



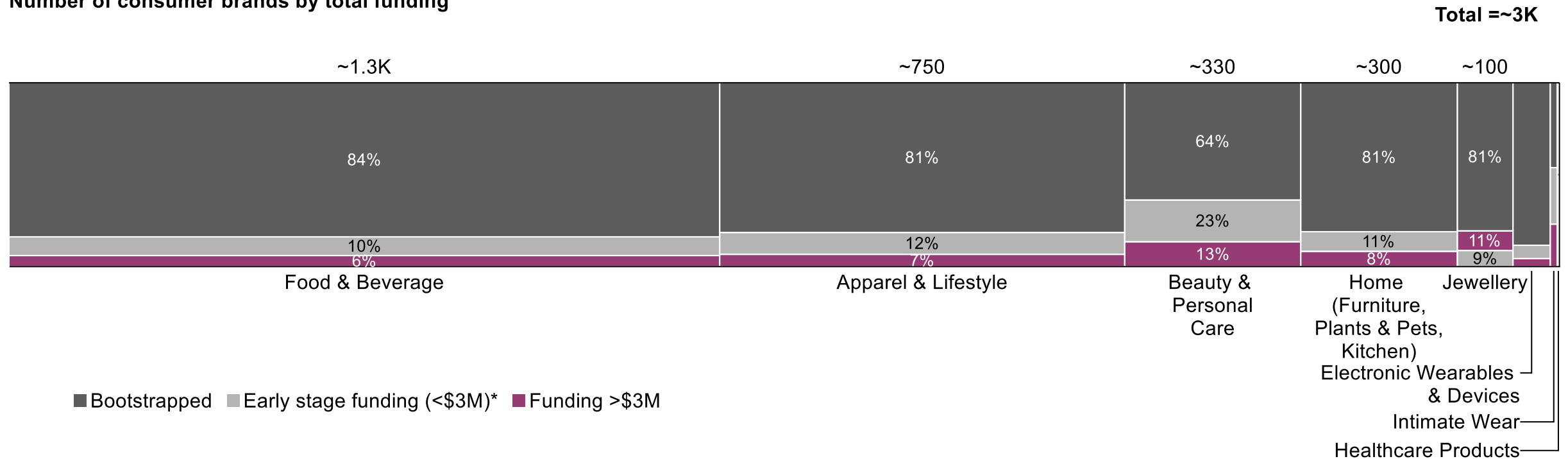
Game Changers 2024: The Value Creation Playbook

Indian Insurgents Playbook 2.0



India is a hotbed for consumer brands, with over 3K brands incorporated in the last 15 years

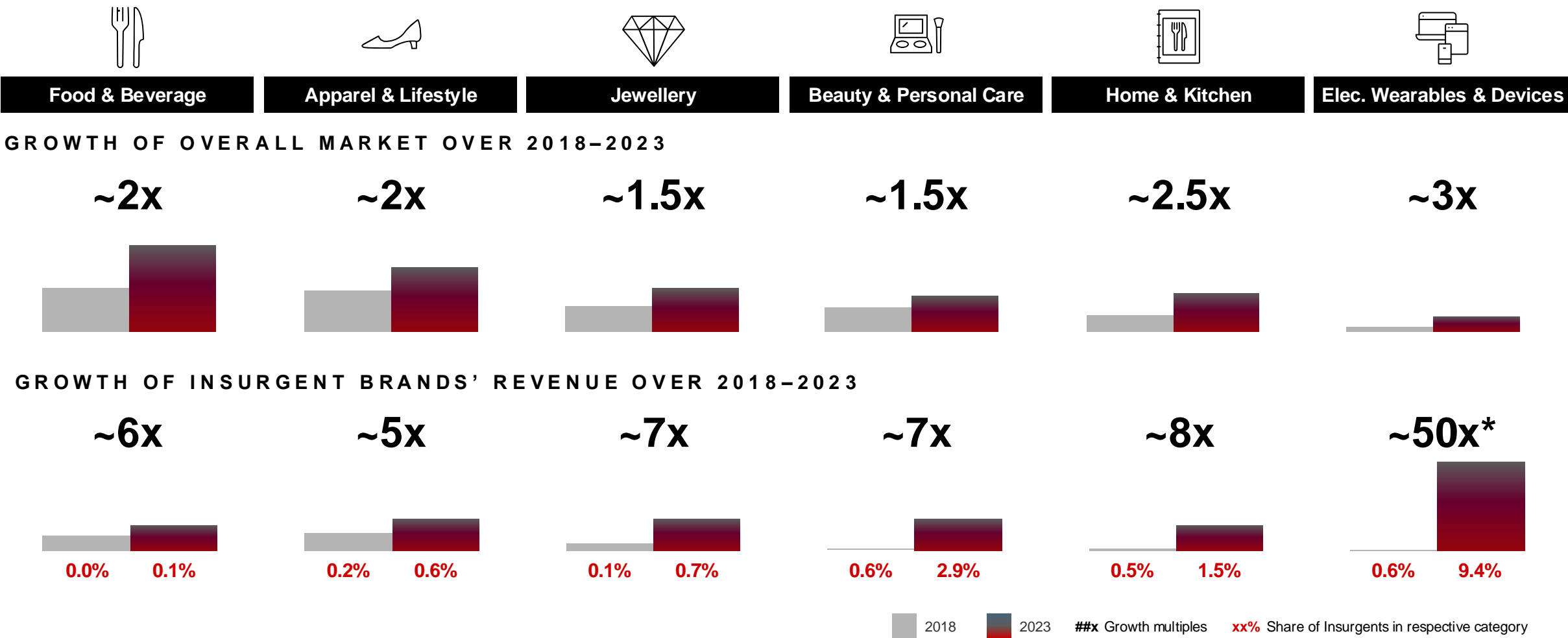
Number of consumer brands by total funding



180 insurgent consumer brands are well-funded, with the base likely to expand manifold as ecosystem matures

(*)\$3M cumulative funding post 2015, \$1 = INR 82
Sources: VCCEdge; Tracxn; S&P Capital IQ; LIT Search

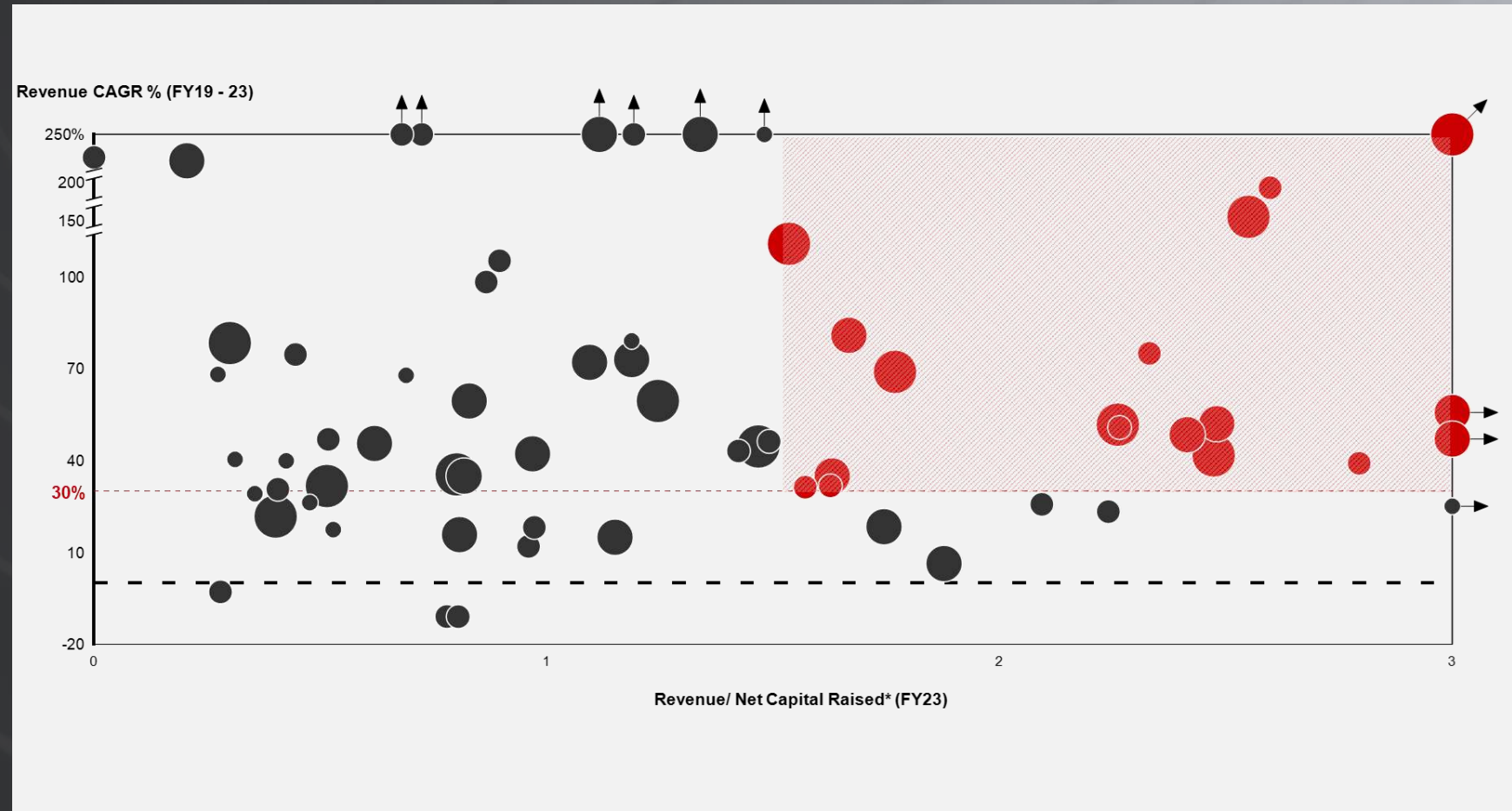
Insurgent brands continue to outsize incumbents by growing much faster in last five years



Note: Based on 180 insurgent brands; Included Insurgents brands incorporated less than 16 years ago with at least \$3M cumulative funding since 2015, electronic wearables and devices includes speakers, headphones, smartwatches, fitness bands, smart home devices; *Rapid growth driven revenue increase for Noise, Fire-boltt and boAt; Size graphs not on same scale for all categories | Sources: VCCEdge; MCA filings; S&P Capital IQ; company annual reports

Launching Insurgex

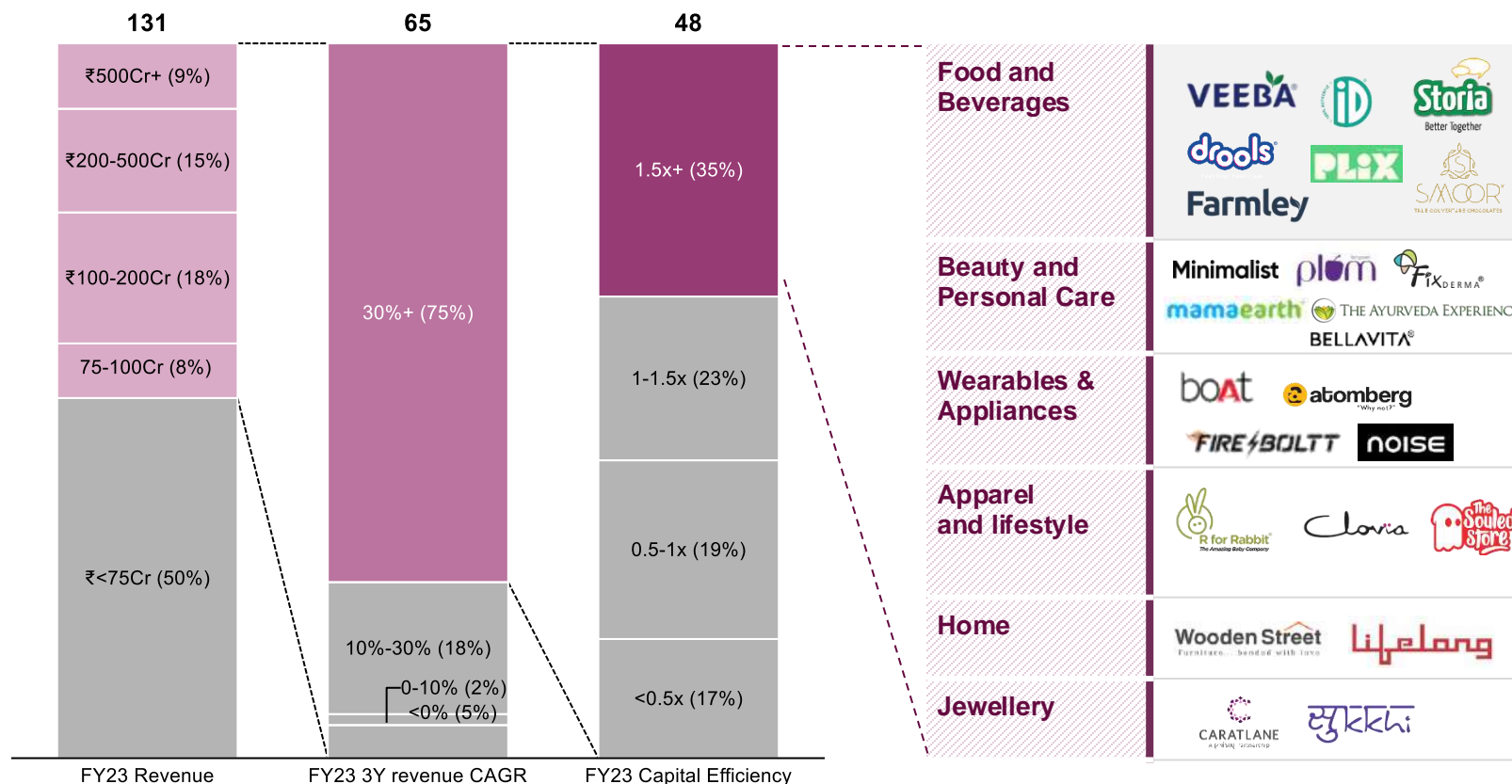
The Insurgent index celebrates Insurgents defined as those with revenue more than INR 75Cr, 3-year revenue CAGR greater than or equal to 30% and capital efficiency greater than or equal to 1.5x



23 insurgent brands made it to Insurgex in 2023

– 23 insurgent brands have INR 75Cr + revenue, are growing at over 30% Y-O-Y over the last 3 years and have capital efficiency $\geq 1.5x$ –

Number of insurgent brands



India Insurgent brands (FY23)



\$3B Revenue

8x Growth vs. FY18

Median Metrics (FY23)- Insurgent brands



\$9M Revenue

56% Median 3Y revenue CAGR

0.8x Median capital efficiency

Median Metrics (FY23)- Insurgex brands



\$38M Revenue

51% Median 3Y revenue CAGR

2.3x Median capital efficiency

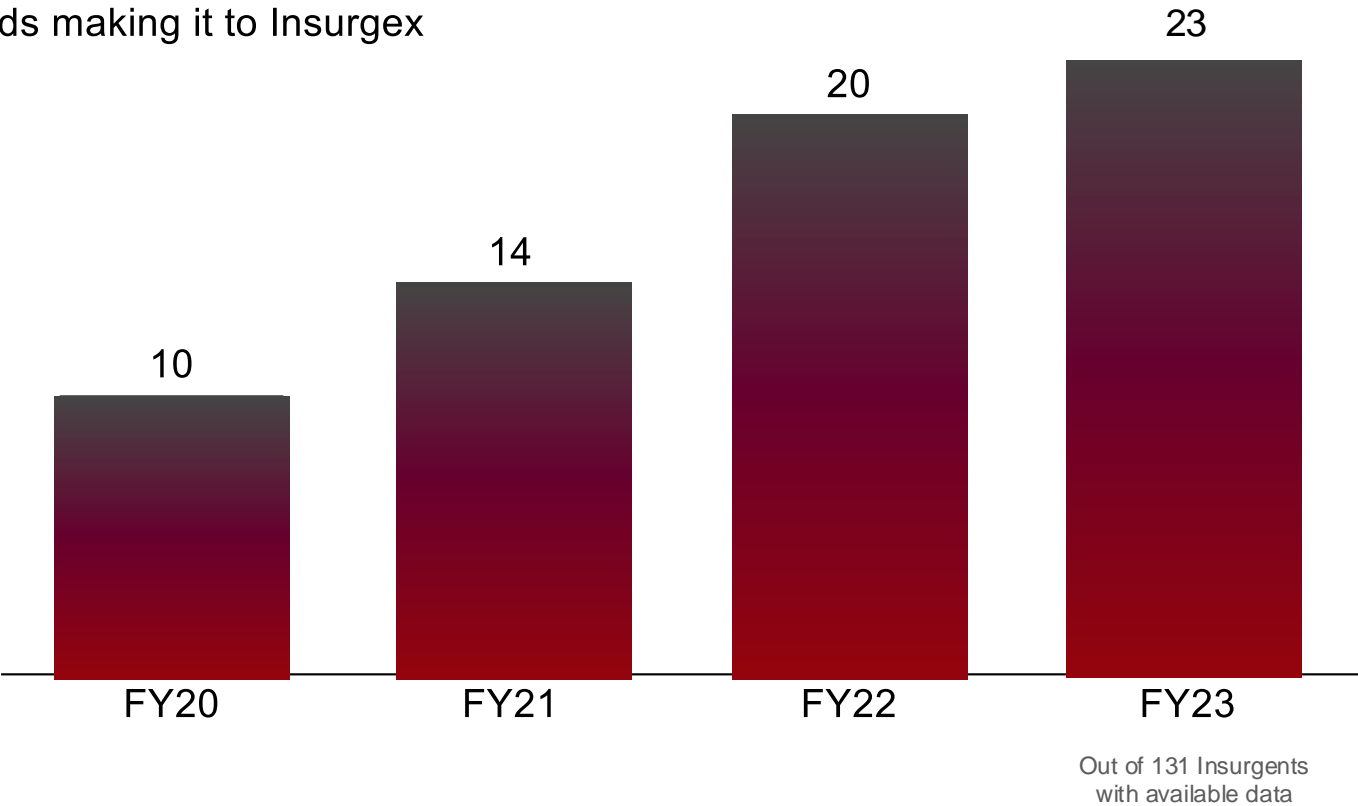
Notes: *Data of 131 Insurgents available for analysis basis MCA filings for FY23; \$1 = INR 82; Capital efficiency defined as the revenue / Net capital raised by the company; Net capital raised defined as Equity raised + Short term debt + Long term borrowings - Cash and bank balances
Sources: VCCEdge; MCA filings; Venture Intelligence; LIT search

We will track
Insurgex year
on year to assess
the health of
Insurgent brands

Increase in number of brands making it to Insurgex

FY 23 NON-EXHAUSTIVE*

Brands making it to Insurgex



Note: Based on N=180 Insurgents for analysis; Insurgex brands defined as revenue \geq INR 75Cr., \geq 30% Y-O-Y growth over last 3 years and \geq 1.5x capital efficiency; * Data of 131 Insurgents available for analysis basis MCA filings for FY23
Sources: VCCEdge; MCA filings; Venture Intelligence; Tracxn; LIT search

Insurgent brands can leverage learnings from the exit events in the industry in last 15 years when considering founders' liquidity, there are two key questions

1

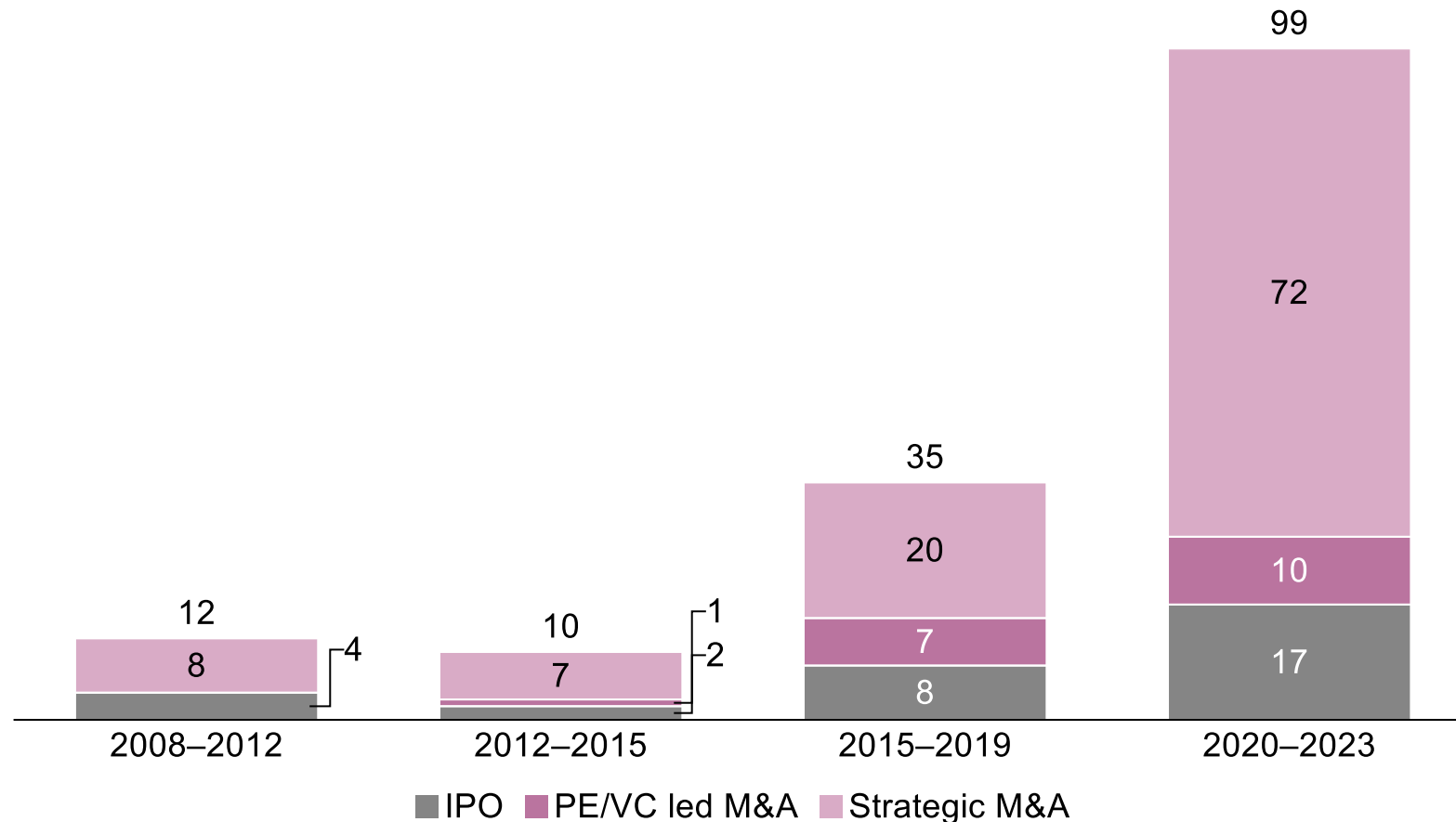
Mode of exit (sale to strategic, sale to PE/VC or IPO)

2

Drivers of founders' value

M&A with strategics is the most common exit route in consumer brands, significant increase in activity in the last 5 years

Number of M&A and IPO deals in consumer brands by mode of exit



Note: Based on 31 IPO and 125 M&A exits for consumer product brands that have happened over 2008–2023
Sources: S&P Capital IQ



Increase in capital access to fuel M&A and **strategics** looking to build capability quickly



Significantly larger breadth of assets available for strategics



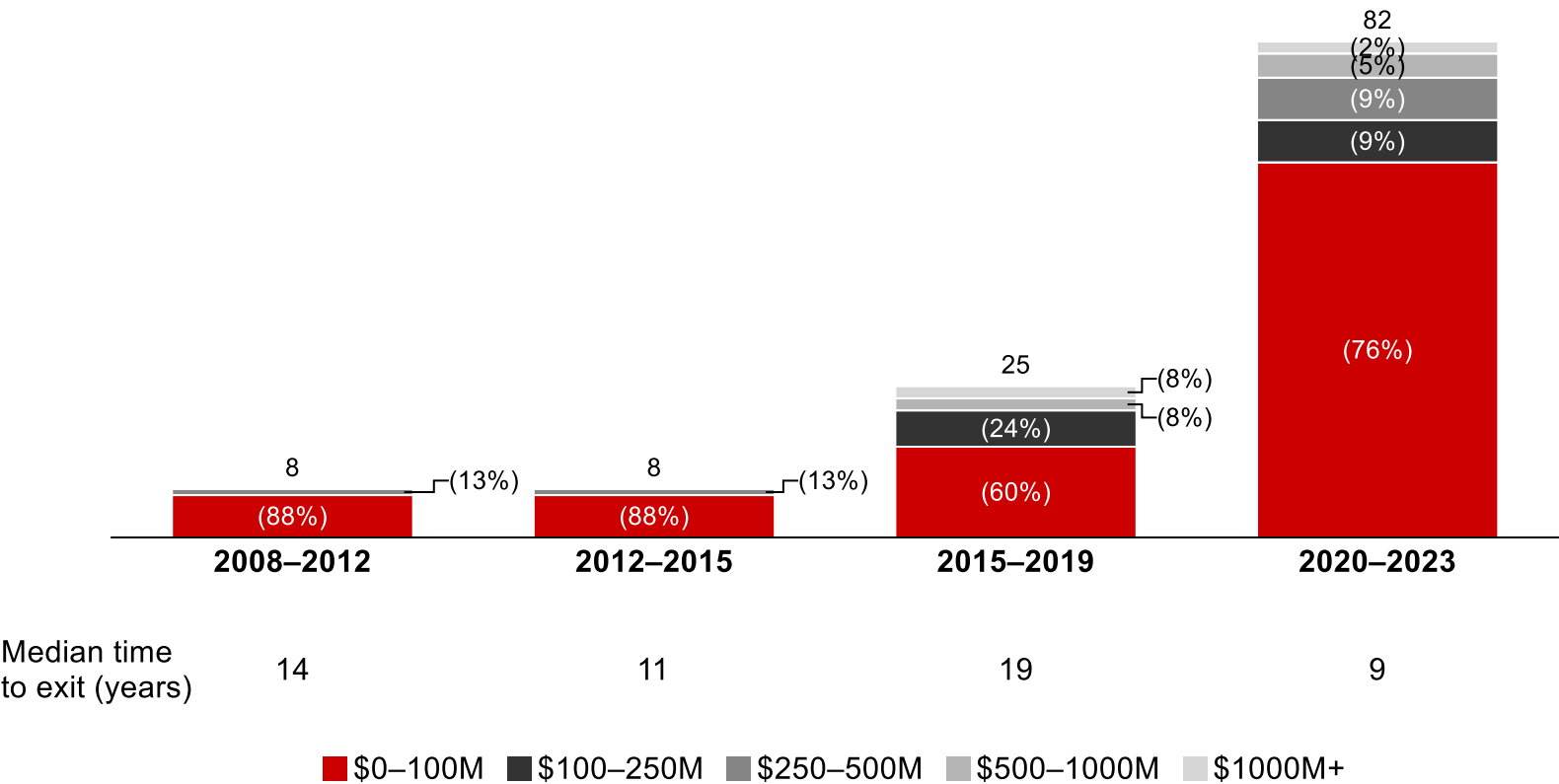
Insurgents seeking asset/capability support for expansion (e.g., offline distribution network)



Higher confidence in depth of assets within PE funds seeking to gain control and/ or create consolidated platforms

Increase in M&A activity fueled by strategics entering earlier and at lower valuation

Number of M&A exits in consumer brands by Enterprise Value



Note: Based on 31 IPO and 125 M&A exits for consumer product brands that have happened over 2008-2023, EV unavailable for 4 M&A deals, \$1 = INR 82; Startup are companies, excluding PE/VCS, founded post 2007 | Sources: S&P Capital IQ

46

M&A at small scale with company revenue <\$10M post 2020 (~2x vs. pre – 2020)

~20%

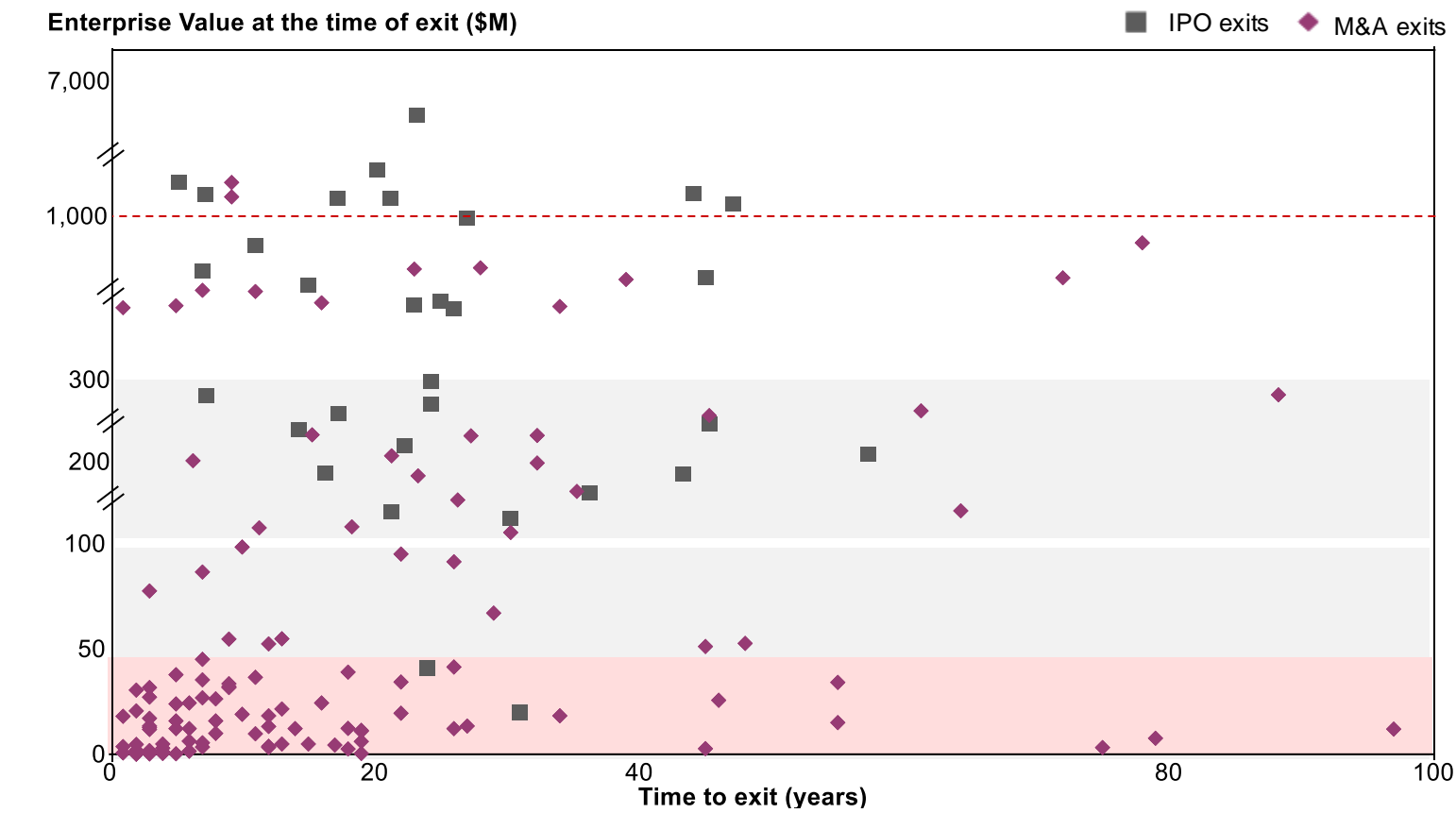
M&A led by startups post 2020, given greater capital access and as they look to scale quickly

12%

M&A led by PE/VCS post 2020 with ecosystem maturing, 70% acquisitions as funds look to consolidate platforms

Consumer brands' exits take time and are not unicorn outcomes

90%+ of consumer brand exits in the last 15 years have happened at less than \$1B valuation



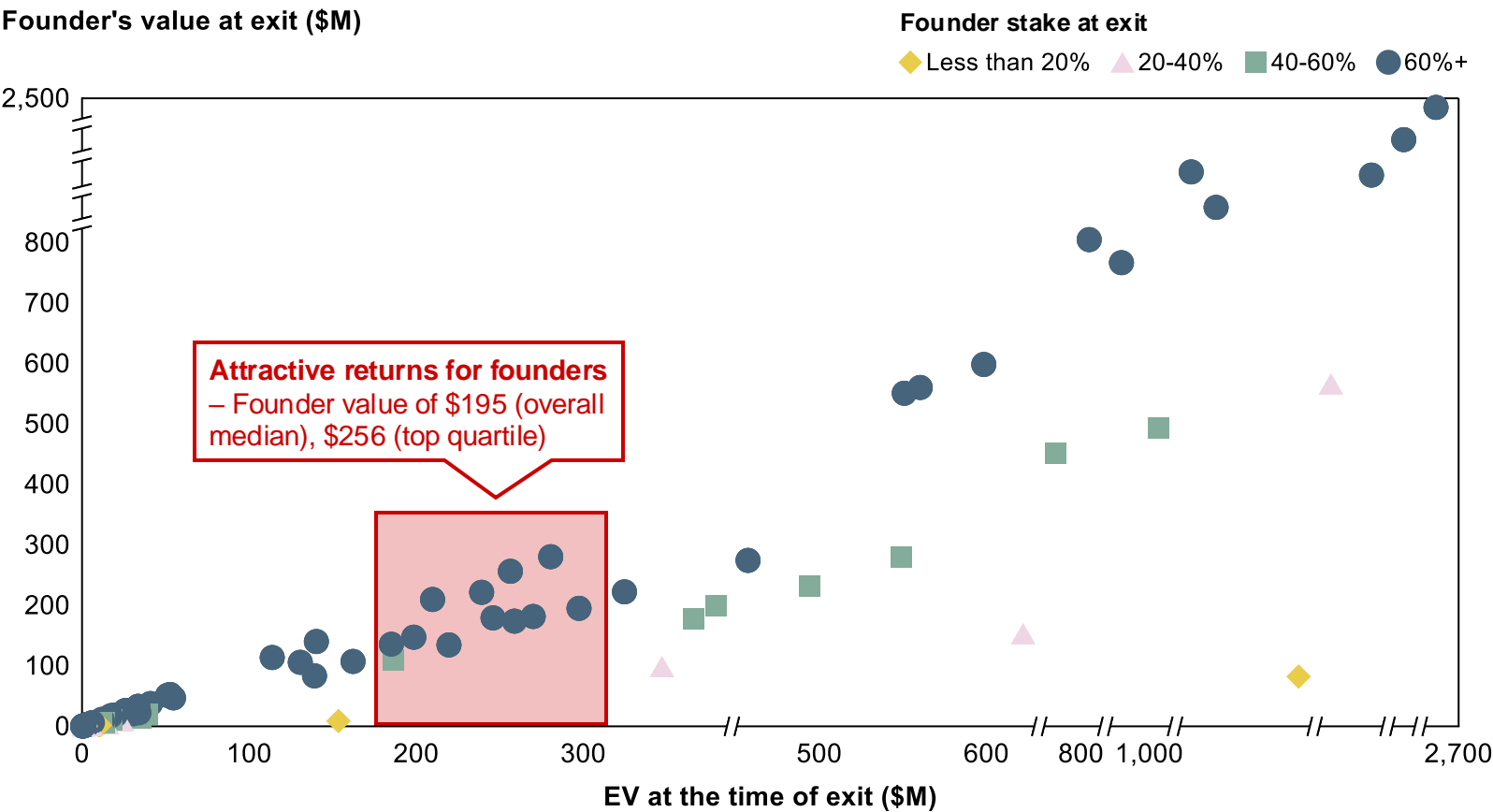
Median Metrics– Top EV quartile*		
Type of exit	Enterprise value (\$M)	Time to exit (Years)
IPO	1518	21
M&A	259	23

Median Metrics– Overall		
Type of exit	Enterprise value (\$M)	Time to exit (Years)
IPO	325	23
M&A	24	11

Note: Based on 31 IPO and 125 M&A exits for consumer product brands that have happened over 2008–2023; Enterprise value data unavailable for 4 M&A deals, \$1 = INR 82; *Based on top 25% enterprise values
Sources: S&P Capital IQ

However, high founder stake drives meaty founder value

65% brands have gone for exit with 60%+ Founders' stake



Note: Based on 31 IPO and 125 M&A exits for consumer product brands that have happened over 2008–2023; founder's stake data unavailable for 72 M&A deals and EV data unavailable for 4 M&A deals; \$1 = INR 82; *Based on top 25% enterprise values | Sources: S&P Capital IQ;

Median Metrics– Top EV Quartile*

Type of exit	Founder's Stake (%)	Founder's Value (\$M)	Share of bootstrapped companies
IPO	88%	1288	25%
M&A	67%	166	56%

Median Metrics– Overall

Type of exit	Founder's Stake (%)	Founder's Value (\$M)	Share of bootstrapped companies
IPO	73%	222	19%
M&A	82%	9	56%

Highest exit activity seen in Food and beverages, Beauty and personal care and Apparel

Number of IPO and M&A deals in consumer brands split by sector



Median metrics at the time of exit

M&A	Industry	Revenue (\$M)	Revenue multiple*	Founder's stake	Time to exit (Years)
	Apparel	22	2.0	59%	19
	BPC	4	4.6	77%	7
	Food and beverages	6	2.4	97%*	12

IPO	Industry	Revenue (\$M)	EBITDA multiple*	Founder's stake	Time to exit (Years)
	Apparel	88	23.2	73%	24
	Food and beverages	196	31.0	69%	23

Food and beverages has seen the highest M&A activity with strategics entering earlier, high founder stake at the time of exits

Note: Based on 31 IPO and 125 M&A exits for consumer product brands that have happened over 2008 – 2023 ;Others includes home, health and wellness, platforms and other categories; EBITDA multiple refers to EV/EBITDA at the time of exit; Revenue multiple refers to EV/Revenue at the time of exit; *66% of companies bootstrapped within F&B; BPC- Beauty and Personal Care, \$1 = INR 82 | Sources: S&P Capital IQ;

Patterns on growth and efficiency emerge when analyzing consumer brands with disproportionately high valuations

M&A

5.1

Revenue multiple for brands
with capital efficiency $\geq 1.5x$ and
Revenue CAGR $\geq 30\%$
(versus 2.7 overall)

IPO

9.0

Revenue multiple for brands
with RoCE $\geq 25\%$ and Revenue
CAGR $\geq 30\%$
(versus 4.0 overall)

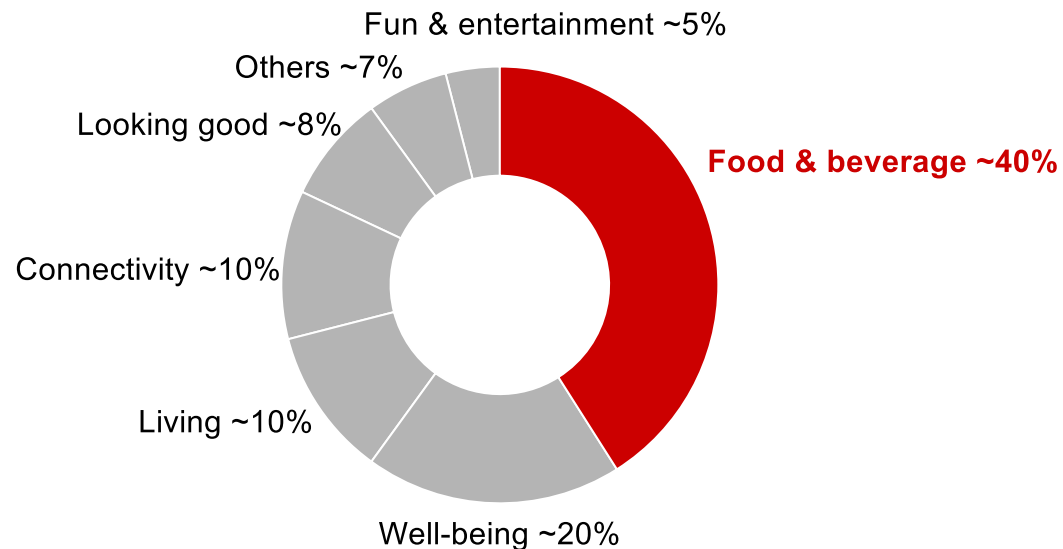


Food for Thought!

Food segment is the largest and witnessing strong Insurgent brand activity

Food and beverages leading the consumption growth in India

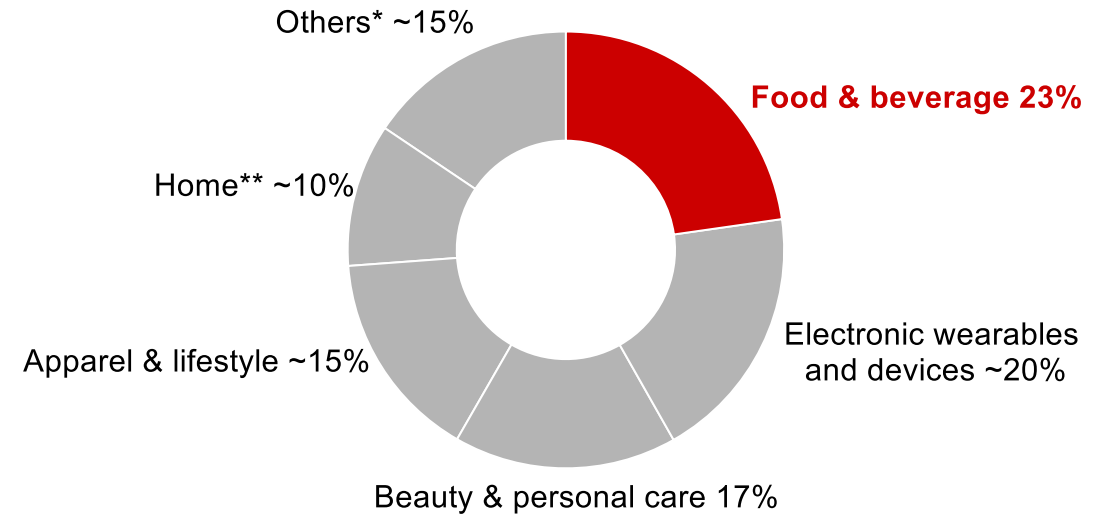
2023 consumption spend by category



~55% Incremental consumption spend over 2022–2030 driven by food segment

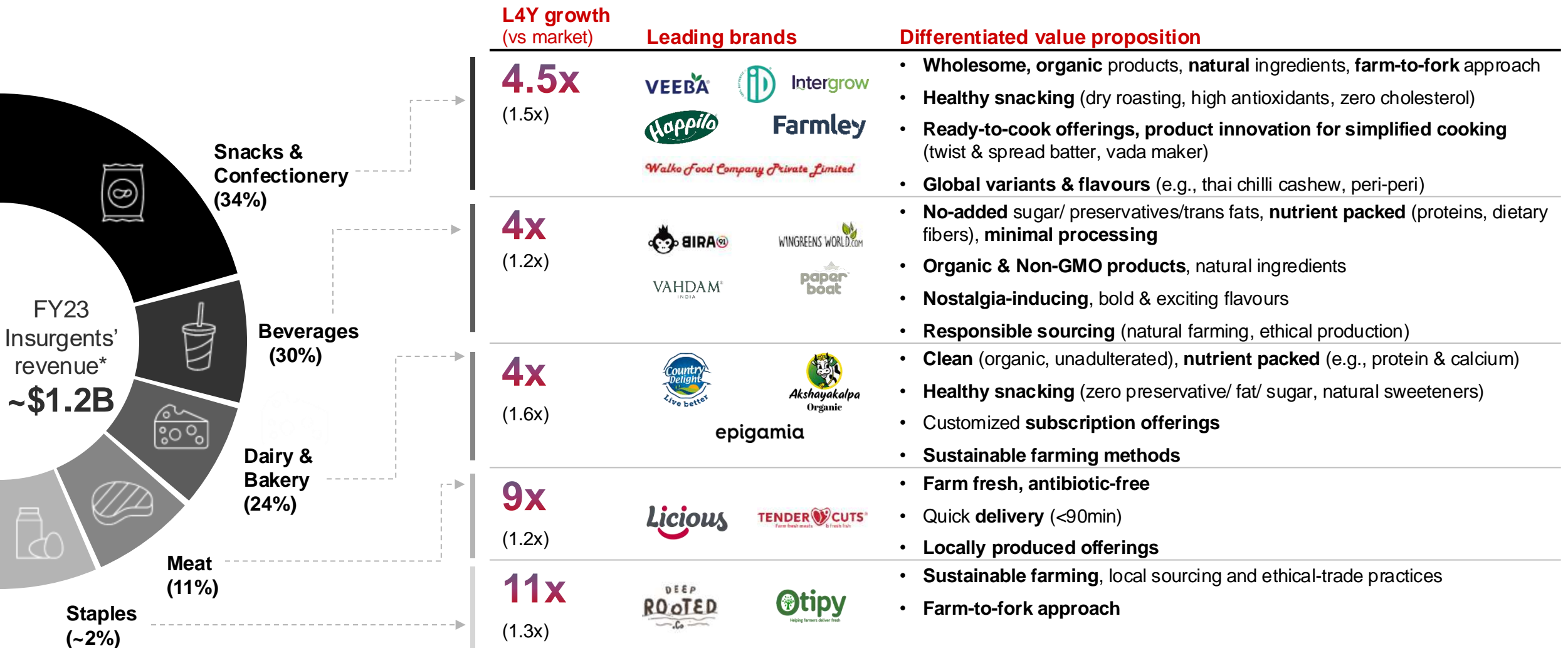
It is also the largest segment for Insurgent consumer brands

FY23 revenue split of insurgent brands by category



~3.5x Growth of F&B Insurgents versus market (2019–2023)

Insurgent food brands outpacing incumbents within food sub-categories via differentiated product propositions



Notes: L4Y= Last 4 years, (*)Food insurgent brands' 2023 revenue |Sources: VCCEdge; Tracxn; S&P Capital IQ; Company websites

There are four large trends fueling Insurgent activity in the food segment



Healthy Living

1

Trending **'Better for you'** across **ingredients** (e.g., organic, nutrition-rich), **preparation methods** (e.g., dry roasting, baked) and **distribution** (farm fresh)



Convenience

2

Simplified cooking/ eating (e.g., RTE/ RTC*) and easy **accessibility** (e.g., quick delivery, subscriptions)



Innovative flavours

3

Enticing flavour categories (e.g., nostalgic, exotic) to elevate indulgence



Sustainability

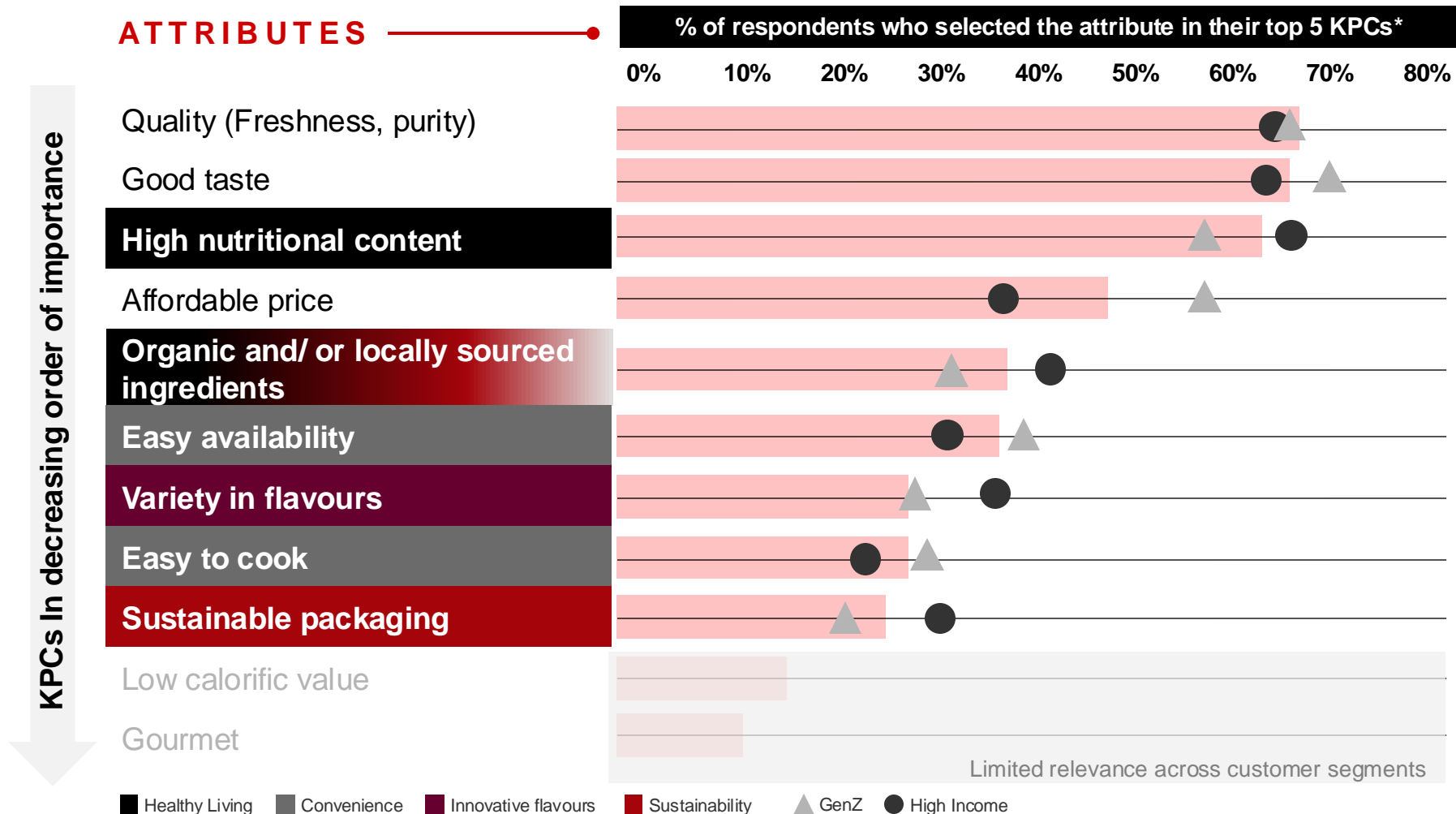
4

Responsible and/ or local sourcing and production

...creating avenues for premiumization backed by superior value proposition

Notes: *Ready-to-eat (RTE) product are pre-made and don't require additional cooking e.g. microwavable soup; Ready-to-cook (RTC) products require some preparation before consumption but are designed to be easily prepared by following instructions on package e.g. marinated meats

For consumers, healthy living is the most material while convenience and innovative flavours appeal to select consumer segments



Notes : Axis on representative estimated scale; (*) Respondents to rank top 5 choices; KPC–Key purchasing criteria; **Higher income segment defined with annual HH income > INR 30L
Sources: consumer research (N=1886); 10 group discussions with ~5 members per group; Quantitative research n=1836 respondents)



Key insights

Quality, taste and price are table-stakes for bulk of the consumers

‘Healthy living’ proposition most material (in line with ‘Price’) → propensity to pay premium

- 89% consumers willing to pay premium for ‘Better for me/ family’ offerings*

‘Easy availability’ and ‘Innovative flavours’ spike in select customer segments that are likely to grow

- ‘Easy availability’ within top 5 KPC for Gen Z consumers
- ‘Variety’ within top 5 KPC for high income** consumers, as important as price

Sustainability least material across customer segments

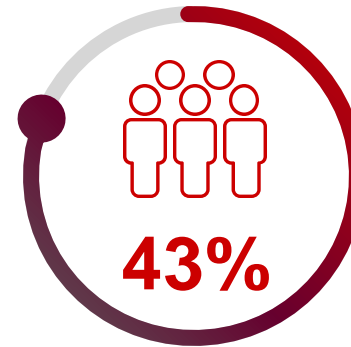
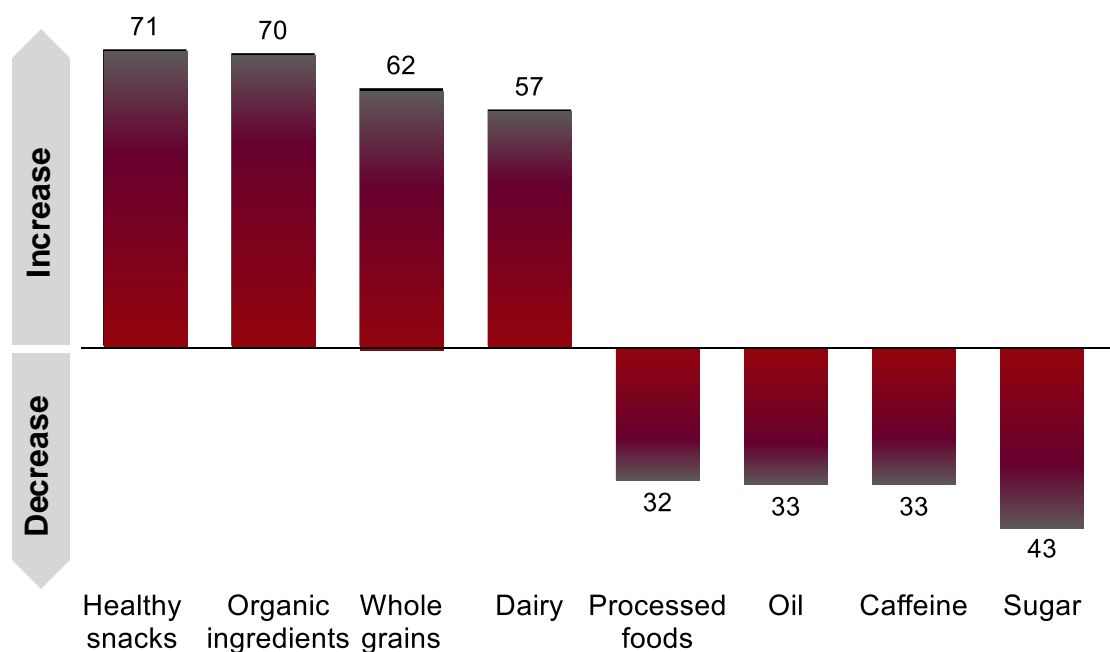
Healthy Living: Consumers are actively modifying diet to eat healthy; however, taste continues to be a challenge

Consumers shift towards healthier food alternatives– strongest thrust to healthy snacking, organic ingredients, whole grains and dairy



~50% Consumers have extensively modified diet to be healthier

% respondents citing change in consumption*



Consumers feel that **healthier alternatives are less tasty**



Implications for Insurgents

'Healthy' table stakes for **most consumers** → critical to include in value proposition

Shift towards better processed snacks (e.g., baked) and alternatives (e.g., nuts)

Need for **product innovation** to improve taste and **form factor innovation** for nutrition control

- Epigamia launched protein-rich flavoured Greek yoghurts in single-serve formats

Certification via **business model innovation** (with organic inputs) critical to drive trust

- Akshayakalpa offers 'certified organic' products

Brand memorability via amplified communication on nutritional content (Top 3 trust drivers)

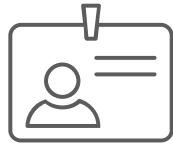
Notes : (*) Respondents to mark 'Increased/ Decreased/ Same' for all options; (**) High income consumers with annual HH income > INR 30L
Sources: consumer research (N=1886), 10 group discussions with ~5 members per group, Quantitative research n=1836 respondents)

Convenience: Consumers increasingly feel time-poor and seek ways to simplify their life

Consumers are time starved and seek flexible eating routines..

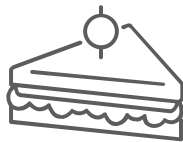
57%

employees feel **overworked** with digitally intense workday^^



60%

GenZ and ~50% millennials consume **snacks 'once a day or more'***



..leading to changing consumption habits to reduce hassle and efforts

1 Simplified cooking e.g., 'Ready to Eat', 'Ready to cook', single-serve/ smaller portions

- 16% growth in RTE market in India**

2 Convenient snacking to save time and/ or indulge (beat stress/ hunger, reward self)

- Nuts, seeds & Trail mixes estimated at ~\$900M by 2028 (11% CAGR, 2023–2028)^

3 Quick commerce uptake especially for 'impulse' categories e.g., snacks, desserts

- Impulse F&B (beverages, noodles, munchies) are top selling categories for Indian quick commerce^^



Implications for Insurgents

- Salience of Convenience seeking Gen Z to grow the market in salience with rising purchasing power → brands to adapt to their unique brand and trust drivers
- **Affordable product innovation** (Affordability equally or more important) to drive convenience
 - ID's 'Squeeze & Fry' vada batter– manufacturing innovation for higher production efficiency unlocking affordability
 - Farmley repackaged 'nuts, dry fruits' with appealing flavours into convenient formats
- Expand **Shoppability** via quick commerce with smaller sized packs
 - Go Zero, offering 'Better-for-you' single serve ice cream using quick commerce to drive trials and capture 'impulse' moments such as post meal snacking

Notes: %age of respondents who agree with the above statements are reflected above; (*) consumption over the last month

Sources: consumer research (N=1886), 10 group discussions with ~5 members per group, Quantitative research n=1836 respondents); ILO data 2023; Godrej Yummies India Snacking Report (2022); (**)Statista; The Hindu; CRISIL; (^^)Microsoft Annual Work Trend Index (2021); (^)Euromonitor; Mordor Intelligence; (^^^JP Morgan research; (*)Mintel Report

Innovative flavors: Rising consumer appetite for experimenting is resulting in uptake of global and hyper regional flavors

Growing experimental and experiential dining → select flavours and cuisines (Korean, Japanese)



65% Consumers enjoy international cuisines & flavors



Korean cuisine and flavors (e.g., Barbeque) gaining traction in India

INR 65Cr

worth Korean noodles market in 2023 (vs INR 2Cr in 2021) driven by rising media influence (e.g., BTS, K-dramas)



Japanese cuisines and ingredients (e.g. Miso) on rise driven by good taste and balanced nutritional profile (e.g., unprocessed, fermented ingredients)

~20% CAGR in Japanese food imports (2018–2022)

Brands directing efforts to elevate local flavours and embrace nostalgia



75% culinary experts note rising interest in hyper-regional sweets

Go Desi's captures traditional, diverse flavours via imli and kachha aam pops

Bombay Sweet Shop contemporizes traditional flavours in new formats e.g., fudge, barks



F&B brands incorporating popular regional variants/ flavours

Paperboat's nostalgia inducing beverage flavors (e.g., Kala Khatta, Aam-panna)

Beyond Snack's range of flavoured Banana chips popularizing the traditionally South Indian snack



Global brands launching localized variants

McDonald's masala-cola in Indian menu



Implications for Insurgents

- **High- income segment value variety**, in line with affordability indicating potential for premium play
- **Product innovation** for flavours and formats
 - Sleepy Owl introduced unique flavours e.g., salted caramel, hazelnut, and french vanilla and made hot and cold brew coffee accessible at home
 - They offer several assorted packs with over 5 flavours to drive trial
- **Targeted sampling** at premium locations to drive trials
 - Bira 91 leverages its taprooms at prominent places as testing grounds
- **Packaging innovation** with bold colors and texture (e.g. matte finish) to communicate premiumness
 - Veeba's distinctive bottles for their spreads and dressings

Notes: Culinary experts (~N= 300) including leading chefs, food journalist, influencers, culinary students etc. from the Godrej Food Report 2023

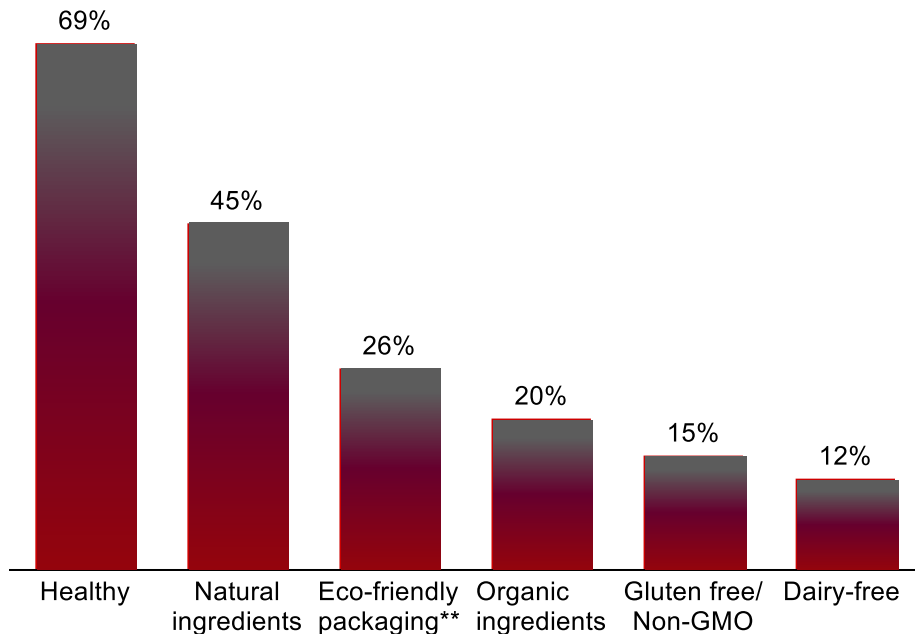
Sources: consumer research (N=1886), 10 group discussions with ~5 members per group, Quantitative research n=1836 respondents; Ministry of External Affairs (Govt. of India); Godrej Food Report 2023; Livemint article; TasteAtlas; Business Standard article

Sustainability: Strong association of sustainability with 'healthy', price key barrier to adoption

In addition to healthy, natural ingredients and eco-friendly packaging connote sustainable

Q: When you think of env. sustainable food (fresh or packaged), which other qualities you associate with it?*

% of respondents who agree with below choices

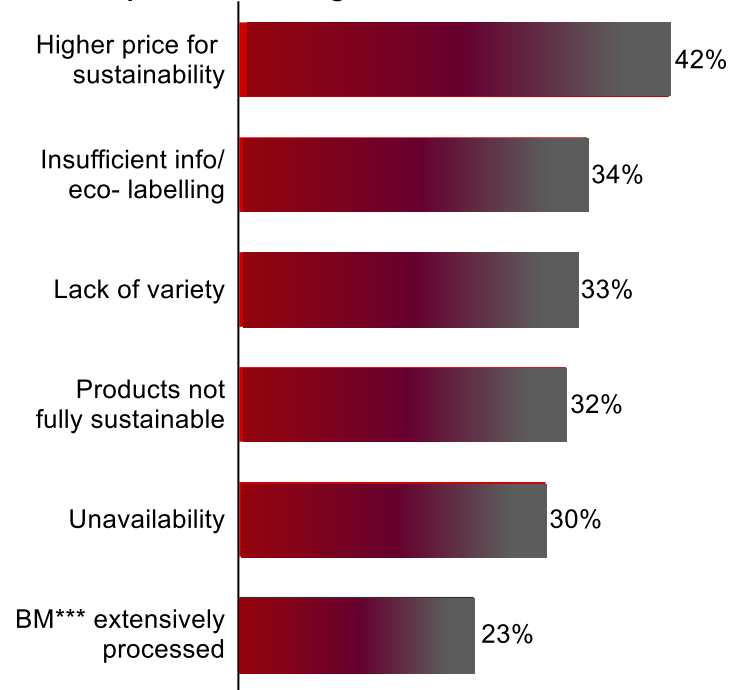


Note: (*) Respondents to select top 3 choices; (**) Includes recyclable, minimal and plastic free packaging; (***) PBM refers to plant-based meat; option
Sources: Bain Global ESG Survey 2023 (N=23,374) incl. US, UK, Brazil [reweighted by income and region], China, France, Germany, India (N=2302), Indonesia, Italy, Japan and Netherlands; Bain Global ESG Ethnographic Research June'23 (N=59)

Price, lack of/ complex information and lack of options limit adoption

Q: What are the challenges while shopping sustainably?

% of respondents who agree with below choices



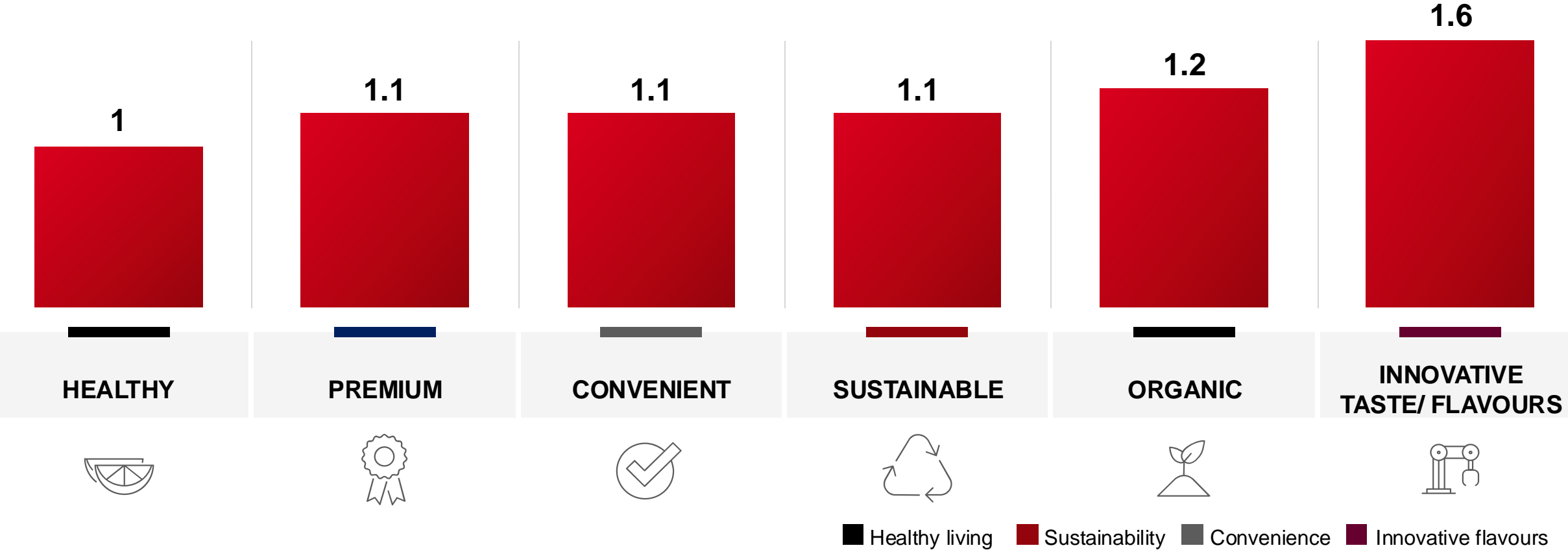
Implications for Insurgents

- Sustainability appeals to a **small segment of customers** (<25% rank it in top 5 KPCs) → limited addressable market
- **Product proposition and brand messaging** to incorporate 'Better for you' positioning (including natural ingredients)
 - Anveshan's minimally processed, locally sourced super foods
 - Go Desi's no added sugar, locally sourced fresh fruit and handmade products
- **Price innovation** to differentiate versus incumbents with affordable product
 - Good dot offers affordable plant-based protein (~50% price of chicken) driven by superior R&D (longer shelf life reducing cold storage & logistics cost)

Insurgent brands need to strengthen perception on material selection drivers (especially healthy)

ATTRIBUTES

Indexed to health score - % of respondents who associate more strongly with Insurgent brand group on the following aspects -



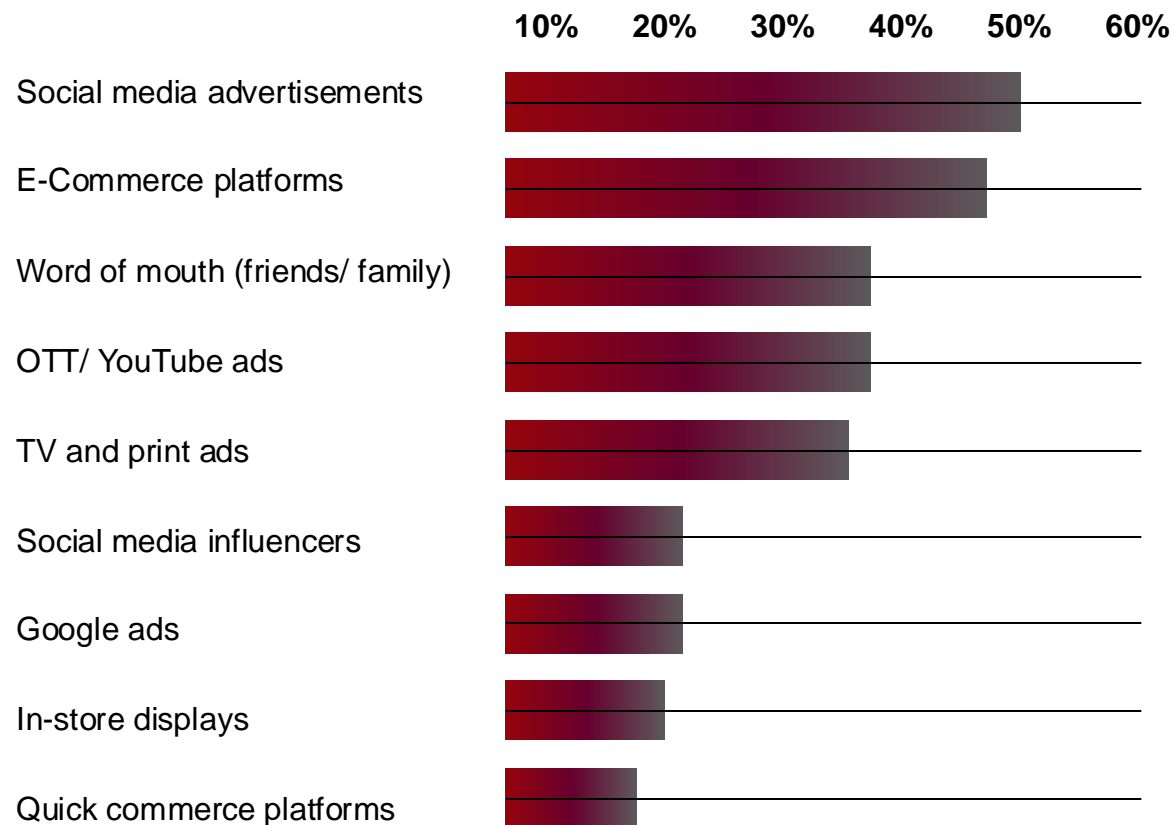
Notes: (*) Single select brand group (Incumbent or Insurgent) for each attribute; %age of respondents who have selected the particular group for the respective options are reflected above; Indicative brands mentioned in survey question (Incumbents: Tata Sampann, Amul, Kissan, Lipton, MDH, Haldirams etc.); Insurgents: Farmley, Country Delight, Milk Mantra, Akshayakalpa, Licious, Veeba, Wingreens, Vahdam etc.)
Source: consumer research (N=1886), 10 group discussions with ~5 members per group, Quantitative research n=1836 respondents

Social media and E-commerce platforms most salient in brand discovery

Drivers of awareness

Relevance (and variation)

% of respondents who consider the following channels for brand discovery *



Product commerce

- E-commerce platforms feature new brands and **enhance visibility via curated collections and sponsored listings**
- Digital platforms enabling **customized recommendations and targeted marketing to consumers**



Implications for Insurgents

- Material share of marketing spend in **brand building** (vs performance marketing) on e-commerce
- Leverage 3P data for **targeted and personalized reach** on social media
- **Build interest-based communities** to generate word of mouth; **tailor influencer network** based on micro markets

Notes: (*) Respondents to select top 3 choices; %age of respondents who consider the given channels for brand discovery are captured in graph
Source: consumer research (N=1886), 10 group discussions with ~5 members per group, Quantitative research n=1836 respondents)

Online reviews & ratings, certifications/compliances key drivers to build trust in the brand

Drivers of trust

% of respondents who consider the following factors as trust drivers*

Good online reviews and ratings

Certifications and compliance

Nutritional content on packaging

Brands tried & tested in the past

Word of mouth (friends/ family)

Made in India brands

Brand widely seen in ads/ stores

Labelled organic/ free range/ hormone free / Non-GMO

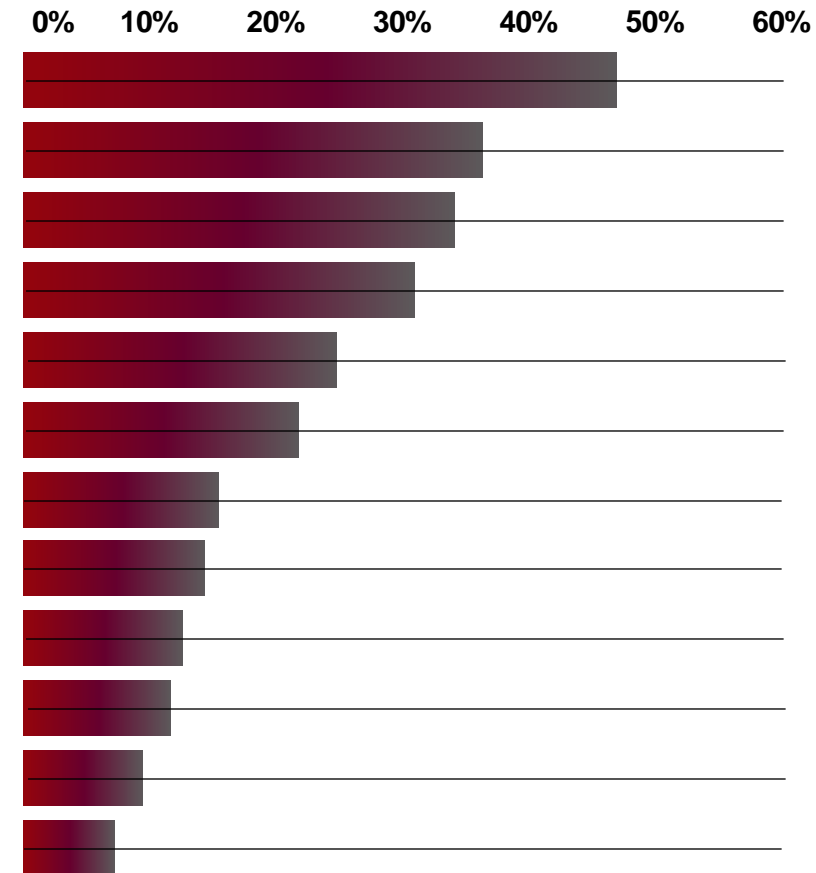
Social media influencers

Premium, aesthetic packaging

Celebrity endorsements

Premium pricing

Relevance (and variation)



Notes: (*) Respondents to select top 3 choices; %age of respondents who consider the given channels for brand discovery are captured in graph
Source: consumer research (N=1886), 10 group discussions with ~5 members per group, Quantitative research n=1836 respondents)



Implications for Insurgents

- **Actively engage and respond to consumers** for positive feedback / grievances
- **Encourage user-generated testimonials**
- **Position nutritional profile & ingredient list** on packaging as a 'reason to buy'
 - The whole Truth assures credibility through clean-labelled and nutritionally dense product line-up
- **Amplify certifications** (e.g. organic, plastic neutral) **in brand messaging** with explicitly stated descriptions

Recap: Successful Insurgents have excelled on all five elements, keeping capital efficiency and strong unit economics at their core

1 Consumer purpose at the core



- **Targeting underserved needs**— existing categories/ premiumisation/ on-trend new categories
- **Authentic, purpose-driven brand** with a clear value proposition often linked to founder's story
- **Addressing a real consumer need.** Deliver greater value - more and higher elements of value

2 Offer innovation (Product x Price)

- **Relentless experimentation:** Test and refine in market
 - **Short product innovation** cycles
 - **Fixated on customer feedback via sampling** to develop, tweak & scale new innovative products
 - **Quickly pull what doesn't work**
- **Tailored propositions** curated for local needs
- **Redefine value proposition to target at new price points** (premium, mass)

3 Brand memorability

- **Provocative, edgy communication**, distinctive and experiential; leveraging advocates and influencers
- **D2C or market place focused brands rely on digital-heavy, data-driven** targeted marketing
- **Consumer-driven content**
- **Creative in-store assets**, new spaces in store

4 Shoppability across channels

- **Alternative channels** like e-com, D2C first targeted at core consumers, then expansion
- **Omni-channel strategy** to scale up and stay relevant
 - GT still the most efficient and profitable channel (hard to build, hard to overcome for competitors)
- **Timing is important.**
 - Too soon or too late often doesn't work

5 Business model innovation

- **Technology** permeates all aspects of business model incl. customer experience, last mile and drives faster growth
- **Reducing supply chain complexities** by investing in supply chain infrastructure innovations (e.g.: farm-to-fork, vertical integration)
- **Mission driven and agile in execution, frugal**
 - Lean, asset-light and fit for purpose
 - Founder's mentality, capable core team

Growth agenda playbook for insurgent brands in food and beverages

1 Consumer purpose at the core— Product value proposition to align with target customer needs, varying across segments



HEALTHY LIVING

Healthy living tablestakes for most consumers, most important selection driver for high income segment*

- **Healthy snacks, organic ingredients, whole grains & dairy** products likely to drive penetration of healthy alternatives

Maximize value by improving taste profile

CONVENIENCE

Convenient yet affordable solutions for Gen Z segment

Seek convenience in cooking (e.g., RTC categories) and **flexible eating routines** (e.g., snacking, quick access)

INNOVATIVE FLAVOURS

Higher experimental appetite within high income segment

Select international cuisines and flavours (e.g., Korean, Japanese) seeing uptake

Directed brand efforts towards elevating local flavours and embracing nostalgia (triggered by lockdown)

SUSTAINABILITY

Limited market for sustainable products - affordability, lack of information/ options key barriers to adoption

‘Better for you’ products, natural ingredients, eco-friendly packaging connote sustainability for the small addressable base

2 Offer innovation (Product x Price)



Tailored product proposition for TG (e.g. affluent health enthusiasts)
innovative form factors (e.g., single serve packs)

Relentless experimentation & sampling to improve product proposition (e.g., taste, price)

3 Brand memorability



Edgy packaging defining premium quality (e.g., bold colors, matt finish)

Simplified & intuitive messaging (e.g., certified organic, clean label)

Salient share of **marketing spend on social media** and **e-commerce**

4 Shoppability across channels



Achieve threshold scale on e-commerce, D2C to build awareness and consideration

GT relevant to scale

Quick commerce offering smaller packs for impulse F&B categories

5 Business model innovation



Robust supply chain (e.g. tech-enabled, no contact) for farm-to-fork, **organic production & processing** to attain certified labels

Eco-system vs standalone assets (B2B partnerships for rural, HORECA)



Thank you

