Early Warning System

IFC-39386

ESIP Power2SME

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2017-06-08
Borrower	POWER2SME Private Limited
Sectors	Agriculture and Forestry
Investment Type(s)	Equity
Investment Amount (USD)	$ 10.07 million

Project Description

Founded in 2012, Power2SME (“P2S”or“Company”) is a “buying club” for Small and Medium Enterprises (SMEs) in manufacturing sector that allows them price advantages while procuring Raw Materials (RMs) through an online demand aggregation platform. Currently, P2S offers the following categories of RMs on the platform – (a) metals (different types of steel, zinc etc.); (b) paints; (c) chemical additives; (d) engineering polymers; and (e) commodity polymers; with hot and cold rolled steel accounting for about 80% of the products.

P2S negotiates bulk discounted long term rates on an annual/seasonal basis with suppliers and passes on pricing benefits to the SMEs. The company places purchase orders (POs) to suppliers based on back-to-back POs from the SMEs. Supplier invoices P2S upon order confirmation and delivers the goods to the SME.

For most of the orders, RMs are delivered to the purchaser SME directly. Only in 2% of the cases (mainly for imported raw materials), the goods have to be stored at one of the P2S warehouses for a few days before they are delivered to the SME. Also, in 95% of the cases, the transport is arranged by the supplier whereas in the remaining cases, P2S’ logistics team arranges transport.

P2S is active in 14 States across India and has 50,000 SMEs members including SMEs who have purchased through P2S’ platform and others who use P2S’s free news service (on industry and price trends or require RMs which are yet not offered on the platform). It has a supplier base of 300+ which includes manufacturers as well as authorized distributors. The company has 16 warehouses with the biggest one being 4500 ft2 (about 500 m2). The warehouses typically have an in-charge and a security person (from an external company). The company is reviewing optimization of the number of warehouses as, post implementation of Goods and Services Tax (GST) in July 2017, it may not need warehouses in all states where it operates.

P2S also provides working capital finance solutions (at attractive interest rates) to member SMEs through its tie-ups with various financial institutions (FIs). The company also makes the lending process more efficient by facilitating credit scoring through its scoring engine and providing detailed transaction history for the specific SME.

The proposed investment is a preferred equity investment of US$ 10 million in P2S for its expansion (“the project”).

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Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/