



## WCMS Investment Solution Pvt.Ltd



### Case Study

### Successful Indian MSME / SME raised FDI during 2023

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## Successful Indian MSME / SME raised FDI during 2023

The main challenge for MSMEs/SMEs today is the **credit crunch**. Banks are focusing on lending to businesses with strong finances, but many are still recovering from the **economic slowdown** and the impact of **COVID-19**.

**Foreign Direct Investment (FDI)** offers a solution, as investors are more willing to take risks, including investing in **NPAs**. Several businesses successfully secured FDI in recent times, showing that despite financial challenges, foreign investment can help struggling companies recover and grow.

Here are some successful Indian MSMEs and SMEs that raised FDI during 2023:

### 1. Ze twerk Manufacturing

- **Sector:** Manufacturing (B2B Platform)
- **FDI Investment:** Around \$200 million
- **Key Investors:** Green Oaks Capital, Lightspeed Ventures, Sequoia Capital, Avenir Growth

- **Purpose:** Ze Twerk, an Indian B2B platform connecting manufacturers with suppliers and buyers, raised FDI to expand its operations in **industrial manufacturing**, including heavy engineering, fabrication, and machinery. Ze twerk helps SMEs access global markets through its digital platform, and the fresh investment was used to scale up manufacturing capacities and broaden its global supply chain footprint.

## 2. Stove kraft

- **Sector:** Consumer Goods (Kitchen Appliances)
- **FDI Investment:** Around \$100 million
- **Key Investors:** Franklin Templeton Investments, Edelweiss, Sequoia Capital
- **Purpose:** Stovekraft, a leading SME in kitchen appliance manufacturing in India, raised foreign investment to enhance its manufacturing capabilities and strengthen its distribution networks both domestically and globally. The funds were also used to expand their product line and build their **export business**, which has been steadily growing, particularly in the Middle East and Southeast Asia.

## 3. Infra. Market

- **Sector:** Construction and Real Estate (B2B e-commerce)
- **FDI Investment:** Over \$150 million
- **Key Investors:** Tiger Global, Accel, Nexus Venture Partners, Fundamental
- **Purpose:** Infra. Market, an SME operating as a B2B e-commerce platform for **construction materials**, raised substantial FDI to scale its platform and broaden its product portfolio. The company aims to bring digitization to the construction sector by streamlining the procurement process for small and medium businesses. The funds were used to expand their technological capabilities, improve supply chain infrastructure, and enter international markets.

## 4. Ather Energy

- **Sector:** Electric Vehicles (EV)
- **FDI Investment:** Around \$50 million

- **Key Investors:** Hero MotoCorp, Tiger Global, Sachin Bansal (co-founder of Flipkart)
- **Purpose:** Ather Energy, an Indian SME focused on **electric scooters** and battery technology, raised additional foreign investment to expand its **EV** production capacities and develop new models. Ather also focused on scaling up its EV charging infrastructure across India. The FDI helped the company keep pace with rising demand for electric two-wheelers as India transitions towards sustainable transportation.

#### 5. Boat (Imagine Marketing)

- **Sector:** Consumer Electronics (Audio Equipment)
- **FDI Investment:** Around \$60 million
- **Key Investors:** Warburg Pincus, Qualcomm Ventures
- **Purpose:** boat, an Indian SME specializing in affordable **audio devices** like headphones, earbuds, and speakers, raised FDI to strengthen its R&D capabilities, expand manufacturing, and enter **new international markets**. The investment allowed boat to introduce new products and enhance its production efficiency as it scaled its business beyond India to regions like the Middle East, Southeast Asia, and Europe.

#### 6. Fresh To Home

- **Sector:** Food and Agriculture (E-commerce)
- **FDI Investment:** Over \$100 million
- **Key Investors:** Abu Dhabi Investment Office, Iron Pillar, Invest crop, Amazon
- **Purpose:** Fresh To Home, an SME providing **fresh, chemical-free fish, meat, and vegetables** directly to consumers, raised substantial foreign investment to grow its operations across India and internationally. The company invested in expanding its supply chain infrastructure, cold storage facilities, and technology to ensure fresh delivery to customers. Fresh To Home also explored overseas expansion, particularly in the Middle East.

#### 7. Cash-free Payments

- **Sector:** Fintech (Payments Solutions)

- **FDI Investment:** Around \$35 million
- **Key Investors:** Apis Partners, Y Combinator, State Bank of India
- **Purpose:** Cash-free Payments, an Indian fintech SME offering **payment gateway solutions** to businesses, raised FDI to enhance its technology platform and increase its market penetration within the **digital payments ecosystem**. The company focused on expanding its payment services for small and medium enterprises (SMEs) and introducing new products like cross-border payments, making digital transactions easier for global trade.

#### 8. Wow! Momo

- **Sector:** Food and Beverages (Quick Service Restaurant)
- **FDI Investment:** Around \$40 million
- **Key Investors:** Tiger Global, Lighthouse Funds, IIFL Asset Management
- **Purpose:** Wow! Momo, an SME in the Indian **quick-service restaurant (QSR)** space, raised foreign capital to expand its operations across India and internationally. The company focused on increasing its number of outlets, expanding its menu, and introducing **cloud kitchens** to enhance delivery services. The funding also supported its entry into new international markets, starting with the UAE.

#### 9. Lenskart

- **Sector:** Retail (Eyewear)
- **FDI Investment:** Over \$200 million
- **Key Investors:** Temasek (Singapore), KKR, SoftBank Vision Fund
- **Purpose:** Lenskart, an Indian SME in the eyewear space, raised significant foreign capital to expand its manufacturing and retail operations. The company focused on enhancing its **online and offline presence** in India while also expanding into Southeast Asia and the Middle East. The funds helped Lenskart scale up its production capabilities, particularly with **smart eyewear**, and improve its supply chain management.

#### 10. Global Bees

- **Sector:** E-commerce (House of Brands Model)

- **FDI Investment:** Around \$110 million
- **Key Investors:** SoftBank Vision Fund, First Cry, Lightspeed Ventures
- **Purpose:** Global Bees, an SME adopting a **house of brands model** like Thrace, raised FDI to acquire, invest in, and scale up promising **D2C (direct-to-consumer) brands** across multiple categories, including beauty, personal care, and home goods. The company focused on expanding its portfolio of brands and enhancing the digital presence of its acquisitions across global markets.

### **Key Trends in FDI in MSMEs/SMEs in 2023**

1. **Technology-Driven Growth:**
2. **Sustainability and Clean Energy:**
3. **Consumer Products and E-commerce:**
4. **Digitization of Traditional Sectors:**

In 2023, Indian MSMEs/SMEs attracted substantial FDI across diverse sectors, particularly in technology, manufacturing, e-commerce, and clean energy. Global investors showed interest in supporting the digital transformation of traditional businesses, green energy projects, and consumer-facing brands that leveraged technology to scale. The funds raised helped these MSMEs and SMEs expand domestically and globally, contributing to India's rising economic influence.

To attract FDI, businesses must prepare and adapt before seeking investment. A strong business model and clear vision are key to gaining recognition. The good news is, **India is becoming a favorable destination for FDI**. Now, it's up to Indian business owners to get ready and seize this opportunity.

**Information Source: ChatGPT. Compiled and Presented by WCMS Investment Solutions Pvt Ltd.**



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