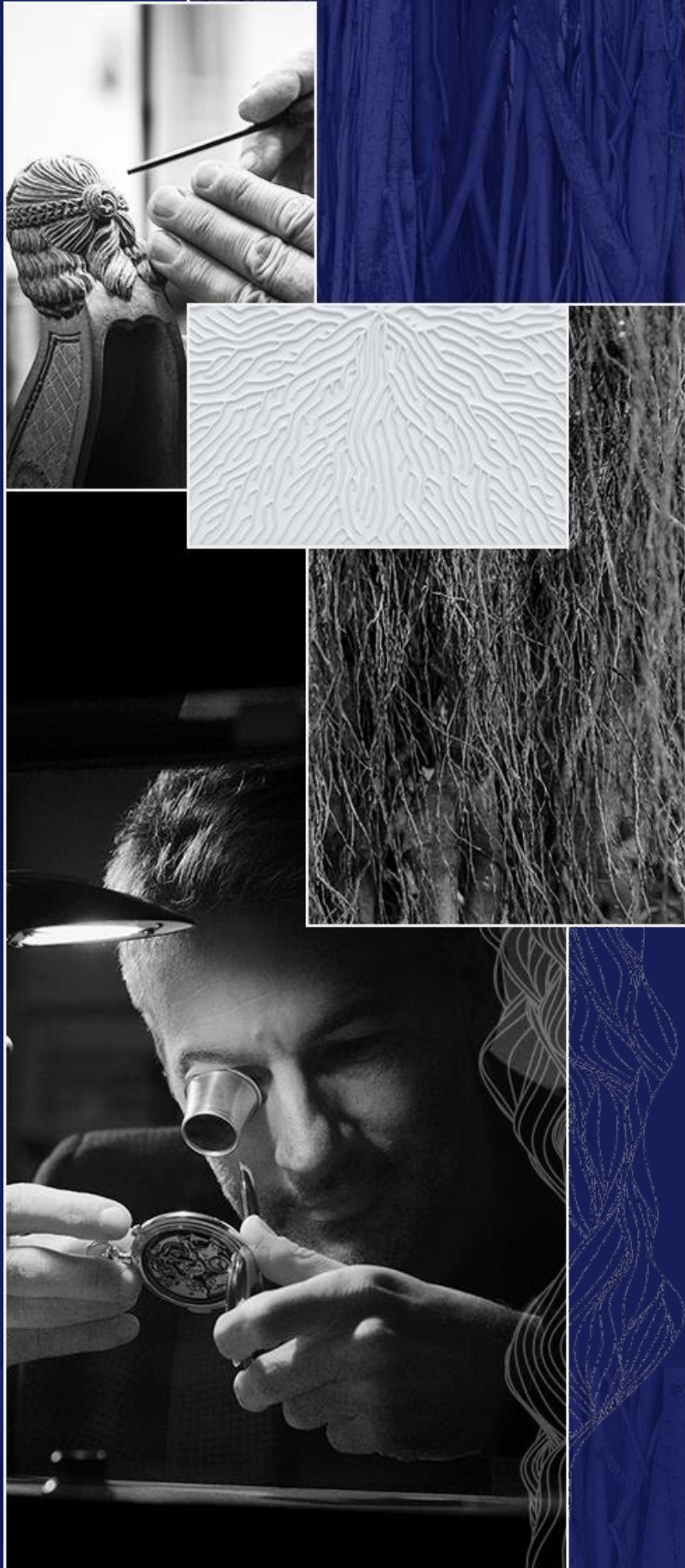


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Brief Overview - India's Digital first BPC Industry.

India is the world's third-largest economy by PPP (~\$13 trillion) and it is likely to be the third largest basis of nominal GDP by 2030, growing at a CAGR of ~9%. India Retail market size is \$1,200 billion in 2021 and is expected to reach around \$2,000 billion by FY2027 at a CAGR of ~10%. Indian Beauty and Personal Care contribution is 1.5% to the Indian Retail market and will see an increase in contribution on the back of increased awareness, deepening penetration in the Tier-2/3 cities and beyond, and Local brands giving a tougher competition to established global conglomerates.

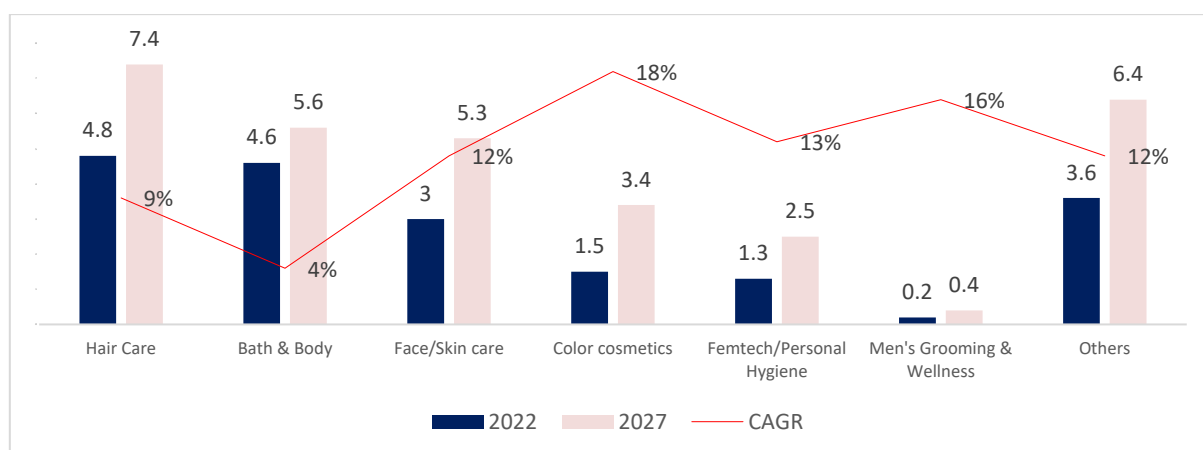
Global Beauty & Personal Care market size is \$528 billion in 2022 and is estimated to reach \$663 billion by 2027 at a CAGR of ~5%. Offline Retail holds 75% of the market of the global Beauty & Personal Care market.

US is the largest BPC market of around \$87 billion, followed by China \$55 billion, Japan \$39 billion, and India \$19 billion. Global per capita spend is average \$75, largest in US \$278, followed by Japan \$242, China \$45, India \$10. Due to such low per capita spend, India represents a huge opportunity for Beauty & Personal Care market.

Beauty & Personal Care market in India is valued at \$19 billion in 2022 and is estimated to reach \$31 billion by 2027 at a CAGR of ~10%. The market is estimated to grow ~1.5 times in the next 5 years. Offline Retail holds 75% of the market of the global Beauty & Personal Care market. Online channel mix: E-commerce marketplace constitutes 67% of the online market and own website constitutes 33% of the online market.

Currently, online penetration is low in India, which represents a huge opportunity for the online market. India internet users as a percentage of population is 47% in 2022 and is expected to increase 89% by 2030. India online shoppers as a percentage of population is 14% in 2022 and is expected to increase to 33% by 2030 at a CAGR of ~11%.

India BPC Industry - Segments



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- Colour cosmetics and men's grooming grew fastest with a CAGR of 18% and 16%, respectively.
- Hair care, bath/body & skin care command 2/3rd of India's BPC market.
- Hair oil, bar soap & toothpaste, alone, form 45% of BPC market share.
- Moisturizers and cleansers form about 4/5th of the skin care category

D2C Beauty & Personal Care landscape is rapidly evolving in India:

Natural, organic, herbal, vegan Personal Care



Men's grooming



Ayurveda Personal Care



Women's beauty/ grooming



Non-Herbal/Non Ayurveda



Women's Hygiene



Incumbent players are either acquiring prominent D2C brands or choosing the organic route of launching their own brands online and building their D2C platform:

Company	Brand Portfolio	Key brand activity (Last 3 years)
HUL	Lifebuoy, Fair & Lovely, Dove, Ponds, Lakme, Lux, Pears, Pepsodent +18 more	Acquired Oziva, plant based personal care brand in December 2022 for \$32 Mn Acquired VWash, female hygiene brand
P&G	Pampers, Ariel, Gillette, Pantene, Oral-B, Herbal essence, Olay, Old Spice + 5 more	Acquired Tula and Farmacy beauty, probiotic skin care product company in Jan 22 and Nov 21. Acquired Ouai, hair care brand in Dec 21
ITC	Shower to Shower, Fiamma, Vivel, Engage, Charmis, Nimyle, Nimeasy +4 more	Invested in Mother Sparsh, D2C personal care brand in 2021. Acquired Yoga Bar, nutrition health food company in Jan 23.
Marico	Coco Soul, Set Wet, Livon, Beardo,	Acquired Plix, plant-based nutrition company in 2023.

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	Parachute, Nihar Naturals +8 more	Acquired Just Herbs (July 21) and Beardo (Aug 20)
Loreal	Loreal, Garnier, Maybelline, Decleor +10 more	Acquired Aesop, personal care product company in Apr 2023 Acquired Skin better Science, facecare products brand in Sept 2022

New D2C companies are addressing the whitespace via offering the premium products which are between the mass and premium products:

Particulars	Mass products (Traditional companies)	D2C brands addressing whitespace	Premium products (Global companies)
Positioning	One size, fits all	Premium products for aspirational customers	Luxury products
Key players	Dominated by traditional FMCG brands	Dominated by D2C BPC brands	Dominated by Global BPC brands
Distribution	GT>MT>Digital	Digital>MT>GT	MT>Digital distribution
Target Audience	Mainly rural and tier 2+ cities	Metro and urban areas	High income class in metro and tier-1 cities
ASP	<=Rs 250	Rs 250-Rs 1,000. Priced 10-15% more than mass products	>= Rs 1,000

New D2C Platforms like GOAT, House of Brands are helping D2C brands scale up faster and provide an avenue for exit to founders:

- House of Brands acquire D2C brand and help scale D2C brands faster.
- Buys D2C/online brands and gives them marketing, marketplace optimization, international expansion, and technological support.
- Acts like mini-PE/VC who funds the D2C brands and accelerates their growth.
- Top brands are Evenflow, 10club, upscalio, Mensa, Myglamm, GOAT brands, GlobalBees, The Good Glamm group.

Key Trends in India's Digital First BPC Market:

- **Holistic Approach:** Multi-category platforms.
- **Premiumization:** Unique brand positioning & product aesthetics
- **Masstige Pricing:** Premium products at affordable prices to attract millennial customers.
- **Clean Beauty:** Efficacy-driven clean beauty free from harmful chemicals.
- **Engagement:** Content-driven commerce, contextual targeting, and influencer-led marketing.
- **Personalization:** Subscriptions & customized offerings
- **Sustainability:** Preference for eco-friendly and socially-responsible brands.
- **Category Expansion to Widen TAM:** For e.g., Nykaa acquired Dot & Key, Earth Rhythm in skin care space, MamaEarth acquired Dr Sheth's to offer bio-actives-based skin care for Indian skin.

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- **Creating a Platform Play:** E.g., Private Equity acquiring various brands to create a platform of different product categories. For e.g., Samara-owned Esme Consumer acquired Nature's Essence & Blue Heaven Cosmetics.
- **Enter Niche Spaces or Expanding to New Geography:** E.g., Marico acquired Just Herbs to offer ayurvedic products, acquired Beardo to enter men's grooming space & acquired Beauty X to enter Vietnam market.
- **Traditional FMCG companies acquiring modern D2C brands or creating their own brands:** Unilever investing in Plum & Minimalist, Emami acquired 33% stake in The Man company.

Key Growth Drivers in India's Digital First BPC Market:

- **Creating House of Brands Architecture:** Acquiring sharply positioned brands.
- **Gauging Change in Consumer Preferences:** Real-time data analytics on purchase patterns & consumer behaviour.
- **Faster Product Cycles:** Aided by asset-light contract manufacturing & third-party integration with e-commerce enablers.
- **Growing BPC Market:** India's BPC market is growing at 10% CAGR, faster than both US and China.
- **Higher BPC Spends:** India's per capita annual spend on BPC products to grow from \$10 to \$15 in next 5 years.

Key Challenges in India's Digital First BPC Market:

- **Scalability:** Maintaining a strong moat, while expanding customer base beyond metro and tier-1/2 cities.
- **Omnichannel Expansion:** Effective online expansion without diluting the masstige brand positioning.
- **Consistency:** Consistent product innovation across multiple categories.
- **Retention:** Maintain healthy CAC/LTV with strong repeat purchase rate.
- **Profitable Growth:** Ability to maintain a tight grip on unit economics to scale profitably.

Multi Category Brands in India: After gaining initial traction via hero product/ingredient range, most Digital first brands expand to 3 or more categories to offer comprehensive solution.

Company	Key Categories	Funding (\$ mn)	Brands	Key Investors
Wow Skin Science	Hair care, Skin care, Bath & Body, Baby care, Nutrition, Fragrances	98	Wow Skin Science, Body Cupid, Fit & Glow	GIC, Chrys Capital
Plum	Skin care, Hair care, Bath & Body, Baby care, Colour cosmetics, Fragrances, Men's grooming	52	Plum, Phy	A91, Unilever Ventures, Faering, Trifecta
mCaffeine	Bath & Body care, Skin care, Hair care	46	Mcaffeine	Amicus, Singularity, Paragon, RPSG, Sharrp

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				ventures
TAE	Skin care, Hair care, Bath & Body, Nutrition (supplements)	14	Varaasa, Modernica, Purism, Ayuttva	Anicut, Fireside, Madison Capital, Sharrp, Singularity
Minimalist	Skin Care, Hair care, Bath & Body	15	Minimalist	Peak XV partners, Unilever Ventures
Pilgrim	Skin care, Lip care, Hair care, Bath & Body	2	Pilgrim	Fireside, Rukam
TAC	Sin care, Lip care, Hair care, Bath & Body, Nutrition, Colour cosmetics, Baby care	16	T.A.C	Sixth Sense, Wipro
Iba	Color cosmetics, Skin care, Hair care, Bath & Body, Fragrances	16	Iba	Believe, Veda Earth
Juicy Chemistry	Sin care, Hair care, Bath & Body, Baby care, Colour Cosmetics, Fragrances, Make-up accessories	8	Juicy chemistry, Colour chemistry	Verlinvest, Spring, Purple
Nat Habit	Hair care, Skin care, Lip care, Bath & Body, Baby care, Men's care, Hair accessories	7	Nat Habit	Fireside, Sequoia
RAS	Skin care, Lip care, Bath & Body, Essential oil, Cold-pressed oil, Hand sanitizer	4	RAS Luxury	Green Frontier, Sixth Sense, Touchstone

India: (Focusing on concern-specific & multi step regimen-related products)

Company	Key Categories	Funding (\$ Mn)	Brands	Key Investors
82 E	Skin care	8	82 E	DSG, Prospect Cap, Qed
Foxtale	Skin care	5	Foxtale	Matrix, Kae capital
ARATA	Hair care	4	Arata	DSG
Traya	Hair regrowth	3	Traya	Fireside, Kae capital

Color Cosmetics Brands in India: (Offering products in other beauty categories, especially skin care, for a comprehensive solution)

Company	Key Categories	Funding (\$ mn)	Brands	Key Investors
Sugar cosmetics	Colour cosmetics, Skin care, Make-up accessories	86	Sugar, Sugar Pop, Quench	L Catterton, A91, Elevation, india Quotient, Stride
Renee	Colour cosmetics,	37	Renee	Evolve, Equanimity,

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	Fragrances, Make-up accessories			Edelweiss, Mensa
Belora Paris	Colour cosmetics, Skin care, Fragrances	4	Belora Paris	Peak XV partners, DSG

Men's Grooming and Wellness Brands in India: (Often diversify either into women's hair removal/body care or men's wellness to cater to a broader audience)

Company	Key Categories	Funding (\$ mn)	Brands	Key Investors
Bombay Shaving Company	Beard care, Grooming, Hair care, Skin care, Bath & Body, Fragrances	48	Bombay Shaving company, Bombae	GII, Reckit, Malabar, Gulf Islamic investments, Sixth Sense, Colgate Palmolive
Man Matters	Men's wellness, Nutrition, Grooming, Hair care, Beard care, Skin care, Body care	42	Man Matters, Bodywise	Peak XV, Elevation, Matrix, Spring
The Man Company	Hair removal spray (Men), Face serum, Grooming, Beard care, Hair care, Skin care, Bath & body	11	The Man Company	Emami, Klub, Ka Lifestyle,
LetsShave	Beard care, Grooming, Hair removal, Women's hair removal	6	LetsShave	Wipro, Dorco
BoldCare	Performance, Hair care, Nutrition, Hygiene, Condoms	3	Boldcare	Sharrp, Anthill Stanford Angels & Entrepreneurs, Huddle, Stellaris
Beardo	Beard care, Grooming, Hair care, Skin care, Bath & Body, Fragrances		Beardo	Acquired by Marico
Ustraa	Fragrances, Beard care, Grooming, Hair care, Skin care, bath & Body		Ustraa	Acquired by VLCC

Key Investor Considerations:

Particulars	Early Stage	Growth Stage	Late Stage
Brand	Sharply Positioned	Comprehensive	Household Name
Product	Gain traction via unique positioning/hero products	Build atleast 2-3 sizeable categories with distinct brand positioning	Each category/sub-brand of \$20-30 mn
Distribution	Largely via own website & e-commerce marketplace to gauge	Offline should form 10-30% of sales, enter international market	Pan-India omnichannel presence, ability

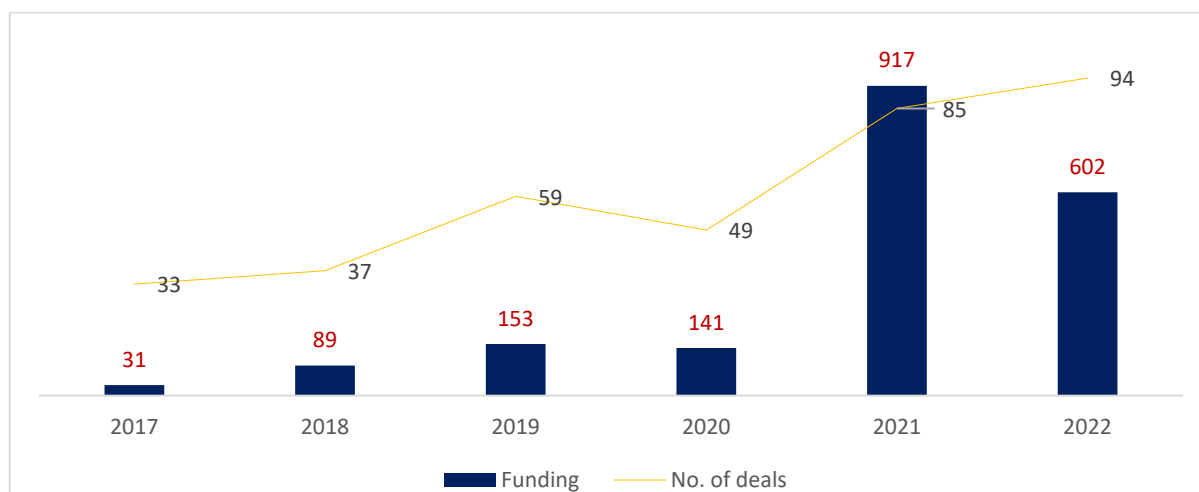
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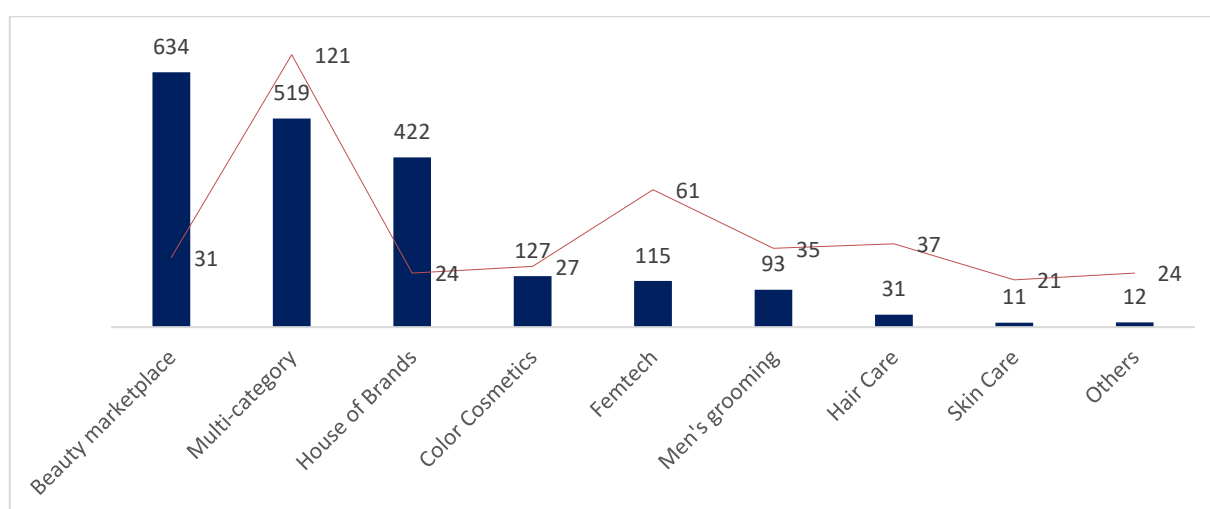
	consumer insights	with select categories	to scale brand globally
Path to Profitability	Gross margin - 65%+ CM2-breakeven, Repeat rate - 50%+	Gross Margin 65%, LTV/CAC - >3x, CM2, high single digit/double digit	LTV/CAC - >4x, CM2- 25%+, EBITDA breakeven/positive
Exit Considerations	Secondary sale to PE/VC fund, M&A with strategic buyer	Secondary sale to PE/VC fund, M&A with strategic buyer	IPO, M&A with strategic buyer

Deal Activity in Digital - First BPC space:

Funding Deals (\$ million):



Segment-wise Funding (\$ million and number of deals):



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Top 5 D2C brands have raised USD 30 million + each since January 2021

Company	Funds raised	Key Investors
WoW Skin science	98	Chrys, Trifecta, Alteria, GIC
Mamaearth	97	Sofina, Sequoia, Evolve
Sugar Cosmetics	50	Elevation, A91, Stride
mCaffeine	33	RPSG, Sharrp, Amicus, Anicut
Plum	31	A91, Unilever ventures, Faering
Bombay Shaving Company	28	Reckitt, Colgate, Sixth Sense, Malabar
Nua	10	Lightbox, Kae, Alteria Capital

M&A and PE Transactions:

Closing date	Target	Buyer/Investor	Stake	Amount (INR Cr)
2023	Satiya Nutraceuticals (Plix)	Marico	100	369
2023	Raymond Consumer Care	Godrej Consumer Products	100	2825
2022	Believe Pte Limited	Jungle Ventures, Venturi Partners, IIFL Asset Management, Alteria Capital, Genesis Alternative Advisors, Accel India	NA	419
2023	Pan Healthcare	Motilal Oswal private Equity	NA	400
2022	Body Cupid	GIC Singapore	17	375
2022	Mayuri Kumkum Limited	Reliance Retail Ventures Limited	51	293
2022	Pureplay Skin Sciences	A91 Partners	15	263
2022	Vellvette Lifestyle	L Catterton Asia	7	188
2022	Renee Cosmetics	Evolve India, Edelweiss Private Equity, Equanimity Ventures Fund, 9Unicorns	22	153
2022	Nobel Hygiene	Sixth Sense Ventures	6	132
2022	Johnson & Johnson	Hetero	NA	130
2022	Ke Healthcare	Kajal Aggarwal	NA	123
2022	Insight Cosmetics	Reliance Retail Ventures Limited	NA	120
2023	Ke Healthcare	Sixth Sense Ventures, Kajal Aggarwal	NA	100
2022	Ug Life Style	GlobalBees Brands	NA	100
2022	Soothe Healthcare	Sixth Sense Ventures, Symphony International Holdings, Gulf Islamic Investments, Lashit Sanghvi	14	82

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2022	Ecotrail Personal care	Believe Pte Limited	NA	82
2022	Dpka Universal Consumer Ventures	DSG Consumer Partners, IDEO Ventures	NA	62
2022	Earth Rhythm	Nykaa, Anicut Capital and Angel Fund	29	60
2022	Transformative Learning Solutions	Anicut Capital, Sharrp ventures, Founders Collective Fund, Emerge Capital, Oriental Carbon & Chemicals Limited, Urmin Group Family office, Vedarth Family Trust, Kaushik Majithia Family Trust, KCT Family office, Riverwalk Holdings, Vanadium trust, Survam partners, Amaara Partners, Patni Family office, Richa Tiwari, Rishi Khanna	7	50
2022	Sanghvi Beauty & Technologies	Saama Capital, DSG Consumer Partners	1	41
2022	NaturoHabit	Fireside Ventures, Surge, Whiteboard Capital	21	31
2022	Soothe Healthcare	A91 Partners	5	30
2022	Onesto Labs	Jani ventures, Nihir Parikh, Rashmi Kwatra, Kunal Shah, Alok Mittal, Shripad Nadkarni, Accel India, 72 ventures, Sauce.vc, Arihant Patni	NA	27
2022	Foxtale Consumer	Matrix Partners India, Kae Capital Management, Sanjeev mehta, Chhatarpati Apartments, Akshay tanna, iseed, Subba Rao Telidevera, Venkatraman Krishnan, Anyaa Ventures, Siddharth Kejriwal, Chaitanya Kejriwal	27	27
2022	Sanghvi Beauty & Technologies	Stride Ventures	NA	25
2022	Lagom Labs	Lightbox ventures, Kae Capital management, Prashanth Bocassam, Niranjan Mayya	8	23
2022	Navashya Consumer products	Saama Capital, DSG Consumer, Venture Catalysts, Alteria Capital	8	23
2022	ApcosNaturals	Marico	16	20
2022	Esme Consumer	Samara Capital	3	19
2022	Velvette Lifestyle	Elevation Capital (SAIF partners)	0.7	19
2022	Velvette Lifestyle	A91 Partners, India Quotient	0.7	19

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2022	Baypure Lifestyle	Kalaari Capital, Beenext, Binny Bansal	NA	16
2023	Soothe Healthcare	InCred Wealth and Investment Services	NA	15
2022	Ras Beauty	Sixth Sense Ventures	24	15
2022	Mother Sparsh Beauty care	ITC Limited	6	13
2023	Neemli Lifestyle	Ken Capital Technologies Pte	NA	NA
2022	Pure Botanical care	Supercluster Pi	NA	NA
2022	Kama Ayurveda	Puig International SA	20	NA
2022	Nutriglow Cosmetics	Goat brands	NA	NA
2022	Fusion Cosmeceutics	Honasa Consumer (Mamaearth)	NA	NA
2021	Vini Cosmetics	KKR India, Westbridge Capital, KIA EBT	56	4841
2021	Sanghvi Beauty & Technologies	Warburg Pincus, Naspers, Bessemer Ventures, Ascent Capital, Amazon Sambhav Venture, Mankekar Family office	17	1016
2021	Nobel Hygiene	Quadria Capital	NA	497
2022	mCaffeine	Paragon Partners, Singularity Holdings, Amicus Capital, Quest Properties, RPSG Capital, Matrix India Entertainment consultants, Neeraj Madhok, Apurva Patel, Sharrp Ventures	24	240
2022	Bombay Shaving Co	Malabar Investments, Patni Advisors, Singularity Holdings, Sakshi Gudwani, Sandeep Singh, Gautam Kumra, Kanika Kalra, Colgate, Sixth Sense Ventures, Shantanu Deshpande, Reckitt Beckinser	NA	160
2021	St Botanica Beauty	Sanghvi Beauty & Technologies	99.9	140
2021	Colorbar Cosmetics	Modicare Limited	NA	110
2021	Sirona Hygiene	Sanghvi Beauty & Technologies	NA	100
2021	Dot & Key Wellness	Nykaa	51	97
2021	Niine	KG Pan Products, Amar Tulsiyan, Gaurav Bhatwal, Sharat Khemka	99	94
2021	Uprising Science	Sequoia, Unilever Ventures, Surge	15	83
2021	Organic Harvest	Sanghvi Beauty & Technologies	51	79
2021	Fixderma India	Lotus Herbals	32	55

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2021	Helios Lifestyle	Emami	21	55
2021	Lagom Labs	Lightbox Ventures, Kaira Trust, KA Enterprises, KAE Capital Management, Manvinder Banga, Projjol Banerjee, Jigar Shah	27	52
2022	Renee Cosmetics	Mensa Brand Technologies, 9Unicorns, Equanimity Ventures Fund, Varun Khandelwal, Parteek Pant, Apoorva Sharma, Spotlight Consultants	20	58
2021	Heavenly Secrets	Fireside Ventures, Lumis Partners, Mirabilis Investment Trust, Sattva Family Office, Rukam Capital, Narayan Venkitraman & Mahalakshmi Narayan, Avnish Tiwari, Shweta Narula, Aman Tekriwal, Raghu Tandon, Parag Narula, Nikita Tilotia, Amith Agarwal, Ramesh, Swagat Sarangi, Nitin Bawankule, Prabh Singh, Arjun Purkayastha, Siddhartha Nangia, Aditya Sehgal, Amit Kumar, Akhil Gupta	53	48
2022	Blue Heaven Cosmetics	Samara Capital	5	30
2021	ScentialsBeautyCare & Wellness	TIW Private equity	30	28
2021	Vedic Cosmeceuticals	Sixth Sense Ventures	NA	25
2021	Alphacma	Kalaari Capital, Lets Venture, Angel List, Titan Capital, Pankaj Gupta, Sakshi Soni, Suhail Sameer, Shweta Jain, Shashwat Nakrani	27	18

Information Source:

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- 2) Avendus report on D2C Brands: Disrupting next decade of shopping:
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- 3) O3 Capital report on India's First Digital Beauty & Personal care:
<https://files.constantcontact.com/e715f3ac001/08a02a46-28b3-4412-878c-4ef7f9e12ec9.pdf>

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