commerce is clearly irreversible but the way I look at India, general trade, modern trade, e-commerce will co-exist and India is not a country where the general trade would disappear, let's be absolutely clear about that"

- Sanjiv Mehta (CMD)



"We have been getting good prices and fast door-step delivery which is saving us a lot of time. We don't need to stock up unnecessarily since we get next day delivery of the products we need. The platform has been very effective"

- Raghuvir Singh (Kirana store owner)

Differentiated go-to-market strategies adopted by the platforms

	Retailer-first model	Brand-led model	Franchisee model
	Acquiring retailers on the platform, providing them access to multiple brands on a single platform at better prices	Acquiring brands on the platform, gaining access to their distribution network & becoming an alternate distribution channel	Standardising, branding retail stores, store infrastructure upgrade, marketing support and digitisation aimed at higher wallet share
 Wallet share	 Generally at 10-30% (low platform loyalty and high switching behaviour)	 Wallet share is dependent on the number of brands onboarded on the platform	 Eventually leads to the franchises ordering 70-90% of the products from the platform
 Customer Acquisition Cost (CAC)	 High CAC, since feet-on-street model used for acquiring retailers on the platform	 Lower since brands provide access to their own retailer network	 Concentrated sales effort for similar GMV given higher retailer wallet share
 SKU optimization	 Can optimise for fast moving SKUs due to wider base of demand	 SKUs dictated largely by the brands onboarded on the platform	 Obligation to stock even the long-tail SKUs for the stores
 Retailer stickiness	 Easy switching between platforms enables price optimization behavior of retailers	 Replacing brand's traditional distributors, so retailers continue to procure from platform	 Rebranded franchisees, very high stickiness once converted
 Logistics efficiency	 High initial operational expenditure to serve sparsely spread retailer network	 Densely located existing distribution network reduces logistics costs	 Though platform wallet share is high, frequency of delivery runs is higher as well
 Brand relationship dynamics	 Platform brings its wide distribution network, increased reach to underserved areas	 Reduced autonomy due to heavy reliance on the brand network	 Has limited retailer network to offer the brands
 Key players	  	 	  

Tech a key enabler to drive efficiencies in retail distribution

Value addition across various legs of the fulfilment journey



Ordering made easier

App-based ordering

Seamless purchase experience with wide variety of SKUs accessible on the app

30-40% of the orders are placed on the app



Operational efficiency

Tech-enabled warehouses

Specialised inventory management systems provide accurate tracking capabilities

Order processing centres driving efficiencies & higher fill rates



Kirana digitisation

Tech-enabling kiranas

CRM, inventory and payment management software

Customer level insights backed by intelligent OS



Access to credit & payments

Covered by formal credit network

Consistent & accurate data of the retailers making it easier to assess creditworthiness and effective risk underwriting

Ability to tap into low cost credit lines linked to cash collection cycles

User-friendly shopping experience

Creative app-based nudges for inventory purchases. Few players (Jumbotail, Storeking) also offer multi-lingual app interface

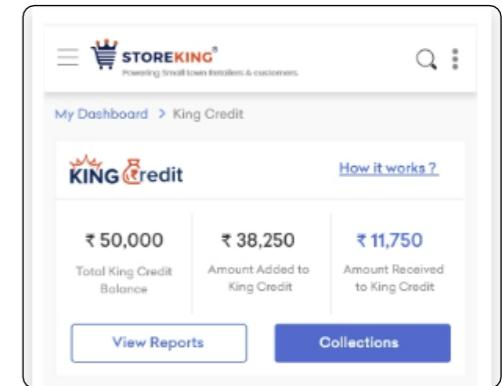
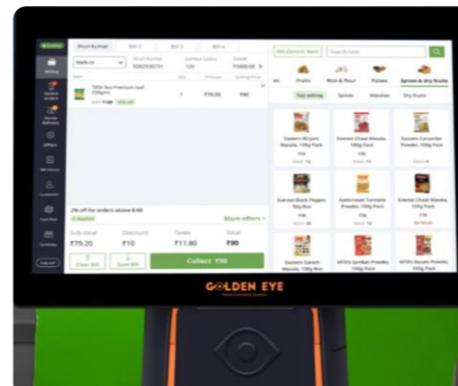
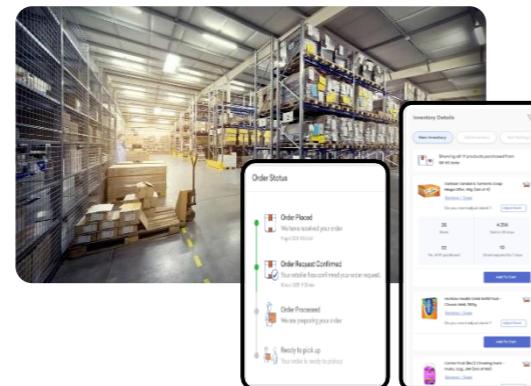
Tech-influenced fulfilment

AI/ML for distribution network planning

Easy shipment tracking on app/platform eliminating need for follow-ups

Operating systems, data analytics

Players like Jumbotail provide a retail OS that helps kiranas operate like modern convenience stores



Gross margin profile depends heavily on the category and brand mix

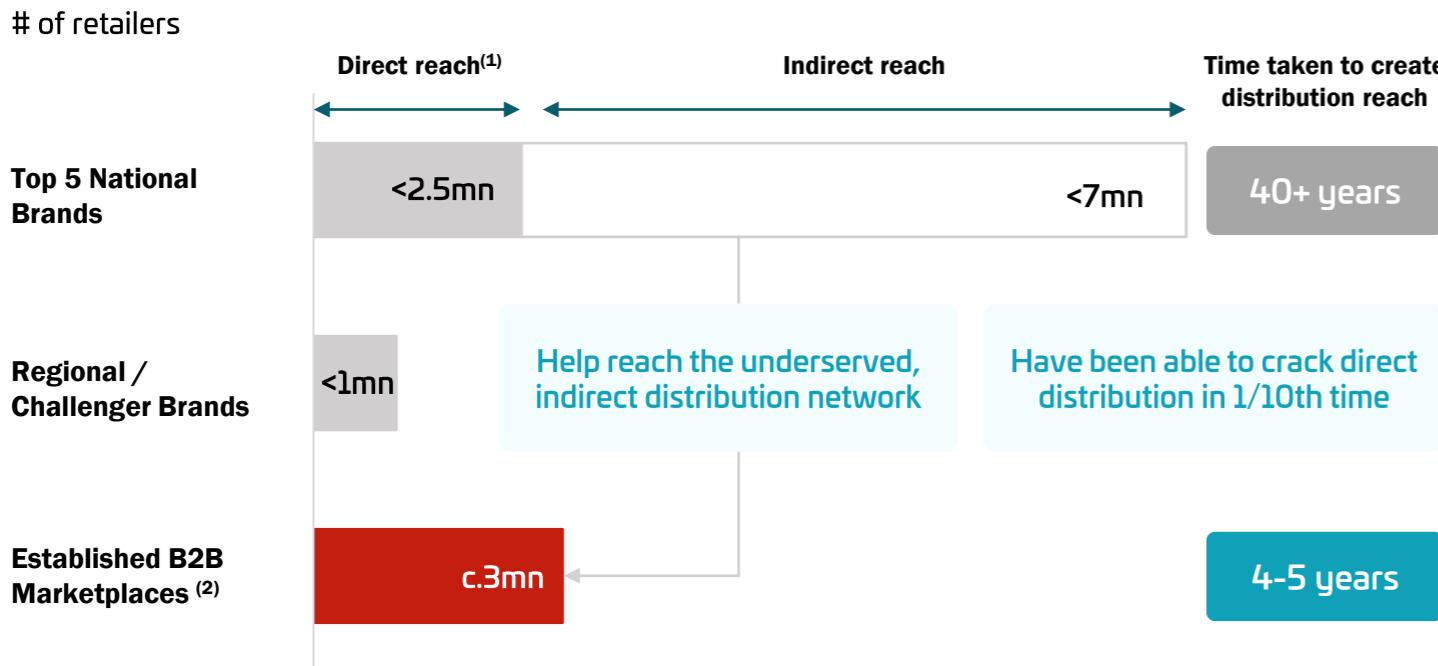
Initially, platforms procure from distributors/wholesalers also, however direct brand relationships drive GMV with scale

	National Brands	Regional/Challenger Brands	Private Label
	(Established players with high market shares, brand value, distribution networks)	(Brands restricted to a region or up & coming brands with better value propositions)	(Players launching their own brands in the market, generally at cheaper prices)
Staples			
FMCG			
Beauty Products			
Blended Margins (Current)	4-6% Majority of the players deal with national brands (70-80%) due to immense demand, putting constraints on the margins	7-10% Challenger brands actively engage for the larger distribution reach and offer higher distributor margins	10-15% Nascent play in private label products that promise to deliver good quality at reasonable price point with significant margin potential

Superior direct distribution reach for B2B marketplaces

Creating data rich access to a wider base of end retailers for brands to drive actionable insights

Platforms have created wider access to retailers in a relatively shorter period of time



! **18-27%** Direct distribution for top 10 national brands

✓ Huge whitespace since national brands have not effectively reached smaller retailers, retailers in remote areas and beyond Tier 1 cities

Solving for much more than just distribution reach

✓ Data analytics & insights

- ▶ Product feedback, data intelligence across categories & brands helping brands get an overall view of diverse consumption patterns across India

✓ Targeted marketing campaigns

- ▶ Arming brands with granular level data empowering them to run targeted custom marketing campaigns

✓ Demand predictability & planning

- ▶ Dashboards for analytics help understanding market trends resulting in better demand predictability and inventory planning

✓ Targeted, faster product scalability

- ▶ Easier to scale faster for challenger brands by plugging into platform distribution network and run pilot projects

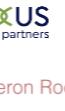
Key challenges to be addressed in the segment

Risk Intensity Indicative Scale High  Low

 Capital efficiency	High capital requirements in the early stages	<ul style="list-style-type: none"> ▶ Heavy investment in acquiring retailers; risk of retailer churn ▶ Margin pressure in the initial stages due to sourcing from intermediaries and category mix tilted towards low margin categories
 Conflict with large brands	Brands safeguarding interests of distribution network	<ul style="list-style-type: none"> ▶ Distribution network built over years is one of the key factors contributing to superior market position ▶ Brands are wary of B2B players hurting the distributors by undercutting prices
 B2C ecosystems launching B2B verticals	B2C infrastructure is inadequate to serve B2B distribution	<ul style="list-style-type: none"> ▶ B2B operations require different optimization vs B2C (shipment sizes, volume, fulfilment infrastructure) ▶ B2C platforms have traditionally invested heavily in e-com last-mile infrastructure, B2B mid-mile logistics yet to see that degree of investment
 Brands launching own platforms	Attempts by established brands to increase retailer engagement	<ul style="list-style-type: none"> ▶ Attempt to increase the direct distribution reach and circumvent B2B marketplaces ▶ Limited pull for retailers as one-stop proposition with wider assortment more attractive

Key B2B marketplaces in India (1/2)

Kirana-focused

	 udaan (2016)	 elasticrun (2016)	 Jumbotail (2015)	 SOLV growth simplified (2016)	 ShopKirana Empowering Retailers (2015)	
Description	B2B platform catering to small retailers across categories like food & FMCG, home & kitchen appliances, electronics & appliances etc.	Enabling Kirana commerce by providing direct access of goods from brands to rural merchants	Online full stack marketplace for kiranas to source FMCG & Staples aiming to transform them into branded omnichannel convenience stores	Marketplace for MSMEs across categories including FMCG, apparel, footwear, consumer electronics	B2B platform for procurement of inventory connecting small retailers with FMCG brands	
Key Metrics	<ul style="list-style-type: none"> ▶ Presence: 900+ cities, ▶ Brands: 2.5k+ ▶ Sellers: 25k+ ▶ SKUs: 500k+ ▶ Registered users: 3mn+ 	<ul style="list-style-type: none"> ▶ Presence: 26 states ▶ Brands: 400+ ▶ Villages reached: 80k+ ▶ Customers: 500k+ 	<ul style="list-style-type: none"> ▶ Presence: 50+ cities (Tier 1/2) ▶ Kirana Store Network: 250k+ ▶ Brands: 2k+ ▶ Products: 25k+ ▶ Own brand penetration: c.30% 	<ul style="list-style-type: none"> ▶ Partner MSMEs: 300k+ ▶ Presence: 400+ cities ▶ Categories: 6 ▶ Orders delivered: 3mn+ 	<ul style="list-style-type: none"> ▶ Presence: 30 cities ▶ Stores: 100k+ ▶ Brands: 350+ 	
Total funding (\$mn)	1,190	430	125	80	58	
Investors	    	    	   		 	    
Key differentiators	<ul style="list-style-type: none"> ▶ Horizontal platform providing integrated procurement, financing and logistics solution to retailers 	<ul style="list-style-type: none"> ▶ Leveraging highly variable and cost-efficient distribution network to reach rural India 	<ul style="list-style-type: none"> ▶ c.100% orders placed digitally by retailers via app, without FoS ▶ Offers wide SKU assortment, no MOQ, reliable next day delivery ▶ Enables kirana transformation (J24) with retail OS 	<ul style="list-style-type: none"> ▶ Instant & seamless invoice financing for buyers via 'Solv Atom' ▶ 100% asset-light model with focus on FMCG, readymade apparel, footwear & accessories etc. 	<ul style="list-style-type: none"> ▶ Providing GTM platform for brands while serving the need for kirana shop owners 	

Key B2B marketplaces in India (2/2)

Kirana-focused

(Year founded)	 STOREKING® The Voice of Digital India (2012)	 Apnaklub (2020)	 VILCART BRIDGE TO RURAL KIRANA (2017)	 RIPPLR (2016)	 LYNK (2015)
Description	Leveraging distribution, marketing, payments & technology capabilities to connect brands & rural kiranas	Platform connecting retailers / wholesalers with FMCG brands in tier II / III cities	Tech-enabled rural economy focused platform connecting FPOs, brands, rural MSMEs with kirana stores	Tech-enabled distribution and logistics platform focused on FMCG companies	Platform connecting FMCG manufacturers / brands to kirana stores by replacing traditional distributors of the brands
Key Metrics	<ul style="list-style-type: none"> ▶ Presence: 9+ states (4k+ pin codes) ▶ Stores: 20k+ (1.5mn+ footfall) ▶ Daily transactions: 30k+ ▶ Warehouses: 8 	<ul style="list-style-type: none"> ▶ Presence: 2k+ pin codes ▶ Products: 300+ 	<ul style="list-style-type: none"> ▶ Retail stores: 85k+ ▶ Presence: 30k villages ▶ Categories: 12+ 	<ul style="list-style-type: none"> ▶ Presence: 18+ cities ▶ Retail stores: 65k+ ▶ Brands: 25+ ▶ Warehouses: 22 ▶ Orders processed: 171k+ p.m. 	<ul style="list-style-type: none"> ▶ Presence: 8 cities ▶ Store Network: 100k+ ▶ Items sold: 30mn p.m. ▶ Orders: 250k p.m. ▶ Brands: 20+
Total funding (\$mn)	38	21	21	16	13
Investors	  	    		    	
Key differentiators	<ul style="list-style-type: none"> ▶ Creating complete ecosystem for rural kiranas across purchase enablement, financing, billing and loyalty programs 	<ul style="list-style-type: none"> ▶ Establishing alternate demand channel for FMCG brands by allowing micro-entrepreneurs aggregate neighborhood demand 	<ul style="list-style-type: none"> ▶ Provides rural kirana stores easy door-step access to inventory, logistics and financing 	<ul style="list-style-type: none"> ▶ Plug and play model solving for distribution and supply chain information asymmetry 	<ul style="list-style-type: none"> ▶ Brand first GTM with negligible retailer CAC ▶ Tech enabled warehouses leading to lower opex and higher fill rates

6: **Other Interesting B2B Marketplaces**



Other interesting B2B marketplaces (1/4)

IndiaMART

Classifieds platforms enable easy vendor / customer discovery

Benefits

- ▶ Wide product range
- ▶ Quick quotations / price discovery
- ▶ Easy discovery with multi-lingual search
- ▶ Access to a large pool of suppliers
- ▶ Strong after - sales support



Buyers

- Match-making
- CRM managers
- Verification



Sellers

Benefits

- ▶ Product catalogue listing and increased visibility
- ▶ Lead generation & management
- ▶ VAS services like web storefront, accounting & business enablement (SaaS)

IndiaMart is the largest B2B classifieds player in India with the largest network of buyers and sellers across its platform



- ✓ Nationwide sales and service coverage with reach to 1,000+ cities and 60% + market share in B2B classifieds
- ✓ End-to-end value chain discovery from raw materials, to components and final products

- ✓ Strong brand & network effects with c.100% organic search, 53% repeat buyers and fast-growing buyer (30%⁽¹⁾ CAGR) and supplier base (17%⁽¹⁾ CAGR)
- ✓ Commerce & business enablement like accounting, logistics support, receivables discounting services for small businesses

\$111mn

LTM revenues
from operations



165mn

Registered buyers diversified
across tier 1/2 cities



90mn

Listed products
across 56 Industries



7.4mn

India supplier
storefronts



\$618

Annualized Revenue
per paying subscriber

Global classifieds players

1688 搭工厂
ecplaza

THOMAS
A Xometry Company

DHgate.com

Made-in-China™
Connecting Buyers with Chinese Suppliers

58 同城

KINNEK

global sources

WORLDTRADE
Connecting Businesses Globally

Other Indian classifieds players

trade
india.

FF
FIBRE2FASHION.COM

ExportersIndia.com
LARGEST SEARCHABLE B2B MARKETPLACE

go4WorldBusiness
find - connect - trade

JimTrade

Other interesting B2B marketplaces (2/4)

Arzooo and Reshamandi



Retail tech platform digitizing consumer durables' value chain with tech led procurement, financing, and digital storefronts for retailers

\$70bn⁽¹⁾
Consumer Electronics & Durables Market

Retail Channel Split

68%	20%	12%
Small Retailers	Retail Giants	Online players

Value Proposition

- Access to wide range of SKUs with competitive pricing, offers & discounts
- Provides digital cataloguing solutions for retailers solving problem of display shelf space and inventory stocking constraints
- Access to working capital finance in partnership with large banks
- Building an asset light last mile supply chain network for small retailers (Arzooo Express) with a coverage of 17,000+ pin codes across India
- Building a unified brand identity (GoStor) for attracting online consumers via digital storefronts for retailers



Farm-to-retail digital ecosystem, digitizing the natural fiber supply chain with tech interventions

\$47bn+
Total Market

\$36bn
Cotton

\$7bn
Silk

\$2bn
Jute

\$2bn
Wool

- Enables scientific farming practices with smart farming using ReshaSaathi IoT devices for rearing shed and mulberry farming for farmers
- Ensuring high grade input sourcing from trusted chakki centers via AI led disease detection tools
- Provides access to scientifically graded high-quality cocoons to reelers
- Access to scientifically graded, quality assured yarn at competitive prices to weavers and cataloguing solutions for fabrics
- Provides retailers with better market linkages, logistics support and access to a large network of weavers, fabric manufacturers

Key metrics

✓ **20,000+**
SKUs available

✓ **25,000+**
Retail stores network

✓ **22 states**
Indian presence

✓ **\$25mn**
Credit limits to retailers

✓ **95,000+**
Farm network

✓ **18,500+**
Retailers network

✓ **17,500+**
Fabric manufacturers

✓ **10,000+**
Yarn manufacturers

Funding

\$85mn (Last round of \$70mn in June 2022)

\$47mn (Last round of \$15mn in June 2022)

Investors



Other interesting B2B marketplaces (3/4)

Captain Fresh and Venwiz



B2B platform using technology in delivering the fastest harvest-to-retail in the seafood marketplace

Value Proposition

- ▶ Ensures full transparency in price, quality assurance and door-step delivery in a highly unorganized seafood supply chain
- ▶ Leverage data and analytics to enable dynamic route planning and optimization
- ▶ Seafood-focused supply chain digitized using IoT enabling first-in, first-out inventory management
- ▶ Controls the source to retailer supply chain through their cold-chain logistics



SaaS enabled marketplace for capex and industrial services procurement for enterprise manufacturing companies

- ▶ Streamlines the end-to-end capex lifecycle, from vendor discovery, procurement to final project execution
- ▶ Ensures swift, relevant and reliable job-to-vendor match for clients via its offering "Discovery Module" with easy search and comparison of vendors
- ▶ Offers other modular tools like e-RFX and milestone management for efficient capex management

Key metrics

✓ 50+
Collection centers

✓ 2,000+
Retailers

✓ 20+
Cities presence

✓ 11,000+
Vendors

✓ 40+
Categories

✓ 12
Enterprise clients

Funding

\$116mn (Last round of \$57mn in April 2022)

\$11mn (Last round of \$8mn in February 2023)

Investors



TIGERGLOBAL

Accel

matrix
PARTNERS

Accel

nexus
venture partners

TITAN
CAPITAL

Other interesting B2B marketplaces (4/4)

Recykal and Anar



Accelerating circularity & digitizing the recycling supply chain in India via a B2B marketplace

Value Proposition

- Runs a pan India marketplace empowering 3,000+ sellers (aggregators, kabadiwalas, collection centers) to connect with buyers in a formalized system
- Disintermediates the supply chain to provide better economics to buyers and sellers on the marketplace
- Works with brands (like Coca Cola, Unilever) as their sustainability partner (EPR obligations)
- Implemented a technology-enabled collection system (Deposit Refund System) to bring about consumer behavioral change and traceable collections



Networking platform connecting businesses across the value chain, from manufacturers, retailers, resellers

- Follows a discovery-first approach for B2B networking to provide greater discovery for buyers & suppliers
- Helps small scale businesses create digital identity and expand presence
- Provides easy search of verified vendors on the platform
- Provides an effective business marketing avenue for forging business connections and expanding reach

Key metrics

✓ 450k MT
Materials
channelized⁽¹⁾

✓ 1,050
Service providers
& Aggregators

✓ 325
Recyclers &
Processors

✓ 250+
Brands &
Corporates

✓ 1.1mn+
Registered
businesses

✓ 200k+
Manufacturers &
Wholesalers

✓ 4.1mn+
Products

✓ 400k+
Enquiries
per month

Funding

\$26mn (Last round of \$22mn in June 2022)

\$6.5mn (Last round of \$6mn in June 2021)

Investors

Morgan Stanley



7: **Conclusion & Summary**



Huge value-unlocking opportunity in B2B commerce

Key takeaways



Largest market opportunity on the cusp of disruption

- ▶ B2B opportunity in India is **c.\$2tn** (c.2x retail market) with **tech platform penetration of c.1%**
- ▶ **Supportive macro environment** driven by GoI's push to boost manufacturing and global supply chain de-risking
- ▶ Players are further tapping into **large export opportunity** expanding at a fast pace (9%: 5-year⁽¹⁾ Indian exports CAGR)



Potential for emergence of multiple \$bn+ outcomes

- ▶ **Vertical marketplaces to lead market creation** across segments capitalizing on unique category-specific differentiators
- ▶ B2B marketplaces continue to exhibit **non-linear growth in scale**; Leading players in the space have witnessed c.200% CAGR in GMV over the last 2 years



Platform value proposition extends beyond aggregation

- ▶ **High degree of product value add** required to create differentiation
- ▶ **Private label, factory digitization, marketing insights, R&D / technical support are key levers** to expand offerings to strengthen stickiness with partners



Sustainable unit economics important from early on

- ▶ Unlike B2C, **buyers are highly price-sensitive** & discounting is not a sustainable customer acquisition strategy
- ▶ Crucial to **stabilize margin structure** and **be capital efficient** early in the journey
- ▶ Most of the **category leaders** are already **demonstrating EBITDA profitability**



Platforms are increasingly evaluating acquisition route

- ▶ **Acquisitions** fueled with objective to expand reach, margin and capabilities
- ▶ **Category leaders** implementing both **forward and backward** supply chain **integration** to expand margin pool

High-quality B2B assets will continue to garner significant investor interest

Funding and M&A activity has picked up momentum in the last few years

01

Private markets have picked up momentum in the last 2 years



2/3rd

Of the total capital raised till date



5

Newly minted unicorns



6x

Increase in average round size

03

IPO activity will pick up in this space



Players are getting **IPO ready**



Reaching **desired scale** with **sustainable economics**



6 - 7 IPOs expected in the next 5 years



Attractive **market multiples** given higher scale and **better return profile**



Corporate governance paramount for successful outcome

02

Large consumer internet players and traditional incumbents looking to enter the segment



Profit pool expansion

Players are seeking to leverage scale economies to expand margins and increase overall bottom line



Increase in exit opportunities

B2B marketplaces especially small to mid-scale players will attract more focus from strategic play perspective

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