



Annexure A

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

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INDUSTRY OVERVIEW

1. Macroeconomic view

1.1. Global economies have shown robust recovery post the COVID pandemic, with the global GDP at approximately US\$ 100 trillion. Emerging markets such as India, Southeast Asia ("SEA")¹ and the Middle East² have shown rapid growth and digitization

The COVID-19 pandemic had caused widespread disruptions to global economies, but recovery thereafter has been strong. According to the International Monetary Fund ("IMF"), the world's Gross Domestic Product ("GDP") was estimated to be approximately US\$ 105 trillion in 2023, making India the fifth-largest economy in the world in terms of nominal GDP (as of April 2024). The IMF projects that the global GDP will continue to grow at an annual rate of nearly 5% over the next five years, reaching approximately US\$ 140 trillion by 2029.

India, SEA and the Middle east are expected to experience faster growth, as compared to the developed economies such as the United States of America ("USA") and the United Kingdom ("UK"). India has a long-standing reputation as one of the fastest-growing economies, as per IMF (International Monetary Fund), and this trend is expected to continue in the calendar year 2024 and going forward. According to the IMF, the Indian nominal GDP is projected to grow at a rate of approximately 10% annually, reaching the US\$ 5.3 trillion mark by 2027. According to forecasts made by the IMF, India is projected to become the third-largest economy in the world by 2027.

According to the IMF's World Economic Outlook 2023, the GDP of SEA region is expected to grow at an annual rate of over 7% till 2027, driven by strong performance by economies of Indonesia, Philippines, and Vietnam, where the GDP growth is expected to be more than 8% annually till 2027. Similar trend can also be observed in the Middle East, with KSA and UAE being the major economic hubs and their growth expectations at approximately 5% till 2027.

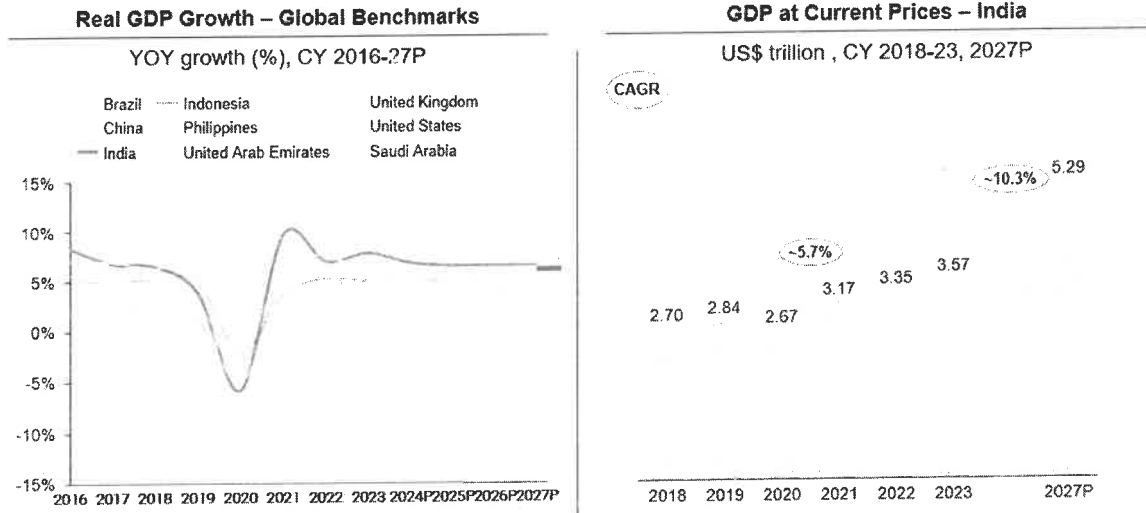
In conclusion, the global economy is back on the growth path after the pandemic and the trend is projected to be strong in the coming years. India and Southeast Asia, along with the Middle East, are emerging as bright spots with rapid growth and digitization.

¹ Southeast Asia ("SEA") includes Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam

² Middle East includes Kingdom of Saudi Arabia ("KSA"), United Arab Emirates ("UAE"), Oman, Kuwait, Qatar, Bahrain, Iraq, Syria, Jordan, Lebanon, and Yemen



Fig 1.



Source(s): International Monetary Fund

Note(s): RHS: GDP at Current Prices – India, represents the nominal GDP of India Updated GDP estimates as per IMF for 2021 and 2022

1.2. A primary driver of global economic growth is the rise in private consumption.

Private consumption is a significant contributor to the world's economic growth. In 2022, the global Private Final Consumption Expenditure³ (“PFCE”) was approximately US\$ 56 trillion. The annual growth of global PFCE was 4% between 2016 and 2022. Among the global economies, India and key economies across SEA and the Middle East have seen high growth in private consumption, outpacing the global PFCE growth.

In India, as per the IMF, the PFCE was approximately 60% of its GDP in 2023 and grew at an annual rate of approximately 6% between 2018 and 2023. India has room for further growth in private consumption, as its PFCE share in the GDP (60%) is still lower compared to that of a developed economy like the USA³ (68%), UK (62%), showing a headroom for growth. The Ministry of Statistics and Programme Implementation (MoSPI) projects that PFCE in FY2024 will reach approximately US\$ 2.2 trillion. The growth of private consumption is closely linked to the disposable income of the population. As the household disposable income increases, spending in various sectors such as retail, entertainment, healthcare, education, among others, is expected to grow.

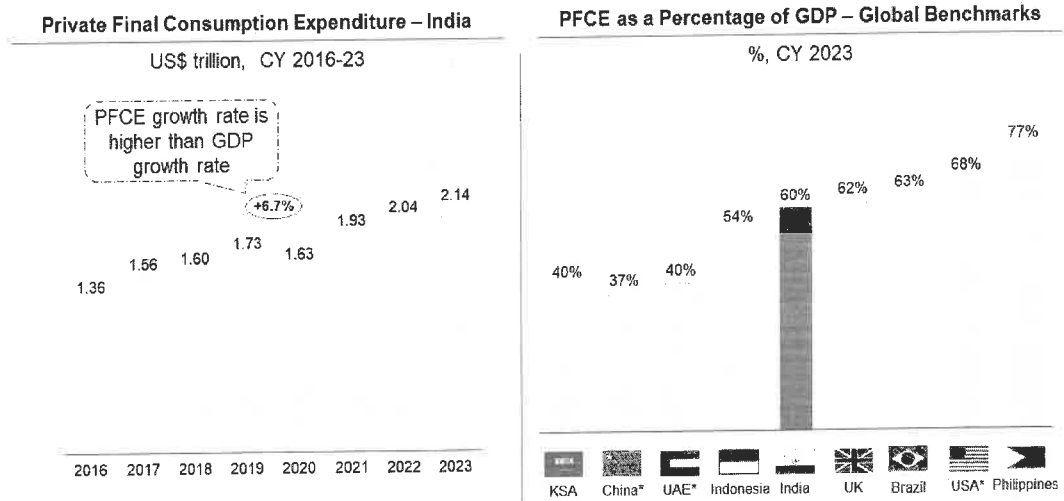
The World Economic Forum (“WEF”) predicts that India will be the third-largest consumer market in the world by 2030, driven by rapid GDP growth and a steady increase in PFCE's contribution. According to the RBI Consumer Confidence Survey dated June 2024, household opinions about current and future income and spending levels were positive. This bodes well for the retail sector in India, as consumers are likely to increase their spending across various retail categories.

Similarly, prominent bright spots exist in SEA and Middle East. PFCE growth rates in each of Indonesia, Malaysia, Philippines, and KSA, have grown more than 4% annually between 2017 and 2023.

³ Data represented for 2022 in absence of latest available numbers for 2023 at the time of publishing the report



Fig.2



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Note(s):

* USA, China - Data represented for 2022 in the absence of the latest available numbers for 2023 at the time of publishing the report

* UAE - Data represented for 2020 in the absence of the latest available numbers at the time of publishing the report

Source(s): IMF, World Bank

2. Retail markets overview

- 2.1. Retail market accounts for a major part of the PFCE globally (approximately 52% in 2022) and is a primary driver of private consumption. India's retail market and PFCE trends are similar. The retail market is large and fast growing, with projections indicating it will reach approximately US\$ 1.3-1.4 trillion by 2027⁴.

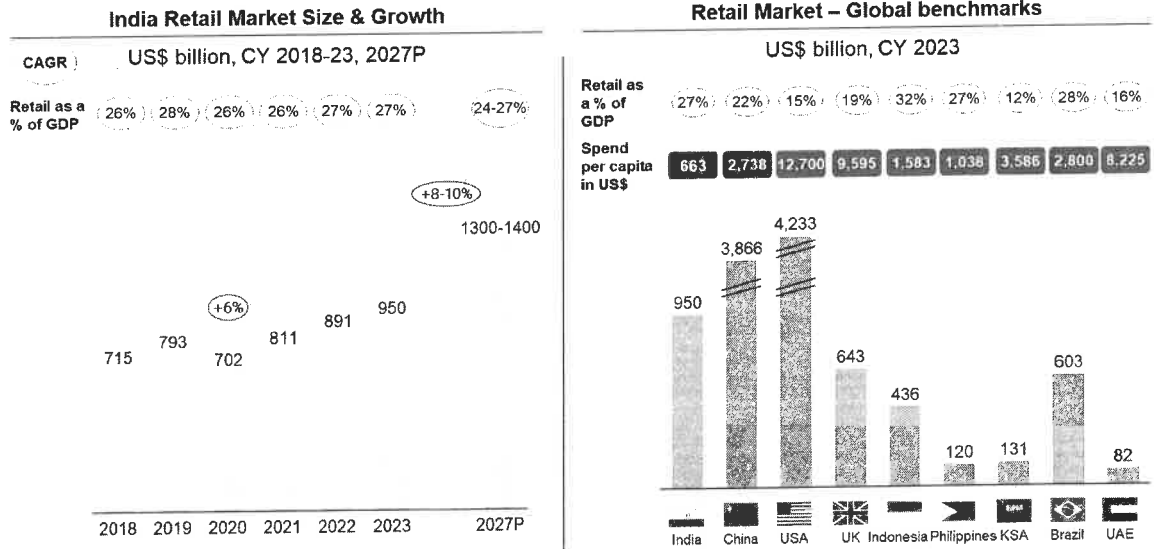
In 2023, global retail consumption was estimated to be approximately US\$ 30 trillion, growing at an annual rate of 4% from 2018 to 2023. The market is expected to continue its growth trajectory, projected to reach US\$ 37 trillion by 2027, representing approximately 29% of the global GDP.

In India, the retail market is expected to grow at a rate between 8-10% annually between 2023 and 2027 and is projected to reach between US\$ 1.3 and 1.4 trillion by 2027. This growth rate is in line with the growth in PFCE and the GDP. Despite the high growth, there is still a significant headroom for expansion, as retail spending per capita in India is low compared to developed economies such as the USA, UK, and China. The retail spending per capita in China is more than 4 times that of India, and in the USA, it is more than 20 times that of India. Retail markets in other major economies in SEA and the Middle East also have similar growth opportunities, with retail spending per capita in Indonesia and the KSA, for example, being only 12% and 28% of the USA, respectively.

⁴ This is based on latest revised Redseer estimates



Fig 3.



Source(s): Redseer research and analysis

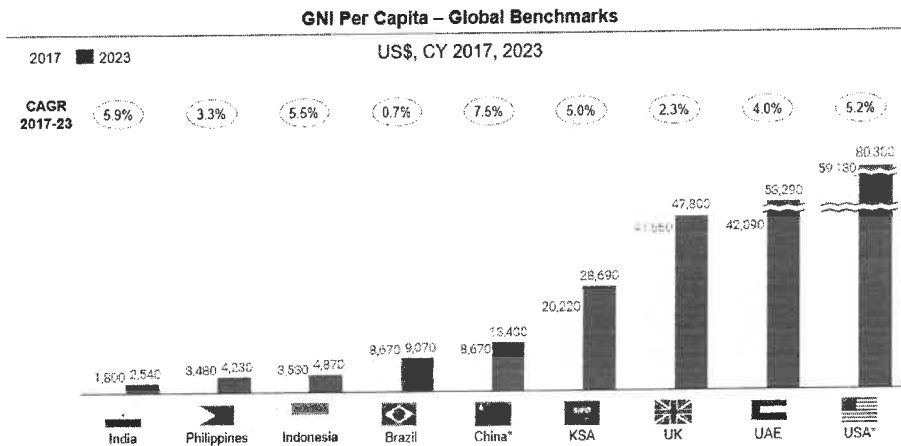
2.2. There are several tailwinds that drive increasing retail spends in India, including increasing disposable income, a young population, migration to urban centres, and resultant nuclearization.

2.2.1. **Income levels have increased with the Indian economy doing well, directly influencing retail spending.**

The growth of Indian economy has led to a rise in income levels, which has a direct impact on retail spending. Gross National Income (“GNI”) is a measure of the total income earned by businesses and individuals in a country and serves as a useful proxy for prosperity. GNI per capita has a strong correlation with retail spending.

According to the World Bank, India's GNI per capita, as of 2023, US\$ 2,540, is lower than that of major benchmark economies like the USA and the UK. However, it has grown faster than most of these benchmarks, indicating that there is still substantial room for growth in the retail market.

Fig 4.



Source(s): World Bank

2.2.2. **The rising income levels have led to upward mobility across income classes in India, driving spends on organized retail**

The upward mobility across income classes in India is likely to drive an increase in spending on more organized retail formats. High-income households⁵, which are among the primary target consumers for organized retail, are projected to grow at a rate of over 9% annually till 2027. Additionally, the number of middle-income households⁶ in India, which accounted for 51% (173 million) of the total households in 2023, is expected to rise to 55% (199 million) by 2027.

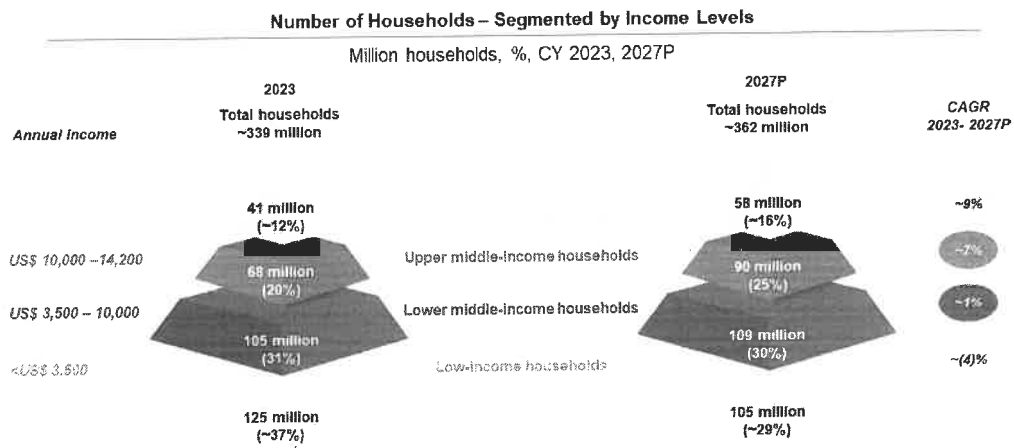
These households are considered aspirational, and their per capita consumption expenditure is more than three times that of low-income households⁷. Their consumption patterns tend to be skewed towards branded products and organized channels, making them the key drivers of private consumption. By 2027, these household groups are projected to drive more than 85%-90% of all private consumption expenditure in India, presenting huge growth opportunities for the organised retail sector.

Fig 5.

⁵ Households with income more than US\$ 14200

⁶ Households with income between US\$ 3500 and US\$ 14200

⁷ Households with income less than US\$ 3500



Source(s): Redseer research and analysis

2.2.3. Urbanization has been a consistent driver of growth in India for the past few decades and is correlated with higher incomes.

According to the World Bank, India has the world's second-largest urban population⁸, numbering approximately 520 million in 2023, according to the World Bank. Urbanization plays a critical role in India's economic growth as urban areas drive consumption, due to their higher concentration of high-income individuals. The higher demand in urban cities leads to more abundant and diverse supply of goods and services.

Over the past 13 years, the urban population has grown at a rate which is approximately five times that of the rural areas, indicating significant migration from rural to urban areas. The migration trend is expected to continue due to the presence of better educational institutions, healthcare facilities, and employment opportunities in urban areas, driven by the establishment of the industrial and service sectors. In India, urbanisation is being fuelled by the younger generation migrating from joint families across the country to form nuclear families in major cities. As a result, the average household size has declined from 4.4 people in 2018 to 4.2 in 2023, leading to an increase of over 27 million nuclear households during this period.

According to World Bank estimates⁷ 36% of India's population lived in urban areas in 2023, compared to 83% in the US and 57% globally. NITI Aayog predicts that India's urban share of population will reach 50% by 2050, highlighting the long-term trend of urbanization and its impact on economic growth and private consumption.

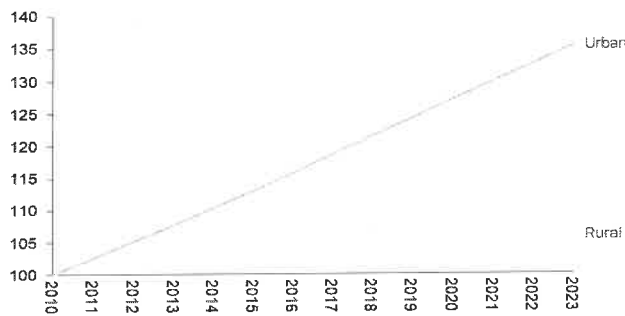
Fig 6.

⁸ Urban Population refers to people living in urban areas as defined by the national census or statistical offices.



Annual Population Growth in India – Urban vs Rural

2010-23, 2010 indexed to 100



Source(s): MoSPI, World Bank

2.2.4. **Migration to urban areas has resulted in nuclearization, creating more households for retail businesses to serve.**

India is experiencing a gradual shift towards nuclear families, driven by urban migration for better employment opportunities, wherein people typically move from joint families to nuclear families. Between 2011 and 2023, the number of households in India increased by approximately 90 million, and this trend is expected to continue, with an estimated 23 million additional households projected by 2027. As a result, consumer-driven businesses have a larger pool of households to target, which directly affects their volumes.

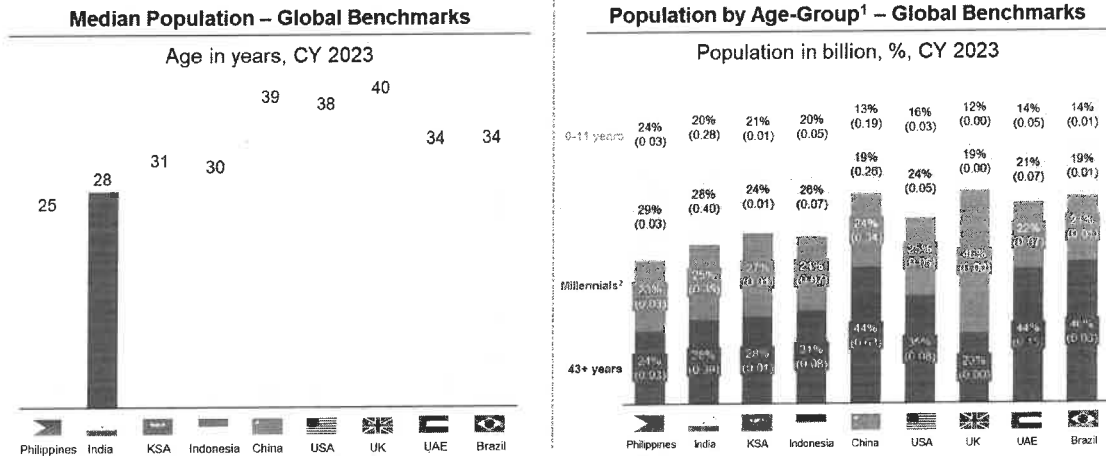
Further, young, aspirational population, living away from their families, exercise more freedom in experimenting with new brands and products. This benefits the new-age businesses in providing differentiated value propositions that appeal to the needs and preferences of these younger consumers. Additionally, the decision-making of these young, urban populations influences their families in smaller towns, leading to a trickle-down effect and easier propagation of such value propositions.

2.2.5. **India's young population will continue to support the growth of the Indian economy for coming decades.**

With a median age of 28, as estimated by the United Nations Population Division (2023), India is one of the youngest nations in the world, compared to a median age of 39 in China and that of 38 in the USA.

In 2023, India had the largest millennial and Generation Z population globally, numbering approximately 750 million individuals. This cohort makes up approximately 53% of India's population, a higher proportion than in other larger economies. This highlights India's consumption tailwinds. These generations are expected to be more brand-aware and informed, as compared to previous generations of Indian consumers. Hence, they form a substantial consumption pool and are likely to spend more than previous generations. With their exposure to media and technology, they are naturally inclined to adopt new trends, thereby providing opportunities for branded products, organized retail, and eCommerce.

Fig.7.

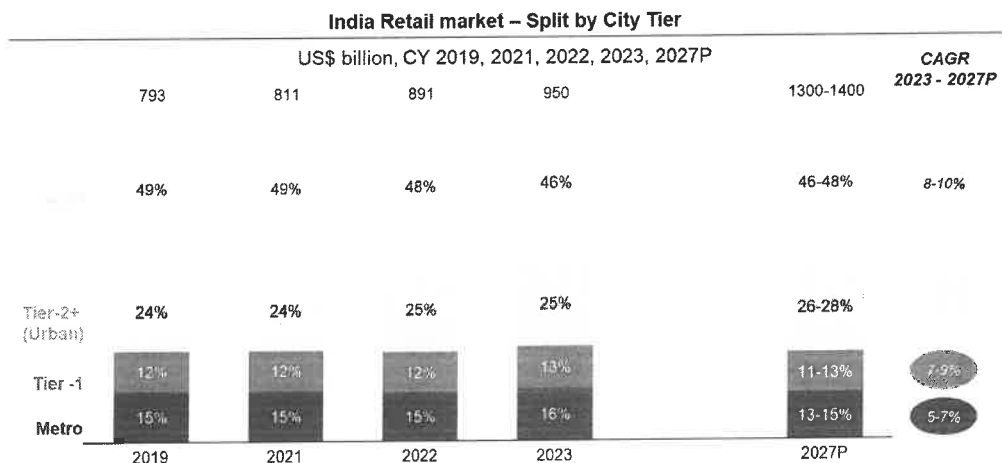


Note(s): 1. Medium Variant has been used for the calculations 2. Anyone between the age group 28-43 years refers to millennial 3. Anyone between the age group 12-27 refers to Generation Z.
Source(s): United Nations, World Population Prospectus

2.2.6. **Non-metro areas are also experiencing high growth in retail due to trickle-down effects and secular migration into urban areas across city tiers.**

Urbanization, nuclearization and trickle-down effects are contributing to the growth of retail in tier 1 and tier 2+ cities in India. As prosperity and consumption trends in metro cities spread to non-metro cities, retail growth in these regions is outpacing that of metros. Consumers in these cities are also influenced by latest trends and consumption patterns due to significant exposure of mass media and the internet, leading to similar lifestyle aspirations developing among non-metro and non-urban population. The development of the ecosystem for distribution, labour, real estate, capital, and entrepreneurship that support the growth of retail in non-metro cities is playing a major role. This is driving demand and consumption, thereby making non-metro cities attractive in terms of growth opportunities for the retail and eCommerce industry.

Fig 8.



Source(s): Redseer research and analysis



3. Proliferation of eCommerce

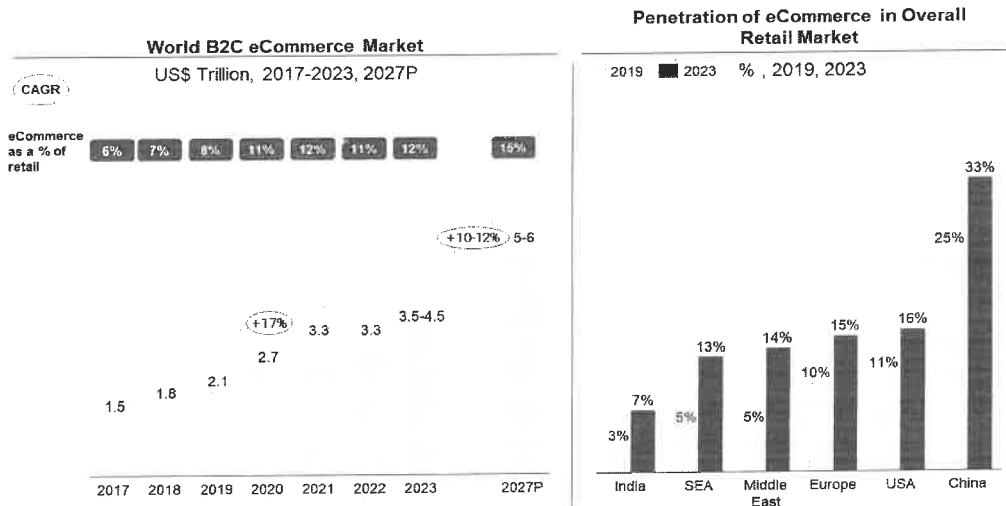
3.1. The retail sector is rapidly digitizing around the world, with eCommerce sales accounting for 12% of all global retail sales as of 2023⁹. India's retail and eCommerce sectors, along with that in economies such as SEA and the Middle East, have grown significantly over the past decade and continue to hold significant growth potential in the future.

The retail sales over the online channel, where orders are generated from websites or mobile applications, across categories – electronics, fashion, beauty and personal care (“BPC”), home and living, grocery, amongst others is referred to as “eCommerce”.

As per ITA (International Trade Administration), the global eCommerce⁹ market reached between US\$ 3.5 – 4.5 trillion in 2023, accounting for 12% of all retail sales. China and the USA dominated the market, jointly accounting for approximately 53% of global eCommerce sales. eCommerce penetrations¹⁰ in China and the USA are 33% and 16%, respectively. In comparison, the eCommerce penetration in India (~7%), SEA (13%), and the Middle East (14%) was relatively lower. However, these regions have showed significant increase in eCommerce penetration over the last three years, more than doubling the initial figures.

The global eCommerce market is expected to grow at an annual rate of 10-12% between 2023 and 2027, reaching between US\$ 5 trillion and US\$ 6 trillion and accounting for approximately 15% of all retail sales. The larger eCommerce markets of China and the USA are projected to grow at an annual rate between 8% and 9%. Meanwhile, India, SEA, and the Middle East are expected to experience much higher growth rates of 23-26%, 16-18%, and 18-20% respectively, providing ample growth opportunities for eCommerce platforms, brands, and enablers in these regions.

Fig 9.



Note: Market size for Global B2C eCommerce Market has been revised based on latest estimates from International Trade Administration – USA Government

Source(s): International Trade Administration – USA Government, China Government, Redseer research and analysis

Along with eCommerce, Direct-to-Consumer (“D2C”)¹¹ sales are on the rise globally as more businesses move online and adopt omni-channel strategies. In major economies like the USA and China, D2C has made

⁹ Global eCommerce market has been updated as per revised estimates of the International Trade Administration – USA Government

¹⁰ eCommerce penetration is defined as the eCommerce market size as a proportion of the overall retail market size of a country/region

¹¹ Direct-to-Consumer (“D2C”) brands are defined as independent brands which are digital-first, have a brand.com, based out of India and derive more than 40% of the revenue from online sales channel basis financial disclosures in FY 2023. These brands may sell through other online and offline channels as well



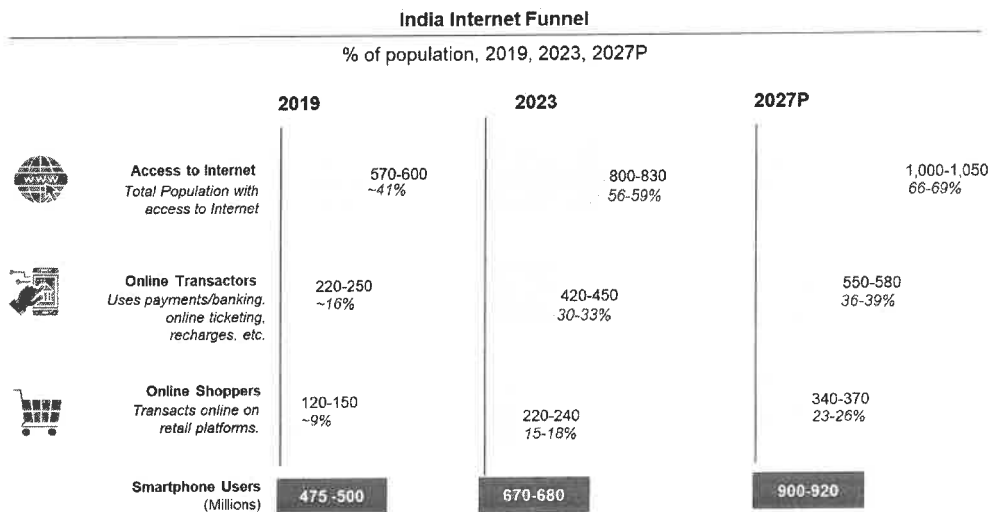
significant strides in recent years. In India, D2C has performed remarkably well, with D2C penetration of eCommerce at approximately 10-11% in 2023, in-line with the trends in larger economies. On the supply side, the growth of D2C brands is expected to be one of the core growth drivers of eCommerce in India.

The eCommerce market in India reached approximately US\$ 62 billion in 2023, accounting for approximately 7% of all retail sales. The Indian eCommerce industry is expected to experience significant growth in the coming years, with an estimated compound annual growth rate (“CAGR”) of approximately 23% to reach approximately US\$ 140 billion by 2027. The growth of eCommerce in India is driven by several demand side factors, including the growing internet user base, increasing participation of lower-tier cities, diversification of product categories, and changing consumer behaviour.

3.2. India is projected to have approximately 350 million online shoppers by 2027.

This is driven by the fact that India has one of the lowest internet data prices (approximately US\$ 0.12/ gigabyte of data) in the world. This has led to a significant increase in internet users, with more than 40% growth over the last four years due to the advent of a major entrant in the telecom market and significant restructuring of data plan prices. Additionally, India's population is highly inclined to adopt digital solutions, with approximately 30% of internet users shopping online in 2023.

Fig 10.



Source(s): Redseer research and analysis

3.3. eCommerce penetration in tier-2+ is low. As it catches up, it will be a significant growth driver.

Despite representing more than 70% of the retail market in India, tier-2+ cities continue to have low eCommerce penetration. However, with the rising internet accessibility and a growing GNI per capita, it is expected to increase in the coming years. Brands are catering to tier-2+ customers through customised solutions and marketing messages. The route to market is simplified due to presence of third-party logistics players. The consumers in tier-2+ cities are increasingly exposed to eCommerce through digital channels like search, social media, shortform videos, global content, etc. With presence of cash on delivery (“COD”) options and other payment solutions, there is increasing trust in online transactions. Further, brands have developed customised websites, mobile applications, and complaint redressal systems in vernacular languages. These measures have significantly boosted eCommerce penetration in tier-2+ cities.

The Government of India is actively driving interventions that will accelerate usage of eCommerce in such cities, with one notable initiative being the Open Network for Digital Commerce (“ONDC”). This innovative eCommerce solution connects consumers, sellers, and fulfilment partners in a network-centric model, reducing barriers to entry for new players, particularly local retailers, and providing customers with a wider

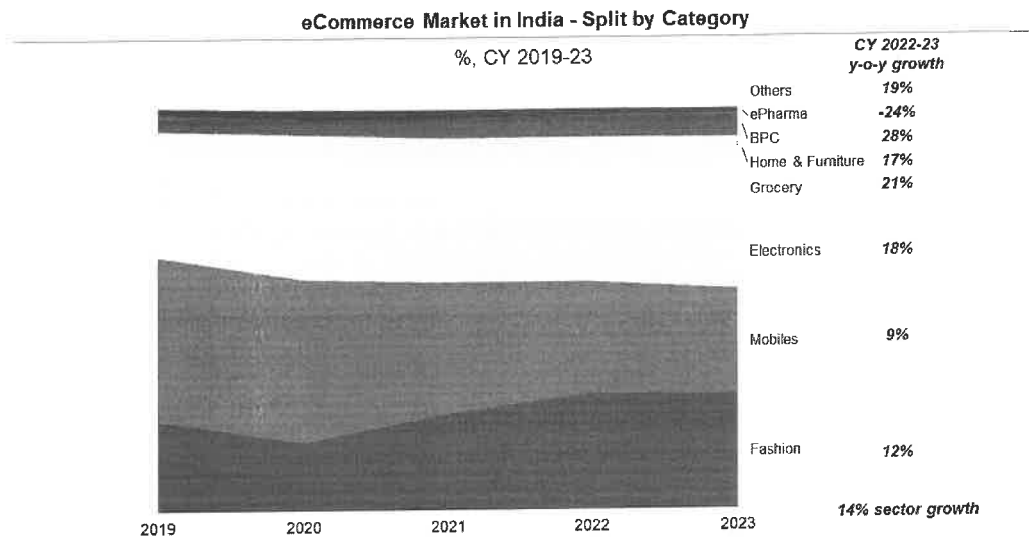


range of choices. This is expected to drive the penetration of eCommerce significantly.

3.4. *As more people join the internet, the diversity of product categories and the emergence of new micro-categories offered through eCommerce is increasing.*

The growth of eCommerce in India has been exponential in recent years. The proliferation of internet access in India has given rise to a new generation of consumers who demand more choice and convenience. This is reflected in the growing number of transactions being made online across a broader range of product categories. In the past few years, the product mix of eCommerce has undergone a transformation, from being over-indexed on electronics and fashion to including sizable contributions of categories such as BPC, home and living, and grocery. Within each category, consumers are seeking products for specific use-cases as opposed to generic ones. For instance, demand for natural ingredient products which target specific skin problems has risen significantly, within the broader BPC category. This is especially proliferated by D2C brands as they have sharper category focus, quicker feedback for customers, and faster routes to market. As these categories continue to grow and mature, it is expected that the eCommerce market will continue to thrive and allow large-scale incubation of new brands.

Fig 11.



Note: Others include Books and general merchandise, Food & Nutrition, Baby Care, Sports & Fitness etc
 Source(s): Redseer research and analysis

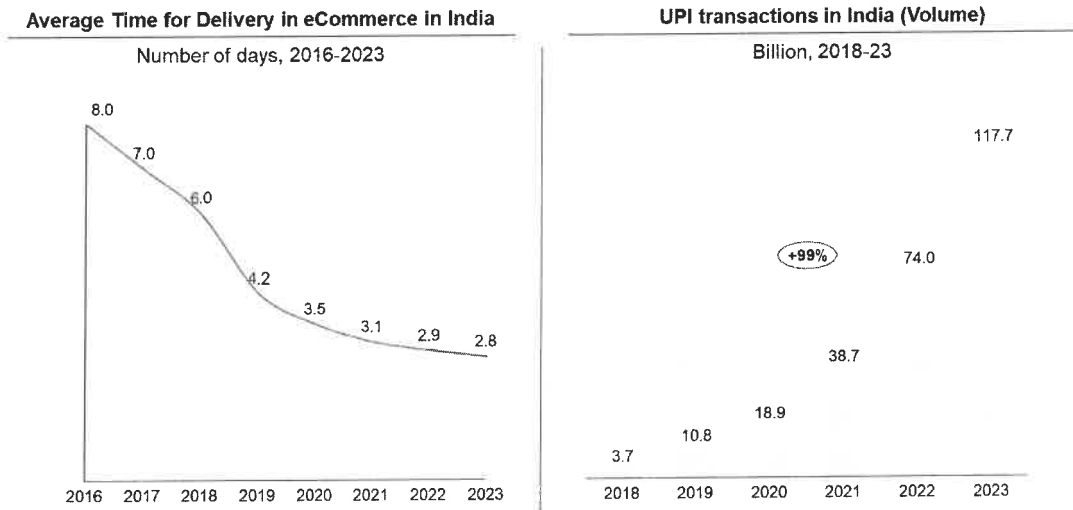
3.5. *The rapid expansion of varied ecommerce categories coupled with reducing delivery timelines is an indicator of demand for convenience in India.*

In India, the delivery time for eCommerce purchases has dramatically reduced over the past few years, going from an average of 8 days in 2016 to less than 3 days in 2023. This improvement can be attributed to, amongst other factors, the rising popularity of fast-moving consumer goods purchases, quick commerce, technical advancements in route and inventory management and increasing usage and penetration of warehousing services. Additionally, the adoption of digital payments in eCommerce has also seen a significant increase. In 2022, more than 45% of all payments in India were made through digital means, including cards, internet banking, Unified Payment Interface (“UPI”), cash on delivery (“COD”), and emerging solutions such as buy now pay later (“BNPL”). With UPI as a popular preference, as per RBI, the share of UPI in digital payments has reached close to 80% in 2023.

This growing trend towards convenience and digitization is driving a shift from unorganized to organized retail, especially to eCommerce. As consumers seek faster and more efficient ways to make purchases, the demand for eCommerce is projected to be robust in India.



Fig 12.

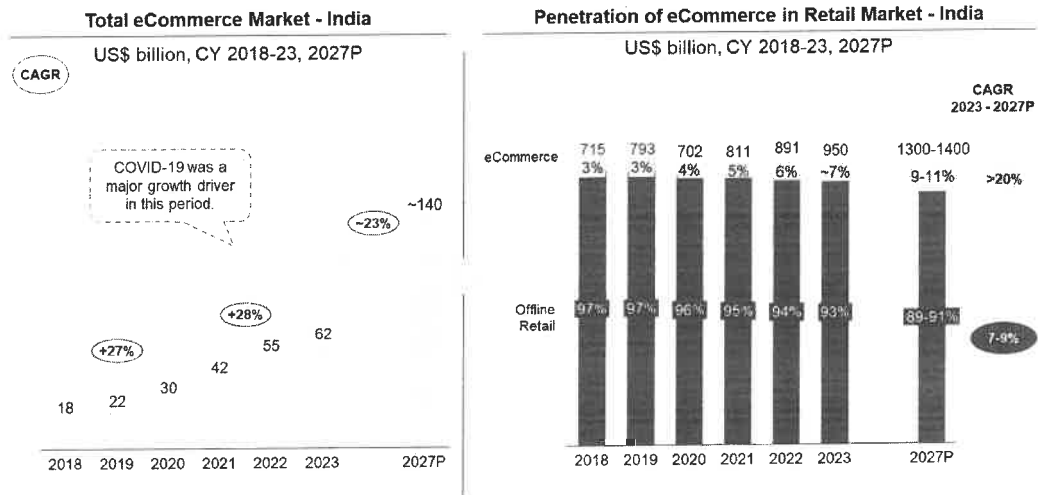


Source(s): Redseer research and analysis

The eCommerce market in India has experienced significant growth in recent years, driven by the factors discussed above, among many others. The eCommerce industry in India grew at over 25% annually from 2020 to 2023. The growth was slightly subdued in FY 2023 and FY 2024 due to higher inflation, which prompted a slowdown in retail consumption. As inflation eases out and economic recovery accelerates, several factors will likely contribute to a rising demand for e-commerce in India. These include increased digital literacy, broader internet access, and the expansion of logistics infrastructure. The industry growth is expected to grow back to normalised levels in the medium to long term. Hence, the eCommerce market is estimated to reach US\$ 140 billion by 2027, at approximately 23% annually between 2023 and 2027. With the world rapidly digitizing, many brands and retailers are turning to eCommerce channels to expand their reach among the increasing number of online shoppers. However, there are certain sets of consumers or certain product categories where offline channels are important. This is due to trust deficit, need for product experience (touch and feel), habit, amongst other factors. To solve for that, brands are increasingly adopting omnichannel (sales across offline and online channels). This shift towards eCommerce and omnichannel approach has made supply chain and operations management more complex for businesses.

To accommodate this growth and maintain operational efficiency, it is imperative for retailers to implement technology business enablers that streamline supply chain processes and simplify business operations. These enablers play crucial roles in ensuring the smooth functioning of eCommerce, and their use is increasingly needed as the industry continues to grow and evolve.

Fig 13.



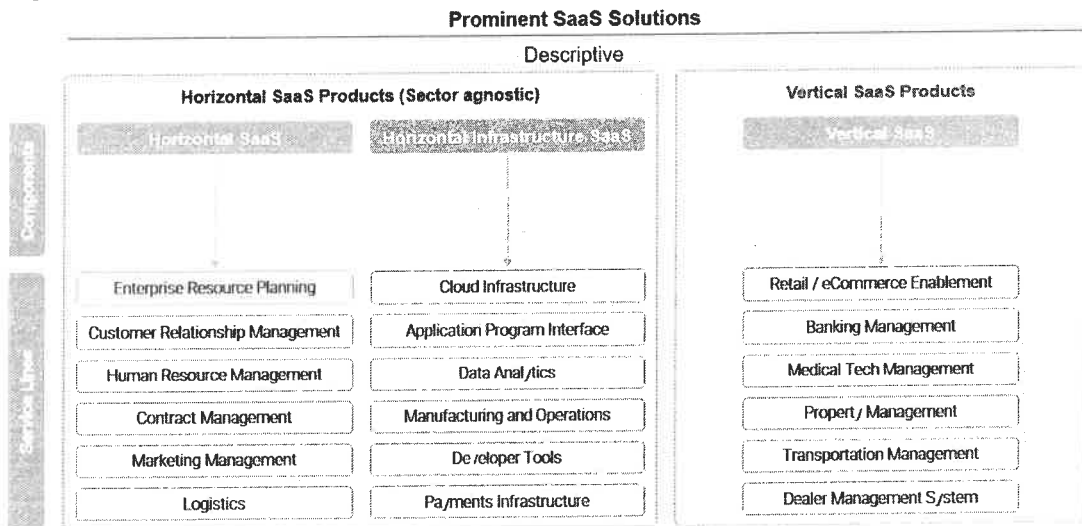
Source(s): Redseer research and analysis

4. Rapid Emergence of Software as a Service (“SaaS”) and Opportunities in Retail SaaS

SaaS products are quickly gaining popularity and are projected to be a more than US\$ 550 billion market globally by 2027.

SaaS, or Software-as-a-Service, refers to cloud-based software products that are owned, operated, and maintained by one or more service providers, typically remotely. End-users typically subscribe to these software products on a subscription-based or usage-based pricing model for a pre-defined period of time. Below is a representation of select popular SaaS products.

Fig 14.



Note(s): The above representation is illustrative and non-exhaustive

4.1. Global SaaS Market & Growth Drivers

In 2023, the global SaaS market was between US\$ 270 billion and US\$ 280 billion and is projected to reach approximately US\$ 550 billion at an annual growth rate of approximately 18% till 2027. The market is led by the USA, which accounts for over 45% of the market and is projected to grow 18% annually until 2027.



In India and SEA, the SaaS market is still nascent but is expected to grow rapidly. In FY2023, the SaaS markets in India and SEA were both approximately US\$ 12 billion. They are projected to grow at rates of 33% and 14% annually, reaching approximately US\$ 38 billion and US\$ 20 billion by 2027, respectively.

SaaS is globally becoming increasingly popular over traditional software due to the following reasons:

Table 2. Benefits of SaaS products over traditional software

Parameters	Traditional Software	SaaS
Multi-device accessibility	<ul style="list-style-type: none"> Traditional software must be installed on device and the user cannot access the software using other devices where the software is not installed. 	<ul style="list-style-type: none"> SaaS products are hosted on the cloud and can be accessed by any device with internet connection and necessary permissions, enabling easy remote access (in case of working from home or travelling).
Cost effectiveness	<ul style="list-style-type: none"> Operating traditional software is capex heavy as the server and other hardware are typically installed on premises. The software also is typically licensed for the life cycle. This entails high initial setup costs. The maintenance of traditional software is typically managed in-house or outsourced to specialists which significantly increases the operational costs (training and development of personnel) of the software. 	<ul style="list-style-type: none"> SaaS products are hosted on the cloud. They also usually follow subscription or usage-based pricing models, which results in minimal upfront costs for businesses. The service provider also manages maintenance for a fixed fee or sometimes even without additional cost, further reducing the total cost of ownership for businesses.
Reliability	<ul style="list-style-type: none"> Due to the physical nature of the system, any maintenance activity or troubleshooting involves shutting down of the system. In many cases, this results in significant downtime, which leads to productivity loss and higher costs. 	<ul style="list-style-type: none"> Due to being hosted on the cloud, SaaS products typically have multiple instances. This ensures continued operation in case of maintenance or troubleshooting.
Integration with other software	<ul style="list-style-type: none"> Integration of traditional software with other traditional or cloud-based software can involve multiple intermediaries. Also, traditional software tends to lack robust Application Program Interface (“API”) functionalities, which restrict the ease of integration. 	<ul style="list-style-type: none"> SaaS products tend to have robust API functionalities, which makes them plug and play products in many cases with much less time required for integration compared to traditional software.

SaaS is the preferred choice for smaller and mid-sized companies due to its seamless scalability and cost-effectiveness, stemming from the absence of a requirement for significant upfront capital investment, and a pricing structure based on actual usage.

4.2. Indian SaaS Market & Growth Drivers

The Indian SaaS market was approximately US\$ 12 billion¹² in FY2023 and is expected to grow at an annual growth rate of over 33% to reach approximately US\$ 38 billion by FY2027.

Indian SaaS companies have been doing well over the past few years. With the growth of the Indian SaaS market, there has been significant investor interest in the space. The investments are spread across various sectors within SaaS, which is expected to continue with ongoing disruptions and evolving technology needs across various industries. With time, the revenue potential and size of SaaS companies in India is also growing.

¹² The market size of Indian SaaS market is defined as the cumulative revenue generated by the Indian SaaS players in the fiscal year

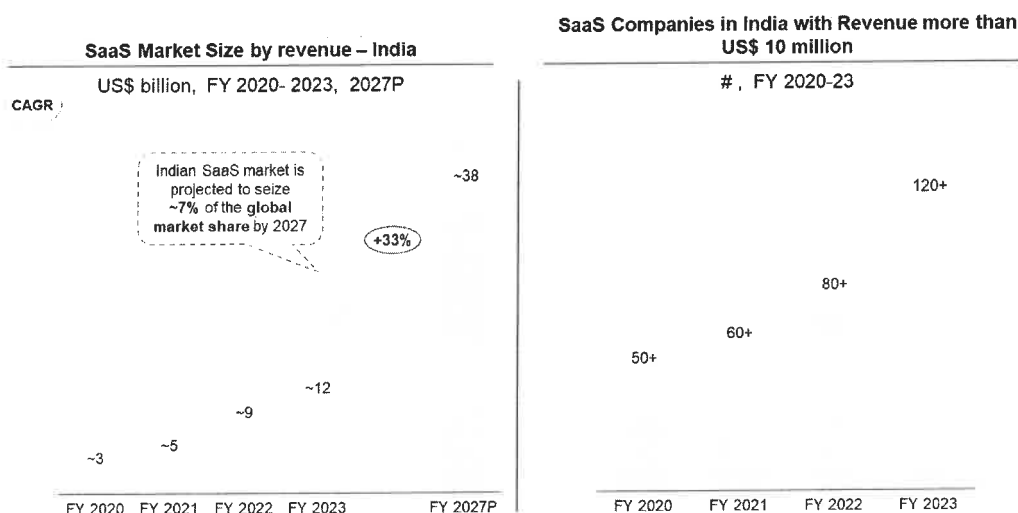


Table 3. Number of SaaS companies in India per revenue bucket in 2024¹³

Parameters	US\$ 10-50 million	US\$ 50-100 million	>US\$ 100 million
# Companies	~88	~17	~19

The number of SaaS unicorns in India has also increased, from 1 in 2018 to 23 in 2023. Further, there were 65 SaaS soonicorns¹⁴ in India in 2023. The promising potential of SaaS in India remains an attractive opportunity for market players and investors.

Fig 15.



Source(s): Redseer research and analysis

The Indian SaaS market is well poised for growth due to several key factors:

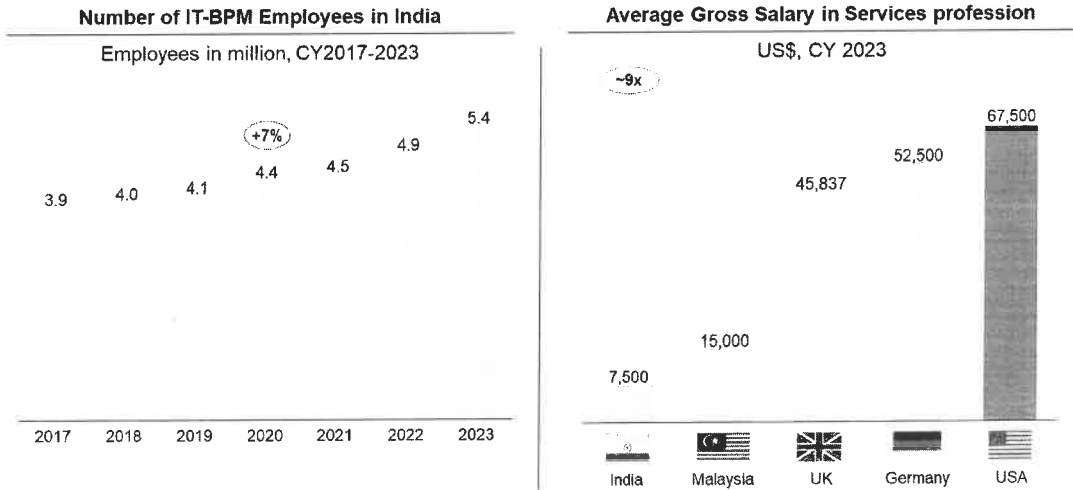
i. Large and Cost-Effective Talent Pool:

India is home to a large pool of engineering graduates. There were more than 0.8 million engineering graduates in 2022. A significant proportion of these graduates are employed in the Information Technology (“IT”) services industry as software engineers. With the emergence of new-age tech companies and the rapid pace of innovation, the Indian software engineers are upskilling rapidly. This pool is readily available for SaaS companies to employ. As per Redseer, In 2023 the gross annual remuneration in services professions in India stood at approximately US\$ 7,500, which was nearly nine times lower than that of the USA and more than six times lower than that of the UK. Further, India has a sizable base of management graduates, which has similar cost advantages for companies in terms of annual remuneration and which is capable of selling to a global audience. This implies lower selling costs for Indian SaaS companies. As a result, Indian SaaS companies can compete better in global markets due to favourable cost structures as well as offer solutions with affordable pricing in Indian market for both Enterprise and SMB customers.

Fig 16

¹³ As of June, 2024

¹⁴ A soonicorn is a startup that has a last known valuation between \$500 million and \$1Billion



Source(s): Ministry of Electronics & Information Technology, Government of India, Redseer research and analysis

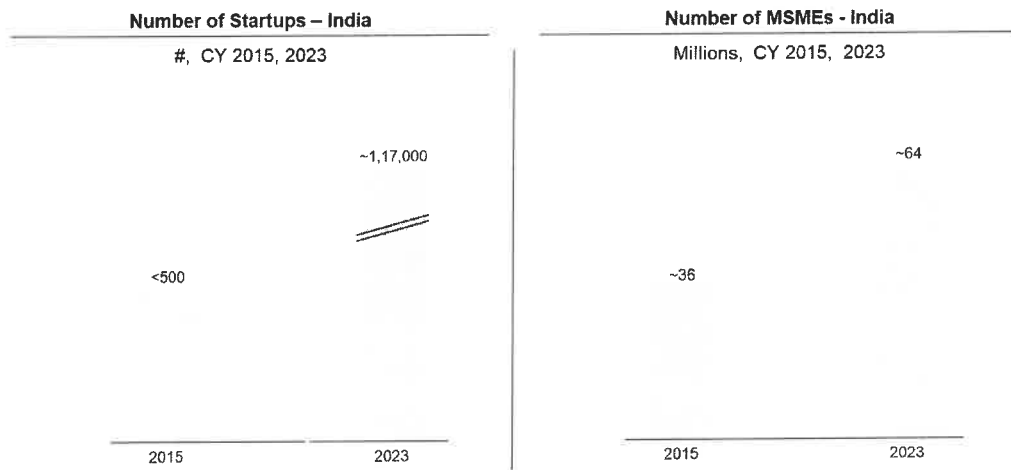
ii. Superior Sales Efficiency:

Typically, mid-sized (at least US\$ 100 million ARR) Indian SaaS companies tend to have better sales efficiency when compared to SaaS companies in advanced economies like the USA on the back of lower costs.

iii. Increasing number of tech-first start-ups in India:

The number of active start-ups in India has increased from less than 500 in 2015 to approximately 1,17,000 in 2023. The number of SMBs have also grown from approximately 36 million to approximately 64 million for the same period. These start-ups and SMBs prefer SaaS based products for business operations due to the lower up-front investments and limited operational costs. With increasing number of start-ups/SMBs scaling and new start-ups/SMBs coming up, SaaS products catering to this segment are expected to grow.

Fig. 17.





Source: Department for Promotion of Industry and Internal Trade (DPIIT), Redseer research

iv. Support from the Indian Government:

The Indian government has launched the National Policy on Software Products (“NPSP”) in 2019 to promote the software and SaaS sector. NPSP and other programs have played a significant role in the growth of the Indian SaaS market. Under NPSP, the Indian Software Product Registry (“ISPR”) has centralized Indian software companies and their products onto one platform through an opt-in registry, which will provide a trusted trade environment. Further, a single window platform is expected to be established for facilitation of Indian software product industry in fast-tracking legal and regulatory issues.

Furthermore, several programs have been launched to build the ecosystem by acting as startup incubators, including the SAMRIDH Start-up Accelerator Programme for Product Innovation under NPSP, Development, and Growth, the Technological Incubation and Development of Entrepreneurs (TIDE) programme, and the Next Generation Incubation Scheme (NGIS)

The Government of India launched the "GI Cloud" initiative, known as 'Meghraj', to harness Cloud Computing benefits and optimise ICT spending, accelerating e-services delivery. MeitY has facilitated Cloud adoption across departments, including procurement through GeM with services from major Cloud Service Providers. Meity cloud empanelled offerings range from basic Cloud Services (Compute, Storage, Network, Database, Security, Support), Advanced Cloud Services (Container Service, Managed Database, Content Delivery Network, and more), and Managed Services (Disaster Recovery, Backup).

5. eCommerce Enablement SaaS market

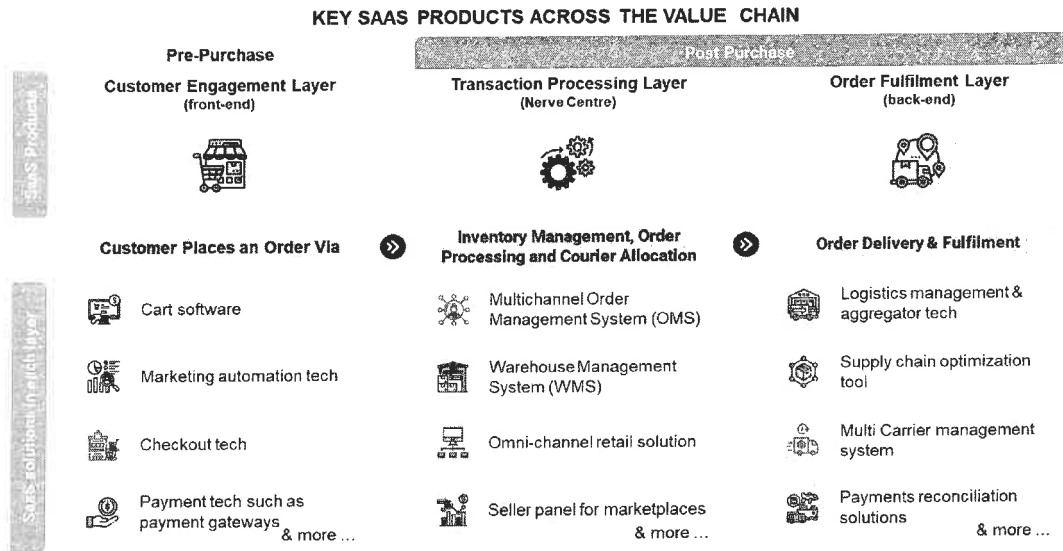
5.1. Cutting-edge SaaS Solutions are optimising the Ecommerce landscape.

eCommerce enablement SaaS is defined as SaaS products deployed across various points in eCommerce value chain to enable several types of business operations. As retail brands and SMB sellers grow their business online, expand their product lines and start selling across multiple channels, they face significant challenges including accepting and confirming orders, marketing at scale, managing their supply chain and ensuring efficient order fulfilment. For instance, on the supply side, as the brands/sellers scale, they must manage their inbound supply chain efficiently by managing multiple vendors and warehouses to ensure optimal order fulfilment. Similarly, on the demand side, the brands/sellers must maintain a unified view of all inventory and orders from sales channels, map such orders to inventory, optimise dispatch, and interface with outbound logistics (including returns management) to ensure customers receive products within promised timelines.

eCommerce enablement SaaS products offer a set of solutions that streamline the various components of the eCommerce value chain and enables brands and sellers to sell their products across various online and offline sales channels such as own website, marketplaces, stores, etc. with greater ease and efficiency.

The eCommerce value chain encompasses various touchpoints that are facilitated by a range of eCommerce SaaS products. These products can be grouped into three main categories: Customer Engagement Layer, Transaction Processing Layer, and Order Fulfilment Layer.

Fig 18. Key SaaS Products across the Value Chain



Source(s): Redseer research and analysis

i. Customer engagement layer (“Front-end”):

This layer encompasses all elements of pre-checkout and checkout journey for a customer until an order is placed. This layer consists of products such as webstore/app software (often known as carts), marketing optimisation tools, traffic and user journey optimization tools, marketplaces, checkout and payment gateway solutions.

ii. Transaction processing layer (“Nerve-Centre”):

This layer, also referred to as the nerve centre, is responsible for processing orders and making supply chain decisions with an emphasis on operations excellence, resource efficiency and customer experience. This layer includes eCommerce enablement SaaS products that provide a centralized view of orders placed across multiple channels, online or offline, and inventory across all warehouses as well as stores, which minimizes errors in order processing and ensures high fulfilment rates and lower cancellations. These products can also optimize logistics operations by applying rule-based and algorithm-based decision making to allocation of orders to the correct warehouse and logistics partner. These products encompass several other activities including purchase management, management of warehouses, inventory audits, inventory update across sales channels, shipment tracking, management of returns, generation of invoices as well as reporting and analysis across the value chain. Solutions as a part of this layer enable user companies to streamline their operations as well as costs at scale and ensures that they focus on other activities to grow the business.

iii. Order fulfilment layer (“Back-end”):

This layer encompasses SaaS products that enable on-ground operations from the warehouse to the end consumer, either through home delivery or pickup from a collection point. These products are responsible for ensuring the smooth execution of the delivery process and are often clubbed with the service elements of operating a supply chain, such as shipment tracking for customers, and various types of decision making across the supply chain. This leg of operations complete with the acceptance of payments from sales channels, reconciliations of such payments as well as returned inventory.

Products across the layers often offer the ability to digitally connect, called integrations, with other technology products and services to enable high degree of automation for various processes. For example, the systems may consume or share information with different sales channels, such as own cart software (which are used to create own website/app), marketplaces, stores, delivery partners and financial ERP of a business to record transactions with customers, external stakeholders, and internal financial systems. As a further example, integrations with marketplaces or carts pull orders from across sales channels, processes



them through a unified workflow and keeps the latest inventory levels updated across channels. Integrations with logistics partners automate order pick-up and other 3PL-related processes by exchanging key order information directly with 3PLs through API. Similarly, integrations with ERPs and POS systems enable automated transfer of transactional information for smooth financial reporting, reconciliations and enabling omni-channel solution.

The Total Addressable Market (“TAM”)¹⁵ for the overall eCommerce enablement SaaS industry (which includes all three layers – Customer Engagement layer, Transaction Processing layer, Order Fulfilment layer) is estimated to be approximately US\$ 7 billion in 2023 and is expected to grow at a CAGR of over 25% to reach approximately US\$ 19 billion by 2027.

In the evolution of Indian eCommerce, the front-end and the back-end layers were introduced early and are characterised by presence of some established and mature players. In contrast, the transaction processing layer is relatively nascent and solves for high complexity problems for businesses that are expanding their business across channels and locations. Hence, it is growing rapidly. In addition, solutions as a part of this layer are characterised by changes in the market ecosystem and need to evolve consistently due to evolving requirements from integration parts and clients.

5.2. Deep Dive: Transaction Processing Layer (nerve-centre)

eCommerce companies face multiple complications and issues with respect to physical operations of the business starting from purchase of goods, bringing them to the warehouse, processing customer orders from multiple channels, shipping them via logistics partners and accepting returns. These processes can get increasingly complex in nature as companies scale up the number of SKUs to be processed and the number of facilities to be managed. This is further accentuated by dispatch timelines becoming shorter and multiple partners being involved in the supply chain. Management of these activities need technology intervention and automation for efficient operations, which can have material impact on performance and profitability of the business. The SaaS products in the transaction processing layer have significantly solved for such major issues.

The primary product offerings of the transaction processing layer are Warehouse Management System (“WMS”)¹⁶ and Multi-channel Order Management System (“OMS”)¹⁷, Omnichannel Retail Management System, and Seller management panel for marketplaces. All the aforementioned products could be deployed across multiple touchpoints in the value chain of retail (offline and online).

Table 4.

Issues faced by eCommerce Companies	Resolution Offered
Unavailability of a unified view of inventory across locations	WMS consolidates the inventory present across locations to create a unified central view, which is available to be accessed manually or through technology systems.
Real-time view of inventory levels across sales channels	Multi-channel Order Management Systems (“OMS”) integrates all sales channels and frequently pushes the latest inventory levels to ensure missed sales and unfulfillable orders are minimised. Further, all the available inventory can be exposed to all sales channels instead of partial inventory being exposed to each channel, which is typical in manual processing of orders.
Order processing from multiple channels (online and offline)	OMS also integrates orders from all sales channels and providing a single view of all orders for operations teams to process in an efficient manner.

¹⁵ The Total Addressable Market signifies the total revenue potential within a market when every aspect of demand is entirely met or fulfilled.

¹⁶ Warehouse Management System (“WMS”) is defined as a software application that executes functions such as inventory management, purchase management, order allocation, order shipping, stock replenishment etc for warehouses and fulfilment centre.

¹⁷ Order Management System (“OMS”) is defined as a software product that manages order placement, processing, fulfilment, and tracking across different sales channel.

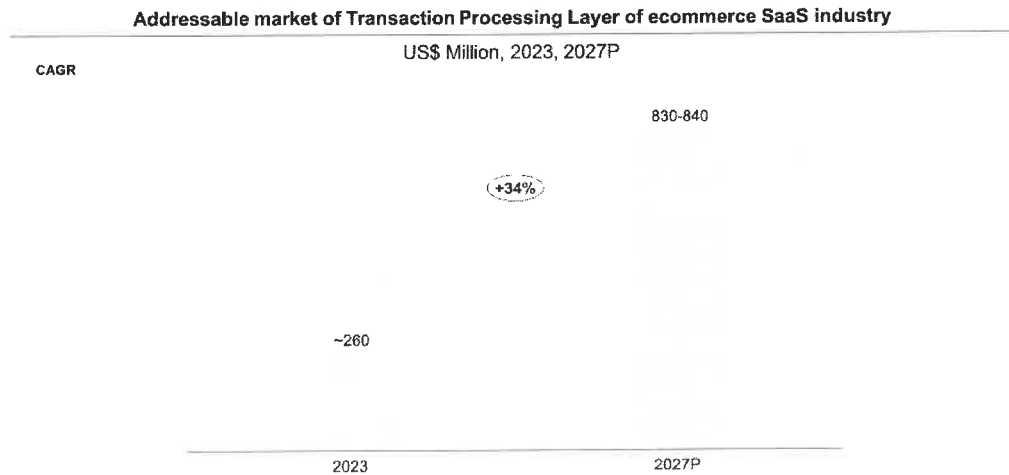


Complexity in Handling Split Orders	WMS and OMS work in tandem to break down orders and allocate inventory from various locations. They decide the best route or source for each item in an order, ensuring that split orders are efficiently managed.
Difficulty in Prioritizing Orders	Solution uses algorithms and business rules to prioritize orders based on a variety of factors such as customer type, SLAs, or stock availability, ensuring the most urgent orders or orders likely to get delayed are processed first.
High fulfilment costs and adhering to turnaround time for shipment (“TAT”).	Real-time allocation and routing of orders across facilities, stores and logistics partners through these products helps minimise processing times, reduce operational glitches, minimise shipping distances, costs and improves customer experience.
Errors in Manual Data Entry	Both WMS and OMS come with features that allow for capturing information with checks and balances as well as barcode scanning and tracking, drastically reducing the need for manual data entry and thereby minimizing errors.
Lack of Visibility into Order Status	OMS provides centralized tracking tools that offer real-time updates on order status, while WMS gives insights into the warehousing stages. Both systems offer transparency to supply chain and control tower teams to plan actions in a timely manner, especially in case of unplanned delays.
Difficulty in Handling Bulk Processing	WMS solutions allow bulk processing capabilities that can efficiently handle, store, and dispatch large volumes of goods. OMS ensures that these orders are processed quickly and routed correctly.
Reconciliation Errors	OMS often has integrated or add-on reconciliation tools that cross-check order details, payment received, and inventory deducted, ensuring that discrepancies are flagged and resolved.
Fulfilment errors, Stockouts and pilferage	Various features such as audit procedures, SKU-level demand planning, cycle count, re-order triggers, etc., enables eCommerce companies to reduce fulfilment / dispatch errors and avoid stockouts and pilferages.
Returns processing	These systems also enable returns procedure which include quality checks and returning the inventory unit to a shelf so it can be sold again.
Tax and regulatory compliance	These systems also allow for recording of sales, transactions and inventory information which makes tax and regulatory compliance easier for the companies.

The TAM for eCommerce enablement SaaS products in India in the transaction processing or nerve centre layer was approximately US\$ 260 million in 2023 and is projected to grow at a CAGR of 34% to reach between US\$ 830 million and US\$ 840 million by 2027.



Fig 19.



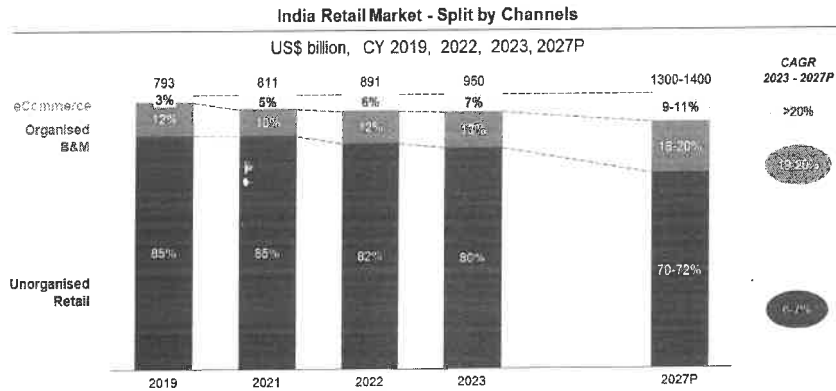
Source(s): Redseer research and analysis

5.2.1. Rapid growth of eCommerce, emergence of D2C, rapid digital adoption by traditional brands, along with increasing share of dropship shipment volumes and several other factors are the growth drivers for such eCommerce enablement SaaS products:

- i. The Indian eCommerce market is expected to expand at an annual growth rate of ~23% from 2023 to become approximately 9-11% of the total retail market by 2027.**

Traditionally, the retail market in India has been largely unorganized, dominated by small shops known as “Kiranans” However, these shops have several drawbacks, including limited product variety, higher prices due to a complex supply chain, low access to quality data to assess changing consumer needs, and issues with returns management. As a result, consumers are increasingly drawn to eCommerce. This shift is driven by changing consumer behaviour, with consumers seeking greater choice, convenience, quality, and diverse shopping experiences. As a result, brands and sellers are opting for the omnichannel approach to maximize reach. The supply chains of these traditional brands, brand aggregators, and modern SMBs, are largely digitized, leveraging digital solutions to optimize their operations and drive business efficiency at scale. eCommerce is projected to grow more than three times as fast as the unorganized channels, at ~23% until 2027, to reach approximately US\$140 billion. This provides significant growth opportunities for SaaS products used by these businesses.

Fig 20.



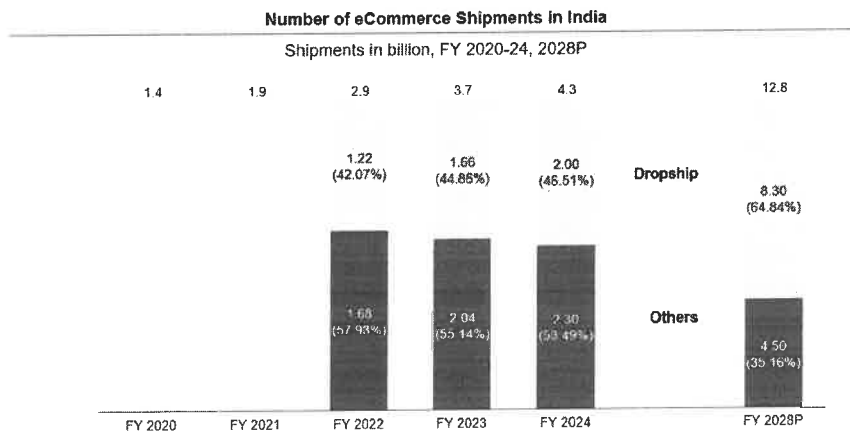
Note(s): 1. Unorganised offline is largely general trade channels; Organised offline stands for modern trade channels like shopping malls/marts, multi-brand outlets, exclusive brand outlets; eCommerce refers to marketplaces as well as own online platforms of brands.

Source(s): Redseer research and analysis

ii. The shipment volume in India is expected to exceed 12 billion by 2027 with an increasing share of dropship shipments, creating a need for transacting processing layer products.

The growth of eCommerce and expanding product categories has led to a corresponding rise in the number of shipments to approximately 4.3 billion in 2023, which is projected to be over 12 billion by 2027. Nearly 47% of all the shipments in 2023 were dropship shipments¹⁸. This is projected to increase further to be nearly 65% by 2027. With the increase in product categories and order volumes, the supply chain and operations of brands and sellers become increasingly complex. To streamline the order flow and address this growing challenge, brands are turning to e-commerce enablement SaaS products. As a result, this trend is expected to drive growth for e-commerce enablement SaaS players.

Fig 21.



¹⁸ Dropship shipments refer to an order that is processed by the warehouse or any other location of an eCommerce business or its outsourced logistics partners. Dropship shipments exclude any order that are processed by the warehouse of a marketplace using services from their own logistics partners.



Source(s): Redseer research and analysis

iii. Increasing demand for convenience and cost pressures and decreasing scope for supply chain errors for brands/sellers are necessitating omnichannel deployments and the use of ecommerce enablement SaaS products.

The increasing demand for convenience and omnichannel experiences among consumers is driving the shift to eCommerce. However, the increasing product variety, pressures to reduce fulfilment costs, need for swift delivery times are testing the supply chain more. Brands and sellers are now faced with the challenge of ensuring timely and accurate delivery of products, while also maintaining inventory accuracy across multiple sales channels. This complexity is further compounded by the rise of omnichannel retail, which requires order fulfilment across channels and platforms. To overcome these challenges, there is a growing need for digital solutions that can streamline order placement and fulfilment across sales channels and platforms, reducing the scope for errors and increasing operational efficiency. Several leading firms across sectors such as fashion, BPC, retail, and healthcare, among others, have adopted the omnichannel approach in recent years necessitating the need for eCommerce enablement SaaS solutions.

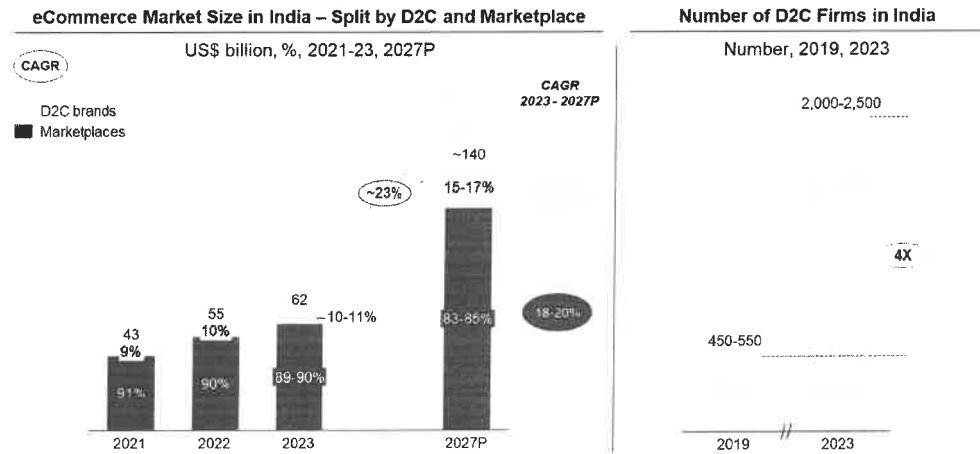
iv. Emergence of D2C brands has been a consistent growth theme in eCommerce leading to usage of multiple sales channels in India. D2C is projected to be approximately US\$ 23-25 billion market by 2027.

D2C brands have emerged as a promising opportunity in India, with a projected market size of between US\$ 23-25 billion by 2027. D2C brands offer a direct connection to consumers and allow for personalized products and experiences, enabling increased engagement and prompt feedback. Additionally, D2C brands have a different approach to market compared to traditional brands, which involves expanding operations across multiple sales channels including presence across various horizontal and vertical marketplaces as well as self-owned or partner offline channels. These brands prioritise use of technology products, including webstores or carts, and direct marketing to sell directly to customers, which has a lower technology spend compared to higher costs while selling through marketplaces and other channels. In addition, these brands are able to own the relationship with the customer and benefit from their loyalty, leading to a higher lifetime value of the customer. The quick time to market for trend-forward products, superior quality and improved customer experience offered by D2C brands set them apart from traditional brands as well as other sellers on marketplaces, making them a popular choice among customers. However, the need for effective supply chain management solutions is growing with the increase in number of D2C brands in India, which saw a four-fold increase from 2019 to 2023. Businesses that choose the D2C route need seamless solutions to manage the flow of supply chain information so they can focus on delivering their core value proposition.

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Fig 22.



Source(s): Redseer research and analysis

v. The warehousing industry in India is projected to reach a value of approximately US\$ 95 billion by 2027, creating growth opportunities for the transaction processing layer of eCommerce enablement SaaS.

The number of e-commerce platforms (both marketplaces and D2Cs) in India are increasing steadily. As the number of platforms and product categories increases, the supply chain becomes increasingly complex and the need for efficient warehousing solutions becomes critical. The warehousing space in India has grown by 19% CAGR from approximately 170 million square feet in 2018 to 320-350 million square feet in 2023. Furthermore, the warehousing industry is projected to reach approximately US\$ 95 billion by 2027, directly influencing the demand for digitized warehousing solutions.

Omnichannel retail has further added to the complexity of the supply chain, as it requires simultaneous order fulfilment across multiple channels. This highlights the need for centralized inventory tracking and real-time visibility of inventory across all warehouses. Digital warehousing solutions can address these challenges and provide benefits such as reducing stockouts and pilferage, improving working capital efficiency, and increasing the proportion of on-time shipments through automation of order allocation and dispatch.

In conclusion, with the increasing penetration of eCommerce and the growing complexity of the supply chain, the need for digital solutions across the entire eCommerce value chain becomes increasingly important. The warehousing industry is poised for significant growth, and the adoption of digital solutions will play a crucial role in its success.

Fig 23.



Source(s): Redseer research and analysis

5.2.2. Comprehensive product package is critical for success in the eCommerce enablement SaaS space

Being a comprehensive product that solves multiple use cases is crucial for the success of an eCommerce enablement SaaS product that manages the operations stage of an eCommerce selling process. The operations stage is a complex process that involves multiple steps, such as order management, inventory management, shipping, and returns management, among others. Therefore, a comprehensive product that addresses these different use cases provides a more efficient and streamlined approach to managing these processes. In addition, many systems need to communicate with each other to ensure seamless execution of these processes. A comprehensive product that offers integrations to exchange data and instructions with other systems allows the product to take control of the processes and become the operating system. Lastly, eCommerce businesses have different needs at different times and scale. A comprehensive product that can adapt well to these changes is necessary to ensure continued success and avoid being replaced by other more comprehensive products. Overall, a comprehensive product that addresses multiple use cases provides a more efficient, streamlined, and adaptable approach to managing the operations stage of an eCommerce selling process.

5.2.3. eCommerce enablement SaaS in the transaction processing layer presents significant barriers to entry, which leads to a first mover advantage

One such barrier is the high switching costs associated with the product, which act as a significant obstacle to entry for new players in this segment. This is due to the multiple integrations involved within the end-to-end nature of these products, as well as the customisation required to fit the specific needs and scale of individual company. Once implemented, the system becomes a crucial part of the company's technology stack with active flow of important operational and financial data, making it difficult to switch easily. In addition, integration with marketplaces, websites, stores, financial systems, and logistics partners, definition of operations processes, and staff training to use the product efficiently is also required to ensure smooth functioning. Switching to a new product may require significant downtime to configure a replacement product, migrate past data, and re-train staff, potentially leading to losses and disruptions for the business.

Another barrier to entry is the significant investment required to build a competing product. The transaction processing layer products cover various aspects of the eCommerce value chain, including order management, warehouse management, returns management, and a variety of sub-modules, among others. Building and refining such a wide range of products takes considerable time and expertise. Furthermore, due to the high switching costs, new entrants would need to invest substantially in research and development and marketing to gain initial traction in the market. Overall, these barriers limit the number of players in the market, providing a significant first mover advantage to incumbents.

5.3. Expansion Opportunities:

RedSeer Strategy Consultants Private Limited, Prestige Obelisk, Kasturba Rd, Ambedkar Veedhi, Sampangi Rama Nagar, Bengaluru, Karnataka 560001. <http://www.redseer.com>.



5.3.1. *Expansion of Product Portfolio:*

Due to deep integration in the technology stack of a company, solutions in the transaction processing layer have visibility to customer information, including customer journey, purchase history, and price sensitivity, as well as to company information, including vendor history, supply chain and inventory planning.

Because of this, there is a potential for new complementary product offerings across eCommerce enablement SaaS. For instance, in the pre-purchase phase, services such as customer data analytics (demand forecasting), marketing solutions during browsing and checkout phase, live chat support and returns or fraud prediction amongst others can be offered. Similarly, in the post purchase phase, services such as end-to-end shipment and returns tracking, courier allocation service, payment reconciliation returns reconciliation, etc, amongst others, can be offered. These products can be up-sold and cross-sold to both existing clients and new clients.

5.3.2. *Expansion to Select International Geographies:*

There exists scope for the transaction processing layer SaaS providers to expand beyond India, into similar geographies such as SEA and the Middle East. Considering the large, fast-growing eCommerce markets in these regions, as well as several other growth factors including the developing organised retail sector, increasing popularity of D2C brands and limited availability of similar technology companies, the TAM of currently local product offerings can be further expanded.

The incumbent players in India working with eCommerce enterprises and SMBs, have achieved significant product and industry expertise. Their existing product suite, domain knowledge can be deployed with tweaks (language, currency, tax structure, etc.) to achieve the desired localisation in similar geographies. However, the incumbents will need to invest in building sales network and relationships while contending with local competition.

5.4. *Relevant Market Opportunities for Players in eCommerce Enablement SaaS Space*

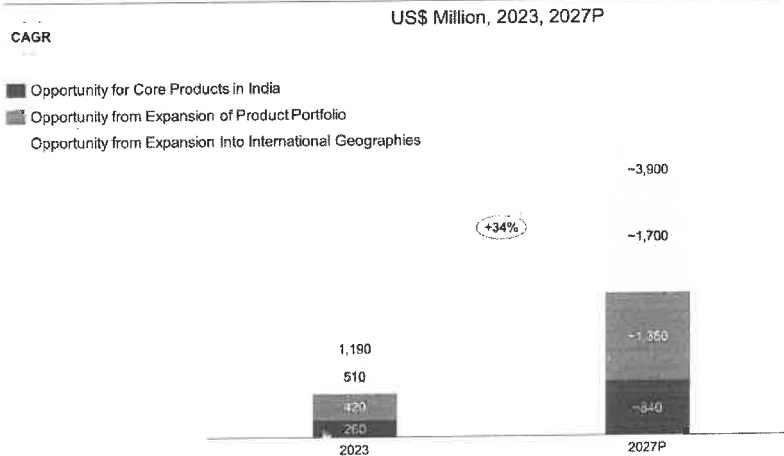
The Total Addressable Market (“TAM”) for players in the eCommerce enablement SaaS in the transaction processing or nerve centre layer was estimated at approximately US\$ 1.2 billion in 2023 and is projected to expand at a CAGR of over 34% to reach approximately US\$ 3.9 billion by 2027. This growth is driven by the increasing market potential for core products in this layer, the opportunity to introduce and broaden the product portfolio with new products, and the prospects of international expansion in SEA and the Middle East. Specifically, in India, the TAM for core products in the transaction processing layer was approximately US\$260 million in 2023 and is expected to reach approximately 840 million in 2027. Additionally, the potential for expanding the TAM through the diversification of the product portfolio into adjacent areas was US\$420 million in 2023, with expectations to increase to approximately US\$ 1.35 billion by 2027. Furthermore, the potential for TAM growth through expansion into international markets, particularly in SEA and the Middle East, was US\$510 million in 2023 and is estimated to increase to approximately US\$ 1.7 billion by 2027.

The product offering of the transaction processing layer are typically used by traditional brands who sell across channels, D2C brands, SMB brands who sell across channels, logistics companies and other similar companies who undertake their operations themselves or through an outsourced partner.

Fig 24.



Addressable market of Transaction processing layer of ecommerce SaaS industry



Note(s): 1. The total market in 2023 may vary slightly from the sum of the subsectors due to rounding off
 Source(s): Redseer research and analysis

In addition, there is a market opportunity to service the unorganised segment of the market, amounting to US\$ 135 million in 2023, which is expected to grow at a CAGR of approximately 15% to reach US\$ 278 million by 2027. However, the current market is characterized by fragmentation, dominated by small local players, and limited technological adoption. Championing this segment requires targeted attention, a tailored sales approach, and customized product offerings to meet the needs of these smaller players.

5.5. Key threats and challenges

The eCommerce enablement SaaS industry faces a complex landscape filled with both opportunities as well as challenges. Macroeconomic slowdown, including rising inflation, can reduce discretionary spending, impacting revenue streams from e-commerce platforms and, in turn, diminishing the demand for SaaS services in this space. On the other hand, these conditions compel businesses to seek more efficient, cost-effective digital tools, driving demand for innovative solutions.

Geopolitical risks and policy changes, such as shifts in foreign direct investment regulations, competition laws, and trade policies, introduce substantial operational and compliance challenges. These factors require companies to remain adaptable to maintain compliance and operational efficiency.

The industry's heavy reliance on the growth of the e-commerce sector means that any slowdown due to economic cycles, market saturation, changes in consumer behaviour, or other factors can directly impact the demand for SaaS products in this space. Innovations like quick commerce could disrupt traditional e-commerce models, potentially hindering growth for SaaS providers.

The emergence of new business models and technological advancements requires SaaS providers to remain agile and innovative. For example, quick commerce is reshaping the landscape, demanding more responsive solutions. As large marketplaces and logistics operators evolve and add more requirements, existing products may become obsolete or have limited use. In addition, new platforms offering superior efficiency, features, or pricing may shift market dynamics. This necessitates continual innovation as this constant evolution presents both complexity and opportunity.

Foreign exchange rate fluctuations pose additional challenges threats, especially for companies dealing with revenues and expenditures in multiple currencies. This, in addition to seasonal fluctuations, challenges in operational planning and financial forecasting. Unanticipated changes in these patterns could adversely affect outcomes. Cybersecurity threats, including potential data breaches, pose significant risks to customer trust and financial stability. Protecting sensitive customer data is paramount to maintaining a company's reputation and financial health.



Lastly, intensified competition, fueled by substantial investments and technological advancements, poses a persistent risk. With diverse business models in the retail market, competitors may gain advantages, potentially undermining the market position of larger players in the market. Overall, while these challenges are formidable, they also present opportunities for growth through strategic innovation and responsiveness to market changes.

6. Unicommerce Capabilities and Competitive View

The growth of the eCommerce enablement SaaS industry is intrinsically linked with eCommerce sales. While India's eCommerce industry is growing, eCommerce businesses and retailers face significant challenges to scale their operations efficiently. Some of the major challenges faced by eCommerce businesses and retailers include management of inventory across multiple locations, minimising fulfilment costs, order processing from multiple online and offline channels, management of returns, generation of correct invoices, taxation and other regulatory compliances. Particularly, brands and retailers are reaching out to the customers through multiple offline channels and online channels (includes various marketplaces) to compete in the market. As the number of these marketplace and omni-channel practices continues to increase, the demand for eCommerce enablement products is directly affected. As businesses scale to process higher numbers of orders for their eCommerce operations, the scale of such challenges also increases exponentially, including keeping inventory updated across all sale channels (marketplace and web stores), processing orders through the correct warehouse, management of distributed inventory across multiple warehouses and adhering to Service-Level Agreements ("SLA") and procedures for respective sales channels. Given the range of issues, regularly changing business needs and market practices, and the need for sanctity of data across the various stages, customers prefer comprehensive end-to-end transaction processing layer SaaS products.

Unicommerce is an Integrated eCommerce Enablement SaaS Platform that enables end-to-end management of e-commerce operations for D2C brands, brand aggregators, traditionally offline brands, retailers, marketplaces, logistics players, SMBs through a comprehensive suite of SaaS products as a part of the transaction processing or nerve centre layer. Its products are sector and size-agnostic and are designed to meet the business needs of various types and sizes of retail and e-commerce enterprises, both online and offline. Due to the nature of its solutions, Unicommerce acts as an operating system for businesses to complete day-to-day post-purchase operations efficiently through technology and automation.

Unicommerce currently focuses on the transaction processing layer of the eCommerce order journey. This is a relatively newer market as compared to more established technology products with no directly comparable listed peers. There are 4 other unlisted and comparable players in terms of size, product suite and nature of clientele. Below is their financial performance for the Financial Years 2023, 2022, and 2021:

Financial performance¹⁹ of select players with a focus on eCommerce enablement transaction processing layer are given below (all figures are in INR million, unless otherwise stated):

Table 5. Financial performance²⁰ -FY2023

Player	Revenue	EBITDA	EBITDA margin as % of revenue	PAT	PAT margin as % of revenue
Unicommerce	900.58	65.31	7.25%	64.76	7.19%
Increff ²¹	852.00	-487.79	-57.25%	-480.45	-56.39%
Vinculum	481.83	-253.99	-52.71%	-289.36	-60.05%
Browntape	58.44	-1.06	-1.81%	-3.73	-6.39%
Easyecom	67.12	-55.93	-83.33%	-44.07	-65.66%

¹⁹ Financials for all the companies, except Unicommerce, are based on the company filings with the Ministry of Corporate Affairs. Vinculum financials are at consolidated level whereas the financials for Increff, Browntape, and Easyecom are at standalone level. For Unicommerce, the financial information is based on the Restated Ind AS Financial Statements of the company. Revenue refers to 'Revenue from Operations' or 'Revenue from Contract with Customers', as stated in respective financial information. This does not include 'interest income' or 'other income'. EBITDA is a derived metric calculated by adding depreciation, amortisation expenses, and finance costs to profits before tax and reducing 'interest income' or 'other income'.

²⁰ All financial metrics are mentioned in INR million

²¹ Increff revenue includes both software subscription and warehouse management services

Table 6. Financial performance²² -FY2022²³

Player	Revenue	EBITDA	EBITDA margin as % of revenue	PAT	PAT margin as % of revenue
Unicommerce	590.32	50.40	8.54%	60.10	10.18%
Increff	444.90	-20.88	-4.69%	-28.63	-6.44%
Vinculum	402.05	-279.15	-69.43%	-277.78	-69.09%
Browntape	42.50	-11.28	-26.53%	-14.90	-35.06%
Easyecom	40.86	-1.59	-3.90%	-2.44	-5.97%

Table 7. Financial performance²⁴ -FY2021

Player	Revenue	EBITDA	EBITDA margin as % of revenue	PAT	PAT margin as % of revenue
Unicommerce	400.09	35.14	8.78%	44.79	11.19%
Increff	350.62	-39.99	-11.41%	-45.82	-13.07%
Vinculum	386.86	-146.68	-37.91%	-18.91	-4.89%
Browntape	32.29	-2.55	-7.89%	3.01	9.33%
Easyecom	21.86	4.63	21.20%	4.42	20.20%

Unicommerce is India's largest eCommerce enablement SaaS platform in the transaction processing or nerve centre layer, in terms of revenue for Fiscal 2023, 2022 and 2021. It is the only profitable company among the top 5 players in this industry in India during Fiscal 2023. The rule of 40 is an industry accepted thumb rule which is used to assess the growth and profitability of SaaS companies. It says that the sum of the revenue growth over a year and profitability (EBITDA as a percentage of revenue) must be at least 40%. This indicates the ability of the SaaS company to grow efficiently. Unicommerce satisfies the rule of 40 and it has the highest PAT margin amongst its competitors in Fiscal 2023.

Unicommerce's ability to create efficiency gains for clients through its suite of products has led to financial growth for the company. Plug and play integrations with key technologies and partners is a key strength of Unicommerce and together with its ability to streamline e-commerce operations enables it to become an integral part of its client's tech stack. Unicommerce has several key integrations with relevant marketplaces, 3PL partners and popular ERPs. These also allow Unicommerce to serve various type of clients across the retail landscape. The above capabilities allow Unicommerce to be an essential consideration for D2C Brands, Brand Aggregators, Traditionally Offline Brands, Retailers, Marketplaces, Logistic Players, and SMBs when evaluating market solutions. Its ability to act as an integrated technology stack, enable end-to-end e-commerce operations and act as a nerve centre for management of all e-commerce data including sales, inventory, returns, procurement management, invoice management and logistics management, makes it a leading player in the market. Due to such market position, Unicommerce has one of the largest bases of enterprise customers in India among its competitors and powers a diversified, marquee clientele. Unicommerce processes large numbers of orders across retailers and brands with 20-25% of all dropship volumes in e-commerce processed through Unicommerce's solutions in Fiscal 2023. Unicommerce has also received accolades from leading Industry bodies, including Gartner, Forrester and Nasscom, for its various products.

With the comprehensive end-to-end solutions and the sticky nature of the integrations, once integrated, solutions in the transaction processing layer SaaS become an essential part of client operations, ensuring the longevity of the relationship and customer stickiness, leading to high recurring revenue over a period of time. The NRR is defined as net change in revenue from existing customers, taking into account expansions (cross-sells and upsells) and account contractions (downgrades and churn) and indicates a growing relationship

²² All financial metrics are mentioned in INR million

²³ Financials for Easyecom have been revised based on updated figures as per MCA filling available for FY 2023

²⁴ Financials for all the companies, except Unicommerce, are based on the company filings with the Ministry of Corporate Affairs. Vinculum financials are at consolidated level whereas the financials for Increff, Browntape, and Easyecom are at standalone level. For Increff, Browntape, and Easyecom, no consolidated financials were reported for the respective periods. For Unicommerce, the financial information is based on the Restated Ind AS Financial Statements of the company.



with existing clients. NRR of more than 100% is an indicator of revenue growth from existing set of clients.

While this industry is still nascent, there are several growth drivers propelling the industry forward. However, as the industry matures and as businesses invest in R&D to enhance their platforms, we can anticipate that market players will experience increased profitability due to higher operating leverage. This means that players can generate increasing revenue and grow their scale with relatively lower increase in their operating and R&D costs.



Annexure B

List of Directors

Sr. No.	Name of Director
1.	Manoj Kumar Kohli
2.	K. Ullas Kamath
3.	Sairee Chahal
4.	Kapil Makhija
5.	Bharat Venishetti
6.	Kunal Bahl
7.	Rohit Kumar Bansal

List of Key Managerial Personnel and Senior Management Personnel

Sr. No.	Name of Key Managerial Personnel and Senior Management Personnel
1.	Kapil Makhija
2.	Anurag Mittal
3.	Ajinkya Rajendra Jain
4.	Bhupinder Garg
5.	Prateek Mahajan

List of Promoters

Sr. No.	Name of Promoter
1.	AceVector Limited
2.	Starfish I Pte. Ltd.
3.	Kunal Bahl
4.	Rohit Kumar Bansal

List of Promoter Group

- Individual forming part of the Promoter Group

Members of the Promoter Group	Relationship with the Promoter
Kunal Bahl	
Yashna Bahl	Wife
Nalin Bahl	Father
Prathibha Bahl	Mother
Nitin Bahl	Brother
Aadidev Kunal Bahl	Son
Tameera Kunal Bahl	Daughter
Alok Diesh	Wife's father
Ramaish Diesh	Wife's mother
Shashwat Diesh	Wife's brother
Rohit Kumar Bansal	
Parul Bansal	Wife
Ramesh Kumar	Father
Sushma Rani	Mother
Chinkle Aggarwal	Sister
Twinkle Gupta	Sister
Vyas Bansal	Son
Ira Bansal	Daughter
Surinder Kumar Bansal	Wife's father
Suman Bansal	Wife's mother



Members of the Promoter Group	Relationship with the Promoter
Ashish Bansal	Wife's brother
Gunjan Bansal	Wife's sister

2. Entities forming part of the Promoter Group

S. No	Name of Promoter Group entities	Promoter group relation
AceVector Promoter Group		
1.	Stellaro Brands Private Limited	Subsidiary of AceVector
2.	Starfish I Pte. Limited	Entity holding 20% or more of the equity share capital of AceVector
Starfish Promoter Group		
3.	SoftBank Group Corp.	Holding company of Starfish I Pte. Ltd.
Kunal Bahl Promoter Group		
1.	B2 Capital Partners	Kunal Bahl holds 20% or more in the firm
2.	B2 Professional Services LLP	Body corporate in which 20% or more is held by an immediate relative of Kunal Bahl
3.	PY Ventures Private Limited	Body corporate in which 20% or more is held by an immediate relative of Kunal Bahl
4.	Radiant Innovative Manufacturing Private Limited (formerly known as Radiant Polymers Private Limited)	Body corporate in which 20% or more is held by an immediate relative of Kunal Bahl
5.	Azah Personal Care Private Limited	Body corporate in which 20% or more is held by an immediate relative of Kunal Bahl
6.	PH91 Private Limited	Body corporate in which 20% or more is held by an immediate relative of Kunal Bahl
7.	PH91 Consumer Goods India Private Limited	Body corporate in which 20% or more is held by PH91 Private Limited
8.	TC Sponsor & Services LLP	Kunal Bahl holds 20% or more in the body corporate
9.	Titan Capital Winners Fund I	Body corporate in which 20% or more is held by TC Sponsor & Services LLP
10.	Titan Winners Fund Management LLP	Kunal Bahl holds 20% or more in the body corporate
Rohit Kumar Bansal Promoter Group		
1.	B2 Capital Partners	Rohit Kumar Bansal holds 20% or more in the firm
2.	B2 Professional Services LLP	Body corporate in which 20% or more is held by an immediate relative of Rohit Kumar Bansal
3.	PY Ventures Private Limited	Body corporate in which 20% or more is held by an immediate relative of Rohit Kumar Bansal
4.	BSA Jewels	Firm in which 20% or more is held by an immediate relative of Rohit Kumar Bansal
5.	Paul Medicose	Firm in which 20% or more is held by an immediate relative of Rohit Kumar Bansal
6.	Bagout Estates Private Limited	Body corporate in which 20% or more is held by an immediate relative of Rohit Kumar Bansal
7.	Aggarwal Rice Mills	Firm in which 20% or more is held by an immediate relative of Rohit Kumar Bansal
8.	Dehati Seva Kender	Firm in which 20% or more is held by an immediate relative of Rohit Kumar Bansal
9.	Banarsi Dass Surinder Kumar	Firm in which 20% or more is held by an immediate relative of Rohit Kumar Bansal



S. No	Name of Promoter Group entities	Promoter group relation
10.	M/s Rajneesh Bansal & Co. Owners	Firm in which 20% or more is held by an immediate relative of Rohit Kumar Bansal
11.	Shiv Shakti Commission Agents	Firm in which 20% or more is held by an immediate relative of Rohit Kumar Bansal
12.	TC Sponsor & Services LLP	Rohit Kumar Bansal holds 20% or more in the body corporate
13.	Titan Capital Winners Fund I	Body corporate in which 20% or more is held by TC Sponsor & Services LLP
14.	Titan Winners Fund Management LLP	Rohit Kumar Bansal holds 20% or more in the body corporate

List of Selling Shareholders

Sr. No.	Name of Selling Shareholder
1.	AceVector Limited
2.	SB Investment Holdings (UK) Limited