Business Plan

Prepared on: April, 2017

Forward looking statements

This Business Plan contains certain forward-looking statements concerning the Company's future operations, economic performance, financial condition, and financing plans, including such things as business strategy and measures to implement that strategy, competitive strengths, goals, growth of the Company's business and operations, and references to possible future success. These statements are based on certain assumptions and analyses made by the Company in light of the Company's experience and its perception of historical trends, current conditions, and expected future developments, as well as other factors the Company believes are appropriate in the circumstances.

Such forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. The most significant of such risks, uncertainties and other factors are discussed under the heading "Risk Factors" of this Business Plan. Prospective investors are urged to carefully consider the Risk Factors. Consequently, all the forward-looking statements made in this Business Plan are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company or its business or operations.

Prospective investors or their advisors having questions or desiring additional information should contact the following persons at the address listed below.

Mr. Srinivas Thota
Founder & CTO

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1. Executive Summary

Problem

Changing lifestyle coupled with long working hours has shifted buying behaviour from offline to online format. Grocery is what could be considered the "final frontier" and represents the largest challenge. Over the last few years, India's online grocery market has witnessed an evolution, backed by escalating number of smartphone users and increasing number of young professionals. A large base of the country's population is getting busier, with lesser time to get involved in household activities or to indulge in grocery shopping, thus driving the online grocery market in India. This move from physocal store to online channel has led to the slump in orders for the traditional retailers. Also, the neighborhood stores are unable to market their offers & promotions to spur sales. Thus, the value-conscious consumers end up doing only low-ticket / top-up buying with their neighborhood retailers.

Solution

Founded in 2017, MiGrocer Inc. is a young, vibrant and innovation driven technology start-up that leverages on the changing consumer lifestyle and grocery buying habits; and their impact on the neighbourhood stores. We have developed a SaaS based aplication, a retail platform, to bring to the consumers the comfort of shopping online from their preferred neighbourhood retailers. The core concept of MiGrocer is to enable independent retailers, who only have a physical presence, to have an online store allowing them to connect with the modern consumers. The consumers can view exclusive offers and discounts on grocery items from neighbourhood retailers and get grocery home delivered through our user-friendly platform. We shall bring the same trust, love and relationship that consumers share with their neighborhood stores coupled with the ease and convenience of online grocery shopping. We plan to onboard maximum number of neighborhood stores offering thousands of Brands in the major cities of the USA and India to cater uniquely to our users' daily needs. We have been working to take advantage of a significant market opportunity. While it is still very early, over time it will become the standard way to shop.

Market

Our target market size is considerably huge. Every household needs to buy groceries on a month on month basis. It is a large and consistent share of wallet of an urban household. The market size is estimated to be over US$300 billion and growing at over 18%. Traditional trade controls over 90% of this market. Of this huge market, our consumers will be largely limited to urban regions; and Internet and smartphone friendly modern consumers.

Capital Required

Self funded for now, our biggest challenge is to present a rather complex initiative in a very simple manner to the consumers, so that it is easily adopted as a normal practice. We now eek a capital infusion of **US$500,000** in first-round of financing. This capital shall be utilised to scale our technology; to expand our operations and to support Sales, Marketing & Promotional efforts. We offer **20%** of the company's shares to the investors at a Post-money valuation of **US$2,500,000**. The rest will be owned by the founders and the senior management.

Assuming the terminal growth rate of **6%** and a discount factor of **60%,** we expect the investor to achieve an IRR of **63%.**

Financial Summary

We anticipate becoming profitable by **11ᵗʰ month** of our operations. We shall be asset-light, which shall help us become profitable faster unlike other grocery retailers that have been reeling under losses due to high logistics cost. The financial summary for the forecast period is summarized in the chart below:

2. Business Information

Company Name	**MiGrocer Ltd / MiGrocer Inc**
Legal Structure	LLC
Year of Formation	_____, 2017
Ownership	Mr. Vijender Reddy - X% ; Mr. Srinivas Thota - Y%
Address	Houston, Texas, USA
Website	
Brand	MiGrocer
Business Sector	e-Grocery
Business Description	MiGrocer is a technology company that provides the best shopping experience to its users while empowering the small & medium retail stores. We connect retail stores and the customers in a smart and effective way.
Vision	To become the most preferred online grocery marketplace
Mission	a) Establish an online grocery marketplace to save users time and money. b) Help retail stores retain their customers by providing great shopping experience through online channel. c) Empower small & medium retail stores with an easy and effective application d) Strengthen relation between Customers and Retail store
Target Segments	Individual users and a few businesses such as event planners, cooperatives etc.

Geography	USA & India followed by other suitable markets viz. UK and Australia by FY5.
Financial Objectives	a) Raise US$500,000 as investor funds by __. b) Be profitable within 3rd year of our operations c) Achieve revenue of ~**US$__ million** by __; **US$__ million** by __ d) Achieve over **60% IRR** through FY4 for early investors
Strategic Objectives	a) Onboard 10,000 retail stores in India by YR5. b) Achieve 10% share of sales of onboarded retailers within FY5; 5% in the form of increased sales and transfer of 5% of existing sales. c) Achieve 5% market share of e-Grocery market in ____?? d) Leverage on user experience / testimonials through our marketing strategy e) Enhance user experience by establishing a baseline for satisfaction where

3. Industry Overview

3.1. About e-Grocery Market

The shift in purchase behavior towards online buying, dominated by mobile phones, has been evident over the last few years. Online retailing, which currently constitutes 6% of the total ecommerce market in India, is set to touch US$76 billion by 2021 at a CAGR of 35%, according to a study by Technopak. India has close to 10 million online shoppers growing at an estimated 30% CAGR. While
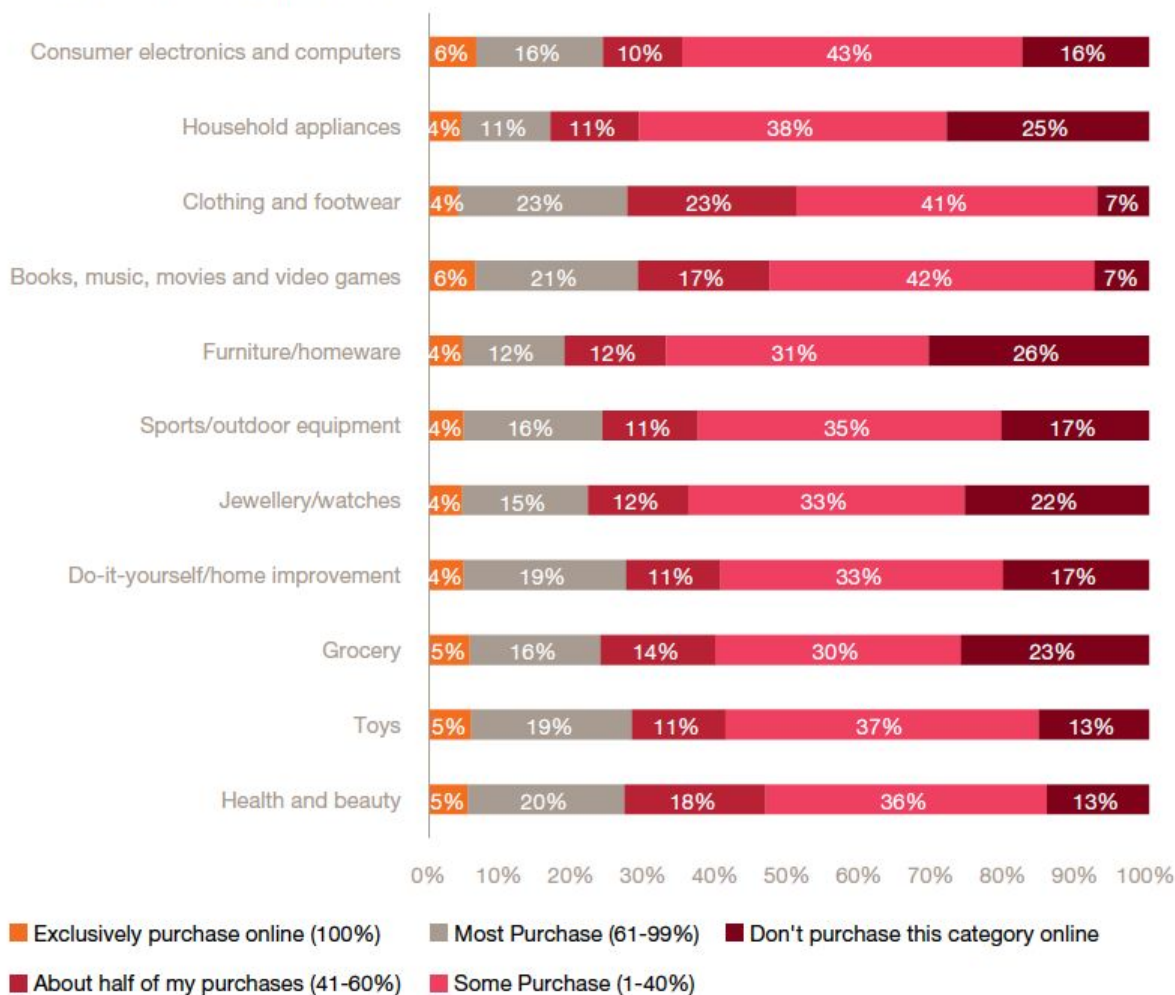
etailing-friendly categories such as electronics, books and apparels have been contributing sizeable chunk, online grocery market in India has gained a lot of traction due to busy lifestyle in metros; emergence of a host of first generation start-ups and already established traditional grocery chains expanding to the digital platform. In the USA, big grocery stores are opening up online stores (Eg. Walmart, Whole foods, Amazon, Kroger etc.).

According to KPMG, food and grocery retail in India is currently estimated to be US$250 billion in size and expected to grow at rate of 6-8% on real term basis. Of this market, share of organised retail is estimated to be only 3% currently, but likely to double to 6% by 2015-16, while the rest will be remain traditional retail. As per Nielsen Global Ecommerce and New Retail Report 2015, the Online Grocery Market is expected to grow to 20% by 2025.

According to a recent report published by 6Wresearch, India's online grocery market is estimated to grow at a compounded annual growth rate of 62% between 2016-2022. While the market on the online platform is still in nascent stage, the overall grocery market in India is already worth over US$360 billion making India is the 6th largest grocery market in the world and is expected to touch US$1 trillion by 2020. The online sales are expected to reach around 2% of the overall grocery market by 2020, creating a potential market size of around US$10 billion following the surge in number of players operating in the industry. Currently, there are several players like Zopnow, BigBasket and Punexpress catering to online grocery sector. In the grocery category, over 75% of the respondents say that they shop for it online.[1]

Category-wise online shopping 2015: India

Category	Exclusively purchase online (100%)	Most Purchase (61-99%)	About half of my purchases (41-60%)	Some Purchase (1-40%)	Don't purchase this category online
Consumer electronics and computers	6%	16%	10%	43%	16%
Household appliances	4%	11%	11%	38%	25%
Clothing and footwear	4%	23%	23%	41%	7%
Books, music, movies and video games	6%	21%	17%	42%	7%
Furniture/homeware	4%	12%	12%	31%	26%
Sports/outdoor equipment	4%	16%	11%	35%	17%
Jewellery/watches	4%	15%	12%	33%	22%
Do-it-yourself/home improvement	4%	19%	11%	33%	17%
Grocery	5%	16%	14%	30%	23%
Toys	5%	19%	11%	37%	13%
Health and beauty	5%	20%	18%	36%	13%

Source: PwC Total Retail 2015 survey

In India, the hyper local model is growing at a faster rate as compared to pure-play model, which requires heavy investments and warehouses pushing the overall operating cost. On the other hand, hyper local model saves cost and time of delivery due to support from local merchant. On one hand, start-ups like BigBasket, Amazon, ZopNow and Grofers are making a dent in the marketplace by introducing a variety of new supply chain networks including hybrid asset light and hyper local models, on the other hand, names like Godrej's Nature Basket has already expanded to the digital platform to catch up with the changing consumer behavior. A lot more creativity in business models is expected in the online grocery business in India in coming days. However, the industry is still far from moving beyond Tier-I cities as there is still a lot of headroom for growth in metros and scaling up remains a challenge for even the domestic established names in this industry.[2]

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[2] https://www.ibef.org/blogs/online-grocery-market-in-india-on-a-roll

U.S. Food Retail Market	Values
Total retail and food services sales in the U.S.	$5.32tn
Grocery store sales in the U.S.	$606.26bn
Drinking place sales in the U.S.	$23.15bn
Special food service sales in the U.S.	$46.89bn

Structure of the U.S. Food Retail Industry	Values
Number of supermarket stores in the U.S.	38,015
Supermarket sales in the U.S.	$649,087m
Average sales per store of supermarkets in the U.S.	$17.08m
Average per store number of full-time equivalent employees of supermarkets in the U.S.	72

3.2. Key Market trends

Key market trends in the ecommerce industry are:

a. Offering personalised shopping experience for the customers.

b. Advantage of anytime, anywhere connectivity through mobile app.

c. Extending services to small & medium retail stores.

d. Same day delivery of the products.

e. Location based services to the customers.

f. Proliferation of mobile device adoption.

g. Cashless transactions - Increasing usage of online payments and wallets.

h. Online grocery stores are rapidly replacing physical stores across India.

Above market trends are key to the customer satisfaction and survival in the market.

3.3. Key Market Drivers

Though a very small segment, the online grocery market will grow at a very rapid pace due to the following market drivers:

a. Proliferation of Smartphone

b. Wider broadband penetration and transition to 4G

c. Greater penetration of e-commerce players; emergence of more online grocery retailers, thus, a higher grocery-focused marketing spend leading to increased consumer awareness

d. advantages associated with online grocery retail i.e. omni-channel experience, price advantages, dynamic product portfolio and fast delivery further fuel growth of online grocery market

e. Increasing usage of cashless transactions i.e. online payments and wallets.

f. Rising disposable income. As per "Shaping Consumer Trends", a report published by FICCI and PwC, the average household income in India will triple to $18,500 in 2020, from $6,400 in 2010 acting as a major driver in retail growth and leading to evolution of new consumer segments.

g. In India, on an average, a city household spends Rs.4,000-5,000 on groceries monthly. The top 20 towns offer huge growth potential as spends on FMCG products are seen going up.

h. advent of various technological advancements over the last few years

3.4. Key Market Challenges

Online retail has become very popular in categories that can offer convenience, comparison and price advantage, online grocery retailing has significant challenges:

a. High customer acquisition cost

b. Dynamic product portfolio and prices

c. Supply chain-related issues such as low margins and limited shelf-life of fresh produce

d. Consumers still prefer to handpick their groceries.

e. Customer information and security

f. High competition (indirect competitors)

g. Consumer acceptance and brand recognition

3.5. SWOT Analysis of Online Grocery Business

Strengths	Weakness
· Delivering convenience (avoid traffic jams, parking hassles, queuing up, time) hence attractive to the customer · Low fixed cost, if coordinating with local stores · Good value proposition for delivering daily household items at door step	· High variable cost as each delivery average cost is Rs.30-40. · High Cost of Operation (costly feet-on-street, inventory cost, cold storage for perishables, transportation, wastage during transportation) · Quality assurance issues · Limited range of products- limited number of brands available of a particular product · Out of stock issues · Ripened fruits- Stores tend to keep ripened fruits and veggie to increase the shelf lives · Even thing required by a customer is not available which defeats the very purpose of the online store, as the person has to walk down to the local market to get the same. · Less Impulse buying means less spending by customer · Profitable only with large scale
Opportunities	Threats
· Once people get accustomed to shopping grocery online, online grocery space will get consolidated with few players which will charge premium for the services · Segmenting and targeting the most profitable customers · Value package - Cross selling through packaging profitable and non-profitable items in a way to compensate loss from less profitable items · Easy to sort items through automation or manual, enabling customers to decrease order time	· Fund raising at appropriate time for gaining customers and sustaining high operational cost involved in the business · High competition - Due to availability of initial funding in this segment there are many start-ups that are targeting the same set of customers by giving steep discounts. This practice will affect the profitability of the companies in the near term. · Retaining customers is also a big threat

4. Competitive Landscape

4.1. Major Players

There are many online grocery companies operating in the market. The top companies are as listed below and a comparative analysis of these companies will be helpful in draw comparisons:

Competitors	Strengths	Weaknesses
1. Grofers		· Logistics at higher cost · Connecting to specified stores · Expansion into remote places
2. Big Basket	· Inventory based model · High customer base · Strong industry background · Includes strong private brand products	· Value addition to customer compared to nearest store delivery · Expansion to remote places
3. www.mycloudgrocer.com		Expensive pricing
4. www.mywebgrocer.com		Expensive pricing

During past few years, many startups were launched to tap large online grocery market. In India, BigBasket, which controls an entire sourcing, storage and distribution supply chain, was founded with a US$10 million Series A investment by Ascent Capital. A host of websites like mygrahak.com and easyration.com in Delhi NCR, kiranawalla.com in Bangalore, chennaionlinegrocery.com in Chennai, freshndaily.com in Mumbai are selling food, grocery and fresh supplies with free delivery within 24-48 hours of order, cash on delivery facility and discounts.

As the competition in online grocery shopping builds up as more and more players try to wean away customers by lining up hefty discounts and promotional features to corner a bigger chunk of market share, the consumer is spoilt for choices.

Confidential

Amazon Eats Wal-Mart's Lunch

The e-commerce company makes up just 1% of the overall U.S. food and beverage market, but it is a dominant player in online groceries

Gross merchandise volume, 2015

		2015 market share
Amazon	$6.16 bil	22%
Wal-Mart	$3.76 bil	13%
Peapod	$721 mil	3%
Fresh Direct	$554 mil	2%
Kroger	$457 mil	2%
Safeway	$246 mil	1%
Instacard	$150 mil	1%
Google Express	$138 mil	0

Sources: Top500Guide.com, Cowen & Co.

- BigBasket's sales grew 3 folds in 2016 compared to 2015 sales - Crunchbase
- Entry of Amazon in E-Grocery market

The competition is stiff with hyperlocals and existing online grocers struggling to make money in the wafer thin margin led grocery category. Many online grocery retailers have faltered significantly. In India a few players such as PepperTap, Localbanya, Freshkins, Greenkart have all shut operations; ridesharing operator Ola axed its grocery delivery service entirely; while others like EkStop have been acquired by the Godrej Group. San Francisco-based organic food delivery startup Good Eggs went through a change in leadership, layoffs and general belt-tightening.

Given the large and growing business opportunity, there is enough room for the existing players to expand and for new players to enter, provided that they carve a niche for themselves out of this broader marketplace.

4.2.   Funding in the Industry

- In India, BigBasket is the best capitalized among all domestic online grocery stores. The company has so far raised about $246.76M in 7 Rounds from 10 Investors
- Grofers, an app-based service, raised over Rs.270 crore in 2015 while ZopNow and PepperTap raised Rs.62 crore each. The taxi-hailing services Ola, with a plan to launch a pilot for its grocery business raised over Rs.3,700 crore.
- Grocery delivery startup Instacart has raised US$400 million in a new round of financing at a valuation of $3.4 billion, according to sources familiar with the deal.[3]

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[3] https://techcrunch.com/2017/03/07/instacart-raises-400-million-at-a-3-4-billion-valuation-to-deliver-groceries-on-demand/

5. About Us

Given the change in lifestyle, the urban consumer is increasingly becoming "digital" and has at least one connected device within arms reach 24x7. These consumers are mostly short on time and high on stress to physically to go to a store to buy their groceries. They are increasingly moving online to make purchases. At the same time, with the emergence of various well-funded online grocery platforms, the traditional neighbourhood mom-n-pop retailers having only a physical presence are finding it difficult to cater to these consumers.

Founded in 2017, MiGrocer Inc. is a young, vibrant and innovation driven technology start-up that has identified the changing consumer lifestyle and grocery buying habits; and their impact on the neighbourhood stores. We enable online grocery shopping to consumers who seek convenience and value; and help neighborhood retailers establish an online store loaded with multiple features, which will allow them to connect with their Internet-savvy consumers in their locality.

We leverage strengths of the neighborhood retailers and integrate them with opportunities provided by the Internet. We enable retailers to provide hyper local offers to their local consumers to ensure they can generate additional business – both online and offline.

6. Product Overview - MiGrocer

MiGrocer is a cloud based Saas application available on Web and our Mobile App supported on Android, iOS and Windows operating systems. The platform is developed to maximise stakeholder's ease. We will enable consumers to explore the inventory of their preferred retailers, along with special offers and promotions. Updates will be made available to the consumers within the catchment area on a real time basis. A consumer can view, select, buy and repeat grocery orders online, anywhere anytime from the nearest retail stores registered on the platform in a simple and effective way. The retailer delivers the goods without charging a delivery fee.

6.1.   Key Product functionalities

a. **Searching a specific Store**

A consumer may choose the city of residence and then identify a registered store that serves with the user's locality by using any of the following methods:
   i. Name of the locality.
   ii. Area zip code.
   iii. Name of the store.
   iv. Identify store on our city map interface.

b. **View/buy products**

We will list products across various categories including various F&B brands, beauty products, daily household utilities etc. The products will be listed into categories & sub-categories to ease selection. A consumer may just key in the brand / product name in the search bar and then browse through the results. Alternately, he may browse the relevant categories and sub-categories to zero-in on specific products from anywhere and anytime.

c. **View product details**

Besides product images, one can view product variants / sizes and their respective MRPs[4]; Brand information; user reviews and recommendations. A user may also rate the product and contribute his own product reviews. A user may also view other products in the similar space along with their price points.

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[4] Goods are sold on MRP (maximum retail price) in India and on recommended price in more developed markets such as USA.

d. **Product availability**

All our registered retailers will make an attempt to ensure that they have all possible products in all the variants and sizes available in stock. If a product is unavailable in stock, the retailer will offer an alternate or if the same is not acceptable to the consumer, then the product price will be reduced from the total amount payable.

e. **Offers, Discounts & Promotions**

A retailer can offer discounts on the MRP at his discretion and may vary from one retailer to another. A retailer can inform his customers through App about new offers. He can also record customer details, and inform, educate and reward his customers consistently.

f. **Shopping List**

Grocery buying is shopping list-driven and all about re-purchase. We allow a user to conveniently create and save a shopping / wish list for easy buying in future. We are also building a feature that will auto capture groceries based on a customer's past purchases and buying preferences.

g. Store manager application, wherein a retailer can manage sales and orders effectively.

h. Packing and delivery application to track delivery of products and inventory

i. Inventory tracking for retail stores

j. Same day delivery promise

k. Security: Both retailer's and consumer's content will be safe and secure with SSL encryption

6.2. Platform Screenshots

a. Kindly refer to Annexure A – Web Screenshots

b. Kindly refer to Annexure B – Mobile App Screenshots

7. Our Business Model

A number of players use traditional e-commerce models for the grocery business. However, this is not sustainable as the margins are way lower than the expenses one has to bear in terms of logistics, warehousing and storing, etc. Further, the centralized logistics are highly complex.

7.1. Three sided platform

a. Consumers

Our innovative "hybrid online-offline" platform allows consumers seeking value and convenience to do their grocery shopping online from their neighbourhood stores. When a consumer places an order on the website or Mobile App, he can choose a neighbourhood store nearest to his home for delivery. The shopkeeper is alerted about the order through an e-mail / an SMS / App notification and a call from our call centre. In a matter of few hours the order is delivered at doorstep without the need to recreate supply chains. Neither a delivery fee nor a convenience fee is charged to the Consumer.

b. Retailers

Our business model is different from the most of the e-commerce sites. We bring individual retailers online allowing them to connect with their Internet-savvy consumers within their locality. A retailer can list his Store with us for a monthly subscription fee and a nominal commission for each order placed through the Platform. There are no similar players in the market and our USP is that instead of being a competitor to the local grocer, we are a business enabler and accelerate his business. Our services will be restricted to the local neighbourhood grocery stores not modern trade retailers.

c. Brands

The brands are the biggest marketers in the world, and are constantly on the look out for better and more effective ways to engage and to make themselves available to their consumers. We will

provide Brands the last mile-connect with consumers. Analytics will be an important cornerstone of our business; and critical for brands to understand who is shopping for their products and how they're doing so. The Brands can then communicate with the buyers directly at the point where the purchase is being made with increased relevance. We plan to offer a suite of paid premium services with a mix of Analytics, Advertising and Activation that can be used by the brands and retailers.

Our unique business model will enable us to expand at a fast rate because unlike other local grocery e-commerce stores, we shall neither hold any inventory nor will manage order logistics.

7.2. Key Advantages

a. We bring together neighborhood retailers and consumers on a single platform. For consumer, it gives the comfort of dealing with the good old neighbourhood retailer while the retailer gains by expanding sales and keeping up with the competition from bigger super markets and e-commerce players.

b. As we connect existing customers to the neighbourhood stores, the customer acquisition cost will be low.

c. We offer seamless integration with digital media

d. Multiple choice of stores

e. Lowest prices. We will allow a consumer to search for product offers within his area, thus, buy from the most economical option

f. Neighbourhood stores ensure fastest order delivery (same day)

g. Tools to capture the groceries to purchase list (for customers)

h. Our decentralised retailer network will make the platform stand out from the competition.

i. Brands can then communicate with the buyers directly at the point where the purchase is being made with increased relevance.

8. SWOT - MiGrocer

Strengths:
- Connecting existing customers of partnered retail stores and so reducing the customer acquisition cost
- Our business model helps us to expand easily in remote places
- No inventory and Logistics, helping us reducing the cost to company, expanding to remote places

Weakness:
- High Competition due to low entry barriers in the industry
- low margins with high volume of sales

9. Customer Segmentation

9.1. Individuals / Users

Our consumers will be largely limited to the urban regions; will be Internet and smartphone friendly modern consumers. Our target customer segments will largely comprise the following:

a. Busy urban couples who need to manage their household needs along with the pressures of a hectic work life and who ends up spending the rare weekend on grocery shopping rather than relaxing and enjoying themselves;

b. Students generally staying in Hostels/Flats

9.2. Businesses

Our other customer segment will include Co-operatives and Event Planners.

We expect that the maximum action will be in the major metros, where the consumers' lifestyle is the busiest.

10. Operational Plan

10.1. Onboarding Retailers

In future, grocery shopping will increasing go online and be mobile driven as the ordinary mobile is getting replaced by smartphone. However, it is unlikely be 100% as people still like to see what they are buying. The family run mom-and-pop store will continue to run for good many years. As neighborhood stores are an integral part of our ecosystem, we will not be able to operate without their support and involvement.

Most grocery stores are family run and are at the initial stages of the digital revolution without much of thought in organization. However, the things are evolving rapidly. The runaway popularity of whatsapp and other mobile apps proves that people are comfortable using technology. Now most of the grocery stores are being run by second generation owners who are quite comforatble with technology. They are educated, young and are keen to adopt the best practices.

The neighborhood retailers understand the competition from modern trade and are open to embrace the technology to stay ahead.

Though, we will not hesitate to have any retailer onboard, however, our priority shall be on retailer, who services about 500 households in his region and has a strong bond with the consumers, but his business is completely offline and there is a crying need to take it online. We will employ a dedicated

team that will proactively identify retailers and brings them on the platform. We will also accept consumer recommendations of their preferred stores. We will approach these retailers with post verification; educate them about the advantages of partnering with us; and the on-boarding process.

We will communicate our below value proposition to the retailers:

a. Local retailers get 60% of the orders in person and 40% on phone. We will open 3rd channel for them i.e. online. When a retailer becomes a part of our network, he brings the entire store online. The physical store would get a 24x7 customized web store enabling its customers to place their orders from anywhere anytime. This will help the retailer grow his sales volume.

b. We help them generate adiitional business while maintaining their business independence.

c. We enable a store to upload their invenotory, create its offers & promotions and market them to consumers within their service region directly, which will make retailers competitive and relevant.

d. It is noticed that when shopping online, the average order size is larger and consists of a wider array of goods.

e. We will offer a flexibility on delivery. A customer may choose to pick up delivery from the store.

We aim to get 5% of the orders received by partner retail stores.

10.2. 24/7 technical support

Our technical support team will be based in India. We will be assign an account manager who will oversee all the aspects of getting a store online and provide assistance with the problems of implementation and support. The account manager, together with our support team will be available by phone or email 24 hours a day, 7 days a week.

10.3. Research & Development

We will follow rapid product development methodology. Our proven expertise in building scalable, stable, secure IT products is the key strength of our team. We will continue to engage with our registered users i.e. both the consumers and the retailers, to identify the additional features or customizations to mature the product. We will focus on optimizing application platform by adopting the new infrastructure and technology stack. We will also extend the platform in various regional languages other than those released (English and Hindi) in the initial phase.

10.4. Intellectual Property

Our copyrights, trademarks, and trade secrets (including methodologies, practices, and tools), and other intellectual property rights will be critical to our success. To protect our rights, we will rely on a

combination of trademark and copyright laws, trade secret protection, non-disclosure agreements, and other contractual agreements with our employees, retail partners, affiliates, strategic partners etc.

10.5. Quality

We are committed to innovation, product improvement and exceeding customer expectations in all areas of our business. Through a continual improvement process which is aimed at ensuring that our technology evolves, we stay ahead of industry trends, and that we meet the expectations of our stakeholders (users, retailers, employees), our quality strategy plan requires the company to:

- Ensure that our Platform, services and processes exceed the specifications of our customers.
- Do whatever is reasonably necessary to keep customer satisfied.
- Conduct quarterly surveys to identify brand awareness, technology awareness, expected quality standards and preferences within the user community.
- Establish a baseline for customer satisfaction where both 9 out of 10 consumers and retailers surveyed report that they are at least 90% satisfied with our Platform.
- Ensure the implementation of all software modules are done by qualified engineers that fully understand the design of the system and deployment requirements.
- Ensure security and compliance with the standards to ensure privacy and data protection for our users and retailers.

Our management team is committed to quality and innovation throughout the company and will provide the leadership and resources to support it.

11. Marketing

We will pursue an integrated marketing strategy and tools to align our image in the mind of the target consumer segments without creating any confusion. The marketing tools will be utilized in an appropriate proportion sending out a similar and well-defined message regarding the platform.

11.1. Objectives

The key objectives for our marketing plan are:

a. To position MiGrocer as the most preferred online grocery shopping platform among our target customer segments.
b. To gain visibility in the target customer segments in India within next six months. We shall strive to register _____ consumers by FY__ and _____ by FY__.
c. To gain visibility among the small and medium retailers. We shall strive to register _____ retailers by FY__ and _____ by FY__.

11.2.   Strategy

a. **Social media:** It shall form an important part of our communication strategy. We will run MiGrocer as a fully functional app on Facebook, enabling consumers to shop without exiting their Facebook profiles. We will advertise on Instagram, YouTube, LinkedIn and Facebook with videos as an effective medium would be the key strategy. In line with our positioning statements, we will have short videos explaining the benefits of our Platform to the Consumers and to the retailers.

b. We will undertake "extensive geo-targeted communication" on mobile devices supported by our Mobile App across all platforms.

c. **Blogging:** Blogging plays a vital role in reaching out to the user groups and forums on various platforms. We will blog actively about the key features of the Platform. We intend to have at least one new blog every day since the day of launch.

11.3.   Branding

We aim to build a wholesome experience for our consumers by adopting a branding strategy that defines what we stand for, a promise that we make, and the personality that we convey. We will create a targeted branding strategy and execute the same to specific customer segments. The key benefits of the branding exercise would be:

- Reduce time to market.
- Clear differentiation of our Platform from that offered by other online grocery shopping platforms.
- Segmented & targeted marketing efforts aimed at individual consumers and businesses.
- Reduce price comparisons; more focused on value selling.
- Lower costs over long run
- Easier to release premium services in future.

12.   Management & Organization

We operate on a small team comprising technopreneurs and marketers. We have designed our business structure to be "asset-light".

12.1   Management Team

a) **Vijender Reddy, CIO (Chief Information Officer)**
- He manages Technology and applications. He will be working full time on this project. We agreed to give One Lakh salary and stocks.
- Is an IITian.
- Experience: 15 yrs. Of experience in product development.
- Has worked for reputed companies like Google and Yahoo.

b) Srinivas Thota, Co-Founder

- Will be working part time on this project and managing the business strategy, managing business operations etc.
- Has an MBA Background
- Coming from a family with strong business skills.
- Has an experience of more than 4yrs in Grocery business.
- Deep knowledge of product line and logistics.
- Working as an independent financial applications advisor from the past 10yrs with multibillion dollar company.

12.2 Hiring Plan

In line our growth forecast, we have planned to staff the following positions and number to round out our development and management team. We shall be hiring at market rates, and we don't anticipate any shortage of marketable candidates in the region.

12.3 Training

We shall implement regular training programs for all our employees to maintain skilled workforce, to build loyalty, to understand individual's strengths, and to grow in career. It will also help us to retain the culture; to introduce platform to future markets.

- For newly hired, the orientation program will help new employees to learn how to perform their jobs efficiently. It is a great opportunity to introduce employees, products, culture, and policies of the company. It will greatly improve the employee satisfaction and employee retention.
- For Management, training and development is important to maintain workplace productivity and satisfaction. Among several other things communication, motivation, and employee recognition are the key skills that will be taught to the Managers.
- For technical team, training helps employees to learn upcoming technologies and to implement them in the product development.
- For marketers, training helps to understand the product features and analyse size and scope of the market.

13.   Expansion Plan

Currently, MiGrocer is self-funded and is looking to expand within India. We plan to register ___ retailers during 1st year, located across __ top cities in the country. We believe our unique business model is ideal for all geographies which have a strong neighborhood-retailing format.

In 2nd Phase we will emulate our business model across countries that have similar shopping practices like in India.

We have planned our phasewise exapansion as per the following milestones:

Phase	Date	Milestone

Phase 1		
Phase 2		
Phase 3		
Phase 4		

14. Financial Summary

13.1 Proforma Income Statement

13.2 Proforma Balance Sheet

13.3 Proforma Cash Flow Statement

13.4 Fund Requirement

13.5 Use of proceeds

We are seeking external capital to increase our capitalization and financial flexibility. We intend to use the proceeds for general corporate purposes including the following:

a) To fund our extensive Sales, marketing and promotion efforts and bring our Platform to the market. We need to scale exponentially from our current level to achieve sales objectives.

b) To hire talented professionals across diverse functions in a phased manner.

c) To provide working capital to support the operations as sales ramp up to profitability.

d) To accelerate Research & Development activities to bring new upgrades and features.

15.   Exit Strategy

Our long term focus will be to build a cash generating, innovative and sustainable company. We are mindful to offer an exit vehicle to our investors within 5 years so they can get their money back with impressive returns. We will function under the mindset that if the business flourishes, then the company could possibly be an attractive acquisition target. We will continue to offer superb value to our users & retailers; offer opportunities which mesh perfectly with the needs and desires of the users & retailers; operate at the highest level of integrity and compliance to ensure availability of

transparency to its potential suitors. We shall be open to discuss exit options that are mutually beneficial to the investors and the company. These options include, but are not limited to:

- Merger & Acquisition

- Stake sale to a friendly buyer

- Buy-back after initial five years

- IPO: Being a young company, we shall focus on providing better solutions and services during first five years. We presently do not envisage going public during the forecast period.

If we do not succeed to achieve results in line with our forecast and business plan, we will implement the necessary measures to exit the business with minimal damage to the Company and the investors.

16.   Risk Factors

a)   **New venture.** MiGrocer (the "Company") is newly formed, and therefore, has limited operating history. There is no assurance that we will operate profitably or that the investment in whole or in part will be returned. We are subject to all of the risks inherent in the establishment of a new business venture, including a limited operating history.

b) **Competition.** There are various highly reputed and mighty online grocery shopping ventures operating in the market. Most of these companies have longer operating track record than us and are better capitalized. Though, we have developed a unique solution, we may experience intense competition. There is no guarantee that we will be able to successfully compete against existing or future competitors.

c) **Valuation.** The offered valuation has been determined through consideration of factors deemed relevant by us. Each prospective investor should make an independent valuation.

d) **Uncertainty of Projections.** Our financial projections are based on multiple assumptions, which we find reasonable. The assumptions are listed in this Business Plan and each potential investor should carefully review them. In the event that one or more assumptions deviate significantly, our financial projections could be materially affected. Furthermore, even if all assumptions prove correct, the actual results may vary materially from those shown. Though, our financial projections have been prepared in a reasonable and consistent manner, they have not been audited or reviewed by an independent accounting firm.

e) **Dependence on key personnel.** Company is highly dependent on its executive officers and our ability to attract and retain qualified professionals. With the expansion of our operations, the complexity as well as the responsibilities of the management personnel will increase. Our ability to manage growth effectively will require us to improve our operational & financial systems and to expand, train and manage our employees. There is no assurance that we will be able to recruit qualified personnel or successfully integrate them with the Company.

17. Annexure A - Application screenshots across desktop devices

18. Annexure B - Mobile App Screenshots

Here are screenshots of our application across smartphone devices: