

# Tiger Global-backed Moglix expands packaging portfolio with ₹80 crore Khatema Fibres acquisition

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**BENGALURU** : Business-to-business (B2B) e-commerce unicorn Moglix has acquired Uttarakhand-based Khatema Fibres Ltd, a manufacturer of eco-friendly paper products, for approximately ₹80 crore, as part of its strategy to bolster its sustainable packaging portfolio and cement its leadership in the industrial procurement space.

The deal, announced by Moglix founder and CEO Rahul Garg, adds a suite of specialty packaging products—including high-strength kraft paper, food-grade packaging solutions, and machine-glazed papers—to its offerings.

Backed by Tiger Global and Accel, Moglix, valued at \$2.6 billion, aims to tap its expansive network of over 10,000 manufacturers and 3,000 factories to scale this category.

## The packaging industry

Moglix launched its packaging vertical nearly five years ago and claims to be the largest player in the B2B e-commerce packaging space. Garg highlighted the industry's disorganized nature and the outdated methods many suppliers still use.

“When we started our journey in packaging, we realized that the segment is fairly disorganized and many suppliers are still using old methods. As our company grows, we cannot only focus on e-commerce and supply chain, but also work with manufacturers to understand how innovation in packaging materials can be improved,” Garg told *Mint*.

Khatema Fibres, founded in 1990, operates a paper manufacturing plant in Uttarakhand's Khatima region. While the plant's current capacity is 50,000 tonnes, it has the potential to expand to 75,000 tonnes—a goal Moglix is actively pursuing, according to Garg.

The acquisition comes amid a global shift from plastic to recyclable, plant-based materials in packaging, spurred by heightened environmental awareness. The Indian food and beverage packaging industry alone is expected to reach \$86 billion by 2029, growing at 14.8% annually, according to Invest India.

A 2023 McKinsey survey revealed that most respondents were willing to pay a premium for sustainable packaging, with heightened concerns about air and water pollution in India, China, and Brazil.

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Khatema Fibres' advantage lies in its ability to produce packaging papers from long fibre (softwood fibre), typically unavailable in tropical climates like Asia. The company uses pre-consumed waste from converting units in the US and Europe, treating it through specialized processes to recover pure fibers while segregating contaminants.

Packaging is already among Moglix's top 10 categories and has immense potential for growth, Garg noted. "I believe it could become a ₹1,000 crore category in the next few years—it's already nearing ₹500 crore."

## **Financial performance and expansion plans**

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Founded in 2015 by Garg, a former Google executive, Moglix has raised over \$370 million to date. In FY24, its revenue rose marginally to ₹4,964 crore from ₹4,704 crore the previous year, while losses eased to ₹189 crore.

"FY24 was an interesting year because much like other companies, we too were working towards striking the balance between growth and profitability. Every three to four years it is crucial to slow down a bit on growth and figure out how to optimize," Garg said.

The company ramped up its use of technology during the year, automating customer service and internal operations to improve efficiency—a move Garg believes will yield long-term benefits.

Looking ahead, Moglix is focused on sustainable growth.

"B2B is still a decade behind the B2C curve. There is so much headroom in terms of executing, changing the market, and changing the behaviour that needs to happen and we will continue to double down. Outside of that, we are present in India and the Middle East. So we continue to focus on taking dominant positions in these markets as well as continuing to expand Credlix, our supply chain finance offering," Garg said.

In September, Moglix committed \$50 million to expand Credlix into the US and Mexico. The subsidiary offers collateral-free financing solutions designed to enhance cash flow, reduce financial burdens, and support small and medium enterprises in scaling their operations.