Ecomm Companies Pull Out Many Rabbits for Seller Magic

Cos such as Snapdeal, Paytm feel better mix of products will help attract more buyers

Biswarup Gooptu & Aditi Shrivastava

New Delhi | Bengaluru: If you are a small merchant selling myriad stuff from a tiny store, chances are India's largest ecommerce companies are looking for you. Online marketplaces like Snapdeal, Paytm, Amazon and Flipkart are pulling out all the stops to get more merchants to sell on their platforms, figuring out that the more vendors they have hawking an assortment of products the more buyers they can attract.

These companies are not only helping sellers list their products online and develop pricing strategies, they are also ramping up financial services for merchants, increasing warehousing capacity, and unveiling technology platforms that serve as one-stop shops for all merchant requirements.

"2016 will be the year that merchants start seeing the benefits of selling online," said Sandeep Komaravelly, senior vice-president at Snapdeal and the head of its mobile marketplace Shopo. "But a lot more needs to be done by us. Last year was the year of oiling the machinery."

Last month, Snapdeal launched Sherpalo, a platform that provides single-window access to all seller services, including onboarding, training, advertising and order and returns management. It aims to have 10 lakh small and medium businesses transacting on its platform in two-three years, from about 2.5 lakh sellers now.

For its mobile marketplace Shopo that it launched in July, Snapdeal is targeting as many as 1 million sellers in 24-36 months. Presently, it has about 50,000 sellers on this platform.

Such lofty ambitions are driven by the prospect that India's ecommerce market, including travel and payments, will likely breach about ₹6.5 lakh crore by fiscal 2020, according to a Goldman Sachs report, driven by increased internet and smartphone penetration, digital wallet adoption, and investments in last-mile logistics. But gross merchandise sales, the crucial metric that online retailers use to detail the total value of transactions on their platforms, will be driven by the ecommerce giants onboarding as many sellers as possible, say experts.

Paytm, the youngest of India's ecommerce majors, is among the most aggressive in signing up sellers, much like China's Alibaba Group, its biggest investor.

"By the end of 2015, we had about 1.7 lakh sellers, of whom about 1 lakh were verified with catalogues," said Sudhanshu Gupta, assistant vice-president, business, at Paytm. "Over the next 12 months, we are looking to have 5 about lakh verified sellers on board." The company has rolled out a platform called Paytm Go Big for anybody who wants to sell online or already is. It has also launched Paytm Force, which will have as many as 3,000 ecommerce specialists providing end-to-end services for sellers, including catalogue creation, order fulfilment and account management.

These initiatives are important not only to build large seller networks but also to ensure the sellers are active, said an investor in one of the online marketplaces. "It becomes equally if not more important to make them transact on the platform, and that's the pain point everyone is trying to address," this person said.

Amazon India has launched a slew of services aimed at India's 48-million strong small and medium enterprises (SME) sector, which, according to industry reports, accounted for more than 17% of India's GDP in 2014. "We have seen significant traction from small and medium enterprises across the country and are witnessing over 250% growth in sellers year-over-year.

Log On and Sell

Cos are also...

Ramping up financial services for merchants

Increasing warehousing capacity

Unveiling technology platforms that serve as one-stop shops for merchant requirements

₹6.5 lakh cr Estimated size of India's ecomm market by fiscal 2020

Paytm is among the most aggressive in signing up sellers

InnoVen Capital May Extend Over ₹460cr Loans to Early-stage Cos

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Mumbai: InnoVen Capital, one of India's oldest venture debt funds, would lend over ₹460 crore to early-stage companies this year. The fund will continue with its sector-agnostic approach, but will specifically look out for technology, education and healthcare start-ups, said Vinod Murali, managing director of InnoVen Capital. "We've partnered with most of the active venture equity funds in the country. We typically co-invest along with these funds or follow an equity round... our funding pipeline is pretty strong this year," Murali explained.

InnoVen Capital, born as a result of a management buyout of SVB India Finance's India business in April 2015, has Temasek as its main shareholder. The fund has disbursed start-up loans worth ₹335 crore across 30 transactions in 2015. Since starting business (as SVB India) in 2008, the fund has lent over ₹1,000 crore to 70 companies. "Since inception, we have made aggregate 98 loans. Almost one-third of our transactions have been repeat loans," said Murali.

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Deals done recently by InnoVen include Byju's Classes, Portea, Capillary, Practo, Collectabillia (Wrogn), MobiKwik, MoveInSync, Faasos, Toppr, Embibe, SuperProfs, Edusys Global, AppsDaily and Power2SME. The fund has allocated about 20% of its disbursals to healthcare and 10% each to education and analytics-based start-ups.

"Start-ups are showing more keenness to include debt in their capital structure. Debt is mainly used to meet marketing and other promotional expenses. In some instances, venture debt has been utilised for acquisition finance as well as funding working capital," said Murali. "With a good capital mix including venture debt and equity, start-ups have a longer runway to grow their business with minimal dilution. It also ensures that they are not running on fumes by the time they get to the next fundraise," he added.

InnoVen lent money to start-ups at about 15% (interest cost) per annum. The fund also asks for a 1-1.5% equity kicker. An equity kicker is an option to participate in future profits of the firm, exercisable for a specific period (either life of the fund or loan tenure). "Even with the equity kicker, debt funding would be much cheaper than equity dilution. To raise ₹15-25 crore, a start-up will have to dilute close to 10%; if they come through us, they need to dilute just 1%," he explained.

InnoVen prefers to co-invest with venture equity funds. As a policy, they do not invest in start-ups which have not received the first round of equity funding from a premier venture fund.

"This strategy has helped us reduce instances of payment defaults. Very few companies in our portfolio are under financial stress currently," Murali said. The fund raises cheap capital from banks issuing 'AA-' rated papers. Apart from an equity capital base of $200 million (committed by Temasek and UOB Singapore), the fund has raised $25 million to meet this year's demand for start-up loans.

BUT COS STILL FAR BEHIND IBM

Accenture and Capgemini Scale Up India Play

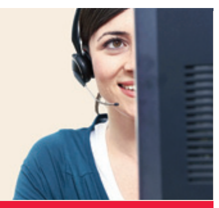
Raking It In

₹17,150.9 crore: Accenture revenues for the year, up about 16% from the year before

₹5,992.4 crore: Capgemini India revenue, compared with ₹5,184.77 crore a year ago

130,000: Accenture employees in India

$3 billion: IBM revenues from India



Accenture has widely been seen as a late entrant to India's outsourcing market

In 2011, Accenture hired outsourcing industry veteran Avinash Vashistha as part of an effort to shore up its India biz

High taxes, finance costs took a toll on global tech cos in FY15

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Bengaluru: Two of the world's largest technology services and consulting firms Accenture and Capgemini registered healthy top line growth in India in the year ended March 2015, but struggled with margins due to higher taxes and finance costs. Over the past decade, both have expanded their workforce substantially in India to rival homegrown outsourcing giants such as Infosys and Tata Consultancy Services.

Accenture Services posted revenue of ₹17,150.9 crore ($2.5 billion) for the year, up about 16% from the year before, helped mainly by new clients and healthy growth from international accounts managed by teams in India. Profit after tax was nearly flat at ₹1,963.5 crore, according to documents posted on the corporate affairs ministry's website.

In the same period, French rival Capgemini's India business also recorded growth of about 16%. According to a filing with the Registrar of Companies earlier in January, Capgemini India reported revenue of ₹5,992.4 crore, compared with ₹5,184.77 crore a year ago.

Accenture and Capgemini declined to comment on their India numbers and headcount. According to headhunters and industry estimates, Accenture has more than 130,000 employees in India. MNC technology services giants such as IBM, HP and Accenture have over the past decade replicated the global delivery model that has become the trademark of Indian software exporters and built up workforces of hundreds of thousands of employees in India who maintain and develop back-office software applications.

Experts tracking the companies said while Accenture and Capgemini have made significant headway in India over the past few years, they still trail IBM, which dominates the local outsourcing market, especially in the telecom sector, with large contracts from Bharti Airtel, Vodafone and Idea Cellular.

Despite its India growth, Accenture has widely been seen as a late entrant to India's outsourcing market compared to IBM. In 2011, the company hired outsourcing industry veteran Avinash Vashistha as part of an effort to shore up its India business. Vashistha served as Accenture's India chairman till 2015, before stepping down. He was succeeded by Rekha Menon.

ON DEALS

Over the last few years, Accenture has upped the ante on winning outsourcing deals

DINESH GOEL
India head, ISG

"Accenture has been traditionally focused on India from a consulting perspective but over the last few years, they have upped the ante on winning outsourcing deals here," said Dinesh Goel, India head at ISG. "Capgemini's business from India remains relatively small though they've scaled up quickly."

Over the past 10 years, since IBM first got a $750-million landmark outsourcing contract in 2004 from Bharti Airtel amid much fanfare, it has outgrown all domestic and international competitors on the back of large contracts from customers such as Indian Railways.

Godrej | CONSUMER PRODUCTS LTD.

Extract of Consolidated Unaudited Financial Results for the Quarter and Nine months ended December 31, 2015

(₹ Crore)

Sr. No.	Particulars	Quarter ended 31-Dec-15	Nine Months ended 31-Dec-15	Quarter ended 31-Dec-14
1	Total income from operations (net)	2356.14	6698.74	2235.71
2	Net Profit/(Loss) from ordinary activities after tax	322.95	809.34	263.57
3	Net Profit/(Loss) for the period after tax (after Extraordinary items)	322.95	809.34	263.57
4	Paid-up Equity Share Capital *(Face value per share: ₹ 1)*	34.05	34.05	34.04
5	Reserves (excluding Revaluation Reserve as shown in the Balance sheet of previous year)	-	-	-
6	Earnings per share (before extraordinary items) (of ₹ 1 each) *(Not Annualised)*			
	(a) Basic (₹)	9.48	23.77	7.74
	(b) Diluted (₹)	9.48	23.76	7.74
7	Earnings per share (after extraordinary items) (of ₹ 1 each) *(Not Annualised)*			
	(a) Basic (₹)	9.48	23.77	7.74
	(b) Diluted (₹)	9.48	23.76	7.74

Key numbers of Standalone Financial Results

(₹ Crore)

Sr. No.	Particulars	Quarter ended 31-Dec-15	Nine Months ended 31-Dec-15	Quarter ended 31-Dec-14
1	Turnover (Net sales)	1260.70	3540.44	1167.08
2	Profit Before Tax	258.37	669.43	216.29
3	Profit After Tax	202.75	528.58	171.83

Place : Mumbai
Date : 27/01/2016

By Order of the Board
For **Godrej Consumer Products Limited**

Adi B. Godrej
Chairman

Note: The above is an extract of the detailed format of Quarterly / Nine months Financial Results filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of the Quarterly / Nine months Financial Results are available on the Stock Exchange websites viz. www.bseindia.com and www.nseindia.com. The same is also available on the company's website viz.www.godrejcp.com.

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