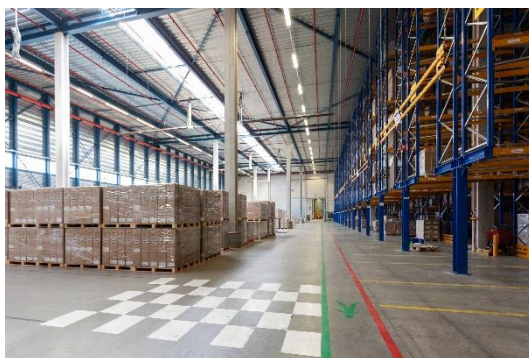


Quote by Shravan Shetty- Managing Director, Primus Partners

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ProcMart just levelled up: This Noida start-up expands empire with latest packaging facility grab



Authored by Ashish Pandey

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Article Content:

Synopsis

The recent acquisition of a corrugated box manufacturing facility in Aurangabad will be Procmart's first owned production facility for packaging.

ProcMart, a B2B marketplace specialising in indirect procurement solutions, has recently acquired a corrugated box manufacturing facility in Aurangabad, Maharashtra. This strategic move aims to strengthen the packaging capabilities of the Noida-based start-up and increase its in-house production capacity. ProcMart says that the acquisition, its first manufacturing investment, enhances its capabilities in the packaging segment, reducing dependence on third-party vendors.

Notably, ProcMart doesn't own any packaging production facilities but has contract manufacturing partnerships in Faridabad, Baddi, and Rudrapur. The recent acquisition in Aurangabad will be its first owned production facility for packaging.

"Backward integration into packaging production enables direct control over quality and timelines. This facility establishes our blueprint for vertical integration across other product categories and positions ProcMart as a comprehensive procurement partner," says Anish Popli, Founder and CEO, ProcMart

Founded in 2015 by Popli, an alumnus of IIM Lucknow and NIT Trichy, ProcMart connects buyers and sellers, enabling easy procurement of various products, including consumer goods, durables, automotive, oil and gas, healthcare, and pharmaceuticals. Over the years, the company has expanded its presence to 25 Indian cities and ventured into international markets, including Indonesia and Malaysia.

Production capacity

The newly acquired plant in Aurangabad has a production capacity of 1,000 tonnes per month, and ProcMart intends to scale up to 2,500 tonnes through additional investments. The expansion has the potential to add up to \$150 million in its annual sales. Before the acquisition, ProcMart's contract manufacturing facilities had a combined production capacity of 4,500 tonnes.

The company anticipates substantial growth following this expansion—100% year-over-year growth in the first two years and 50-60% growth in subsequent years.

Sustainability initiatives

The acquisition supports ProcMart's sustainability goals by utilising biofuel-powered boilers, reflecting the company's commitment to eco-friendly practices and helping clients achieve carbon neutrality through responsible procurement solutions. The acquisition aligns with ProcMart's sustainability initiatives through its use of biofuel-powered boilers, supporting eco-friendly operations and helping clients achieve carbon neutrality goals via responsible procurement practices.

Why this acquisition

The Aurangabad facility acquisition supports ProcMart's vision of becoming a comprehensive procurement solution for enterprises, expanding its presence across major Indian industrial hubs. It advances ProcMart's presence in sustainable packaging and biofuels, complementing its \$30 billion MRO (maintenance, repair, and operations) segment solutions. The Aurangabad plant's strategic location enables ProcMart to cater directly to clients in the Aurangabad-Pune-Mumbai corridor and Maharashtra, which will reduce delivery times and lower logistics costs.

The acquisition supports ProcMart's sustainability goals with biofuel-powered boilers, reflecting its commitment to eco-friendly practices and helping Fortune 500 clients achieve carbon neutrality through responsible procurement. "There are about 32-33 clients that we are serving from the Aurangabad area. So, it has become a very strategic location. The other thing that we like about this facility is that it has a scope of further growth. Its sustainable set-up, including biofuel-powered boilers, aligns with our eco-friendly initiatives," says Popli.

ProcMart serves a prominent client base, including 50% of Fortune 500 companies, while prioritising sustainability. The manufacturing expansion enables end-to-end packaging solutions with strict quality control and environmental standards; future plans include deeper penetration in key sectors like MRO, biofuels, utility services, and non-specialty chemicals.

Fundraise

In April 2024, ProcMart secured \$30 million in Series B funding, led by Fundamentum Partnership, a venture capital firm co-founded by Nandan Nilekani and Sanjeev Aggarwal, along with Edelweiss Discovery Fund. ProcMart's funding has reached \$43 million, riding on the additional investments from Paramark Ventures, Sixth Sense Ventures, and IndiaMART.

The company serves a diverse range of clients across sectors, including FMCG, auto, pharma, metals & power, healthcare, and consumer durables. HUL, Colgate, Nestlé, Britannia, PepsiCo, Mondelez International, and Cargill are among some of its clients. The company is targeting Rs 3,000 crore in revenue by FY28. It is also planning to expand to more markets in Southeast Asia and Africa.

In FY24, the company reported Rs 621 crore in revenue compared to Rs 206 crore in FY23. It posted a profit of Rs 0.91 crore in FY24 compared to Rs 2.39 crore in FY23. On the decline in profit, Popli says, "To drive growth and boost sales, the company increased its focus on manpower and opened warehouses across multiple cities for faster delivery and better supply chain. By strengthening its team and operational capabilities, the company aimed to accelerate expansion and leverage new opportunities."

The long list of clientele illustrates ProcMart's growth narrative. Forvia, a French global automotive supplier, is one of them. "With Forvia's rapid growth in India, we were on the lookout for a pan-India supplier who can stand with us in our mission to deliver a premium customer satisfaction experience to our customer. We are proud to have ProcMart as our partner in this mission," says Nillanjan Roy, Group Indirect Purchasing Director at Forvia.

Expert view

The B2B marketplace sector is booming, driven by digitisation and efficiency gains. "The B2B marketplace has seen exceptional growth and is expected to reach more than \$60 billion in coming few years. The key reason for growth has been driven by technological solutions implemented by the platforms helping customers to get better rates and manage inventory better, helping them improve their working capital," says Shravan Shetty, MD, Primus Partners.

With B2B marketplaces becoming crucial for companies to connect, source products, and expand globally, ProcMart, as per experts, is well-positioned to benefit.