Next Horizon Capital

Investment Memorandum

Project Glow — Pre-Seed · Consumer, Fresh Staples Q-Commerce

Prepared for the Investment Committee · Strictly Private and Confidential

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02 AUG 2026
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Project Glow

Vertically integrated fresh staples, made in the city, delivered in minutes..

VERDICT

Invest, with Conditions

On the round as pitched, sized by conviction. The only safe way in is a small optionality check, written off at entry, that must pass four falsification tests.

GOVERNING CONCLUSION

Project Glow mixes two hard things. First, the demand model that killed every funded company before it in this category: on-demand, with no pre-commitment. Second, the hardest supply model there is: zero preservatives, a one to two day shelf life, just-in-time. It defends this position with a process, not an asset, and backs it with unit economics that does not match their own metrics claims. **The strongest claim- early cohort retention, is the least verified. Every fact we could verify points the other way.**

₹650 AOV underpinning the contribution margin table vs "500+" on the metrics slide	**40%** Claimed blended gross margin on a milk, F&V and bread basket qcom packaged grocery runs 8 to 15%	**3.5%** Claimed blended wastage, zero preservatives, no pre-packaging their own footnote: veg loses 30 to 50% of life in 24h
200 Orders/day claimed for store CM breakeven table footnoted @ 1,000 orders/day; industry	**~50%** M3/4/5 retention, Sep 2025 to Apr 2026 cohorts 8 months max, M7 for one cohort, n undisclosed	**~20%** Of acquired customers make Project Glow their default platform so 80% of paid trial does not stick

00 The decision spine

FIVE GATES, IN THE ORDER THEY BIND

01	Is the problem real?	CLEARS	The trust problem is real, not made up. FSSAI data: 83% of paneer samples failed quality tests, 40% were unsafe. All three qcoms keep fresh F&V in stock less than 75% of the time, because a two-step central warehouse adds about two days.
02	Is the wedge ownable?	FAILS	Country Delight already owns the trust-premium fresh staples space out of Gurugram, at ₹1,380 Cr in FY24. Below that sit the chakki and the doodhwala, at commodity price. What's left is minutes-level speed, and that is the incumbents' home turf.
03	Do the unit economics hold?	FAILS	Six internal contradictions exist. Every number that holds up the model is just asserted, and two of those numbers are proven wrong elsewhere.
04	Is there a moat?	FAILS	Freshness timestamps are just a UI feature. Tolling contracts are open to anyone. The society playbook is just an SOP, and the deck itself calls it a playbook. Significant competitive and demand risks persist.
05	Does the traction verify?	UNPROVEN	The cohorts look exceptional against Indian consumer benchmarks, and would beat most of the above if they are real and organic. They are also eight months old, single micro-market, hand-seeded during an active gifting push, with no sample size disclosed.

01 Market opportunity

The demand is genuine and structural

India's staples basket fails on freshness and on trust at the same time, and this double failure was built in, not an accident. Brands choose long shelf life because it lets them run mega factories and reach the whole country. Retailers choose long shelf life too, because it cuts waste. The result is long supply chains and heavy use of preservatives. Retailers cannot fix this: they carry more than 10,000 SKUs and control none of the ingredients, processing, packaging, or marketing.

The consumer-side facts stated check out: 84% of urban consumers are very worried about food quality. Atta milled more than 30 days ago loses 24% of its bioactive antioxidants. Bread three days old loses about 60% of its fresh taste and smell. Wilted produce loses about 50% of its moisture and flavour. There is urea in milk, detergent in paneer, and brick powder in chilli, with no reliable way for a customer to check where the food came from, or its true make date.

Our take: this is the sharpest, most common complaint in Indian q-commerce, and it's exactly what incumbents structurally struggle with. It's exactly why Zepto had to build a separate farmer network and its own ripening setup, instead of running fruit and vegetables through its normal FMCG chain. Fresh food is also the category people buy most often. A freshness-first brand does have a real wedge.

But the real willingness to pay is narrow, and the gap between what people say and do is well documented

Stated love for clean labels is high. Actual payment behaviour is not. A 2024 India study (British Food Journal, n=608) found only 18.4% of Indian consumers willing to pay higher premiums, and just 8% buying fully organic. A 2023 Rakuten Insight survey found 34% unwilling to pay any premium for organic. Academic work on India (Kumar et al., 2023) found health consciousness raises stated willingness, but shows a negative link with actual buying, because of the perceived cost. The clean-label signal is real and growing: a 2026 snacking survey found 32% of parents willing to pay a protein premium, but this is not the same as a licence to charge more across the board.

A figure the founder has stated publicly backs this up: buyers are willing to pay 10 to 15% for a handpicked experience. That is a fair premium over unbranded local fresh food, for a self-selected, higher-income Gurgaon segment. It is not a licence to hold a 40% blended gross margin on the most price-sensitive basket in the household.

Widely shared '58% will pay a 6 to 20% premium, 13% up to 50%' figures come from a Kathmandu Valley survey of 180 consumers, not India, and should not be used here.

01.1 The wedge squeeze

WHO ALREADY OCCUPIES THE POSITION Project Glow IS CLAIMING

Above: the trust-premium incumbent already in the same city

PRESSES DOWN ON PRICE AND LEGITIMACY

Country Delight is based in Gurugram and delivers milk, paneer, curd, bread, fruit, vegetables, and kitchen basics, tested for quality, within hours of sourcing. FY24 revenue was ₹1,380 Cr, up about 46%. Delhi NCR and Bangalore make up about half its volume. About 90% of its revenue comes from subscriptions, which is the exact model Project Glow avoids. Above Country Delight sit Amul (about 35 million litres a day from 3.64 million farmer members across 18,600 village societies, with GCMMF turnover of ₹65,911 Cr in FY25) and Mother Dairy. In Indian food, trust belongs to brands and co-ops. Platforms just rent that trust by stocking their products.

Beside: the q-commerce incumbents, already vertically integrating fresh

PRESSES IN ON SPEED, DENSITY AND SUBSIDY

Blinkit is already EBITDA-profitable, with 2,243 stores, about 650,000 daily orders, and about 90% of order value on its own inventory (Q3 FY26). That lets it add a city-mill or bakery tolling layer on top of its existing density, and cross-sell at almost no extra cost. Zepto sells about 2.21 million fruit and vegetable units a day, up from 0.64 million a year ago, sourced from about 8,000 farmers through 70-plus collection centres with grading, cold storage, ripening units, and its own sourcing app. It is also onboarding premium brands into a new "Select" segment. Instamart runs its own brands Noice and Supreme Harvest, with Noice at 200-plus products made through 40 local kitchens, and a fresh-food push underway. Zepto alone booked ₹1,636 Cr in FY26 ad revenue, a subsidy Project Glow's honest-pricing pitch cannot match.

The residual wedge Project Glow actually owns

Project Glow's real space is minutes-level delivery of same-day-made staples, with batch-level tracking, sold at a 10 to 20% premium to affluent gated societies. That is a real position. But it is a narrow one: minutes-level speed is the incumbents' home turf, not Project Glow's, and the premium needed to hold a 40% gross margin shrinks the addressable market down to the exact micro-segment their own testimonial and playbook already sit in.

Below: the unorganised sector, free at the point of comparison

PRESSES UP ON PRICE

The neighbourhood atta chakki mills flour in front of the customer at commodity prices. The doodhwala delivers milk the same morning. "Atta milled 8 hours ago" is a weaker version of what the chakki already gives for free. Across this category, customer complaints most often cite price versus the local vendor as the top reason people leave, ahead of inconsistent quality or billing problems.

Segment maths

Super-user wallet share of about ₹4k/month is a meaningful slice of an affluent NCR household's monthly food spend, though we don't have a sourced benchmark for exactly how large a share. Even the best customers treat Project Glow as a top-up, and the product design guarantees it: '1/10th the SKUs in every category, no long tail' makes full-basket default status structurally impossible. Affluent gated societies in NCR are the most over-targeted micro-market in Indian D2C.

Venture-scale maths

The company's own 12-month target, 5,000 daily orders and ₹10 Cr-plus MRR across 10 dark stores in Gurgaon, works out to about ₹120 Cr a year at roughly 500 orders per store per day. That is half the 1,000-order scale their own CM table assumes. A fund-returning outcome would need many multiples of that revenue, raised in a category where the last comparable company died mid-raise and growth capital has exited.

02 What goes wrong, historically

The cause of death is almost always the same chain of events. Wasted perishable stock, plus forecasting errors, plus high last-mile delivery costs, stop the business from turning a profit on each order. That forces it to keep raising money again and again, which fails once funding gets harder to find. This pattern is specific to Project Glow, not generic: it shows up in exactly Project Glow's city and format.

COMPANY	MODEL	SCALE REACHED	CAUSE OF DEATH	OUTCOME
Doodhwala	Subscription milk and daily essentials	Bangalore-led operation, expanded to Hyderabad and Pune	Milk-as-loss-leader amortised delivery cost but never generated enough margin per drop	Ceased Oct 2019
DailyNinja	Subscription micro-delivery	Multi-city	Same margin-per-drop problem. Absorbed rather than scaled	BigBasket, 2020
Supr Daily	Daily milk subscription as a "Trojan Cow" to amortise last mile	≈200,000 orders/day, ≈$100M revenue run-rate	Never standalone profitable. Acquired, then pivoted off pure subscription	Swiggy 2018, now InsanelyGood
Milkbasket	Subscription micro-delivery, single early-morning slot	FY22 revenue ≈₹421 Cr, down 19%; loss ≈₹66 Cr, up ≈99%	Auditors flagged going-concern doubt, accumulated losses, complete erosion of net worth, negative working capital. Could not reach profitability *even with* subscription pre-commitment	Distress sale to Reliance, ≈$40M; folded into JioMart
Fraazo	Farm-to-fork dark stores, WestBridge-backed	Claimed 250 dark stores across 7 cities; FY21 revenue ≈₹21 Cr against ≈₹15.8 Cr loss	Geographic over-replication ahead of unit economics, plus funding crunch and quality complaints. 150-plus laid off, 50-plus stores shut	Wound down 2022
Otipy *Gurugram. Co-founder is ex-Otipy*	Farm-to-consumer community reseller, scheduled next-day fresh	FY24 revenue ₹160 Cr, up 68% from ₹95 Cr; loss cut 28% to ₹52 Cr from ₹72 Cr; ≈$44M raised	Perishable inventory economics, q-commerce cannibalisation of scheduled fresh, funding winter. Shut abruptly after failing to close a ≈$10M Series B extension *despite improving losses*	Shut May 2025. Unpaid vendor dues, stuck wallets

The mechanism, not the correlation

No preservatives, plus on-demand ordering, means every dark store makes a daily bet on demand it cannot see. Guess too high, and wasted stock rises above 3.5%. Guess too low, and you break the freshness promise and lose the sale on a daily essential. At a store doing 200 to 500 orders, forecasting errors are always going to be high. **Pre-orders are the only known fix for this, and Project Glow's format rules them out.** Country Delight, Milkbasket, Supr Daily, BBDaily, and Otipy were all subscription-first; pre-commitment converts a forecasting problem into a near-deterministic replenishment problem. A super-user doing roughly 8 orders a month is a partial substitute, not a pre-commitment.

What actually makes customers leave, in order

1. Price versus the local vendor. This is the real structural killer. Complaints compare a ₹300 dal bought on-app against ₹190 at the kirana.

2. Inconsistent quality. "You have to yell at them to send fresh items." This is the one problem Project Glow's timestamps and unit-level photos genuinely fix.

3. Trust and billing friction. Milkbasket charges about ₹175 for membership and about ₹15 a day for delivery, auto-deducted from the wallet without consent. Orders stop when the balance runs low with no warning, and missed rainy-day deliveries get no compensation.

02.1 Where in the chain it actually breaks

WALK THE CHAIN, LOCATE THE WEAKEST LINK

01 Procurement
Fine. Mandi and FPO sourcing is proven.

02 Tolling production
Moderate. Priority and QC on shared lines.

03 Replenish / middle mile
The genuine edge. Skips central warehousing.

04 Dark store hold + demand forecast
FIRST BREAK. Every on-demand comparable died here.

05 Gross margin net of real wastage
SECOND BREAK. Linked to 04. Carries the whole model.

06 Last mile
Standard risk.

07 CAC and retention
Unproven. 8-month, single-city, novelty-loaded.

08 Working capital
Genuine strength, if the terms exist.

09 Geographic replication
Unproven. Rebuild the whole backend per city.

Review evidence is self-selected and skews negative.

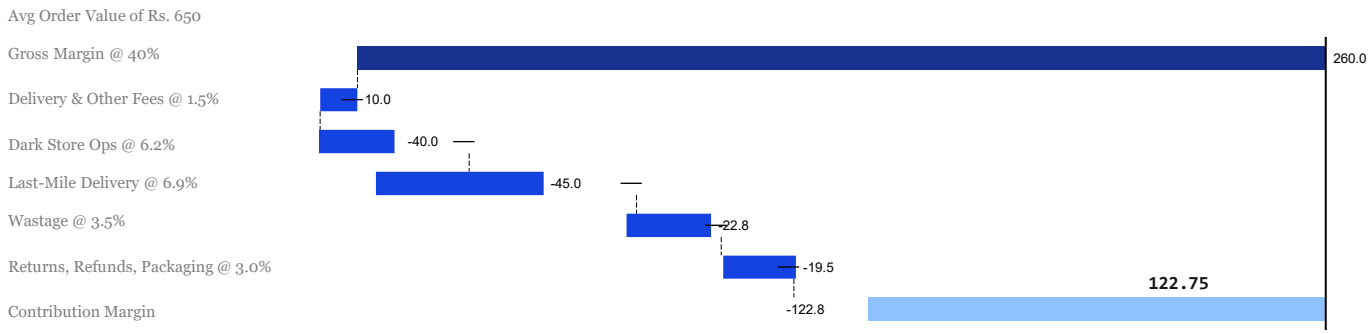
CONCLUSION

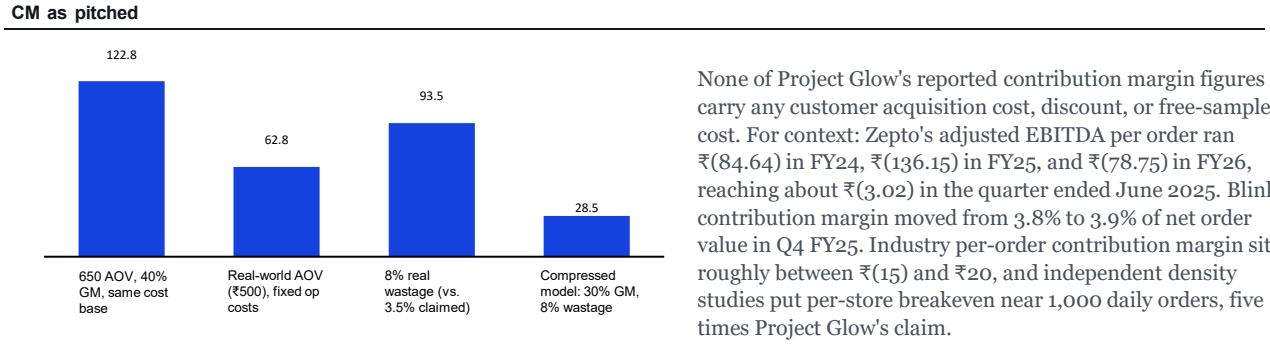
The model breaks where two things meet: forecasting demand for made-to-order perishables, and assuming a gross margin net of real wastage. Everything that follows, the contribution margin, the breakeven orders per day, the path to ten stores, is built on the 40% gross margin and 3.5% wastage numbers. Those two numbers are the least proven of all, and they are the same two that every failed comparable company got wrong.

03 Scope of Improvement and Structural Issues

BREAK			CONSEQUENCE
AOV	*"500+ Avg Order Value" reported today*	"Higher AOV (650 vs 550)" and a full CM table built on ₹650	They benchmark their projected future against competitors' present. Using today's actual ₹500 with the same rupee Costs, the 19% CM falls toward 14 to 15% before any other adjustment.
Scale	*"At scale, our stores will turn CM positive at ~200 orders per day"*	They separately footnote "Unit economics at store level (@ 1000 orders / day)"	Dark store ops at 6.2% of AOV only holds at 1,000. At 200, fixed store-plus-processing cost per order is roughly 5x, which erases the ₹122.75 entirely. Both claims cannot be true under one cost structure.
Gross margin	*"Higher margins (40% vs 25%)", blended for all categories*	Ambition to be "the default platform for daily meal essentials", basket anchored in milk, F&V and bread	Packaged grocery margins for qcom run 8 to 15%, fresh runs lower on spoilage, and dairy is a near-zero-margin traffic driver industry-wide. 40% blended requires sustained premium pricing on the most price-elastic basket in the household, which contradicts the default-platform ambition.
Wastage	*3.5% blended, with "no pre-packaging", zero preservatives and 1 to 2 days of inventory*	They separately note: "In Indian summers, vegetables lose 30-50% of their life within 24 hours without refrigeration"	Post-harvest studies bound plausibility: NABCONS 2022 puts fruit loss at 6.02 to 15.05% and vegetables at 4.87 to 11.61%, ICAR-CIPHET (2015) reported losses ranging from 6.7 to 15.9% for fruits and 4.6 to 12.4% for vegetables. Well-run dark stores **informally** cite 2 to 4%, so 3.5% sits inside the band only with excellent execution from day one. Project Glow must choose daily between wastage, which kills CM, and stockouts, which kill retention on essentials.
Working capital	*"Negative working capital: 1-2 days of inventory vs 15-20 days"*	Supply base is perishable tollers, bakers and FPO farmers	Low inventory days is an asset-side fact. Negative working capital requires payables longer than the cash cycle. Perishable suppliers are paid in days, and a pre-seed buyer at small batch volumes has zero credit leverage. Asserted, never demonstrated.
Middle mile	*"10% lower supply chain cost: no consolidation warehouse, no middle mile runs"*	"Small batches & multiple replenishments runs in a day" from micro-factories to dark stores	That is a middle mile, run at less-than-truckload frequency, with cost per unit rising with each added store until density is high. The claimed 10% advantage is measured against the leg they renamed.

CONTRIBUTION MARGIN PER ORDER: AS CLAIMED, THEN STRESS-TESTED





None of Project Glow's reported contribution margin figures carry any customer acquisition cost, discount, or free-sample cost. For context: Zepto's adjusted EBITDA per order ran ₹(84.64) in FY24, ₹(136.15) in FY25, and ₹(78.75) in FY26, reaching about ₹(3.02) in the quarter ended June 2025. Blinkit's contribution margin moved from 3.8% to 3.9% of net order value in Q4 FY25. Industry per-order contribution margin sits roughly between ₹(15) and ₹20, and independent density studies put per-store breakeven near 1,000 daily orders, five times Project Glow's claim.

Room for Improvement

- They project an average order value of ₹650 while benchmarking against competitors' current ₹550, even though their own reported metrics show ₹500+ today.
- Two headline claims can't both be true: margin positive at 200 orders a day, but the underlying unit economics are computed at 1,000.
- Two cohort heatmaps carry no sample size on any cell. Every impressive ratio here is a numerator with no denominator.
- They lead with '~20% default platform' and '60%+ sample-to-order conversion', both of which flip into warning signs: an 80% non-conversion rate, and a definition of success that needs just one order.
- Using 'built key playbooks at Otipy' as proof of competence, without mentioning Otipy is this category's cautionary tale, shut down in the same city.
- Claiming 'retailers are just aggregators with limited role in building trust', which Amul, Mother Dairy, and Country Delight disprove: trust belongs to brands and co-ops, and platforms just rent it.
- There is no ask yet: no round size, valuation, instrument, use of funds, runway, competitive analysis, CAC, or payback, and no projections past 12-month milestones. That makes this hard to evaluate properly.
- Their retention metric, labelled 'customer_retention_on_orders', leaves its own definition unclear. Order-weighted retention flatters customer-level retention, and month-on-month figures flatter against the original base. A '~50%' figure means very different things depending on which definition is being used.

04 What they are doing well, weighed against what they are not

Merits

The problem is real and structurally unfixed by incumbents. A two-step central warehouse chain adds roughly two days to F&V, which is why Zepto had to build a separate farmer network and ripening infrastructure. Freshness is the sharpest documented complaint in the category, and fresh is the highest repeat-frequency basket.

Founder pedigree is unusually strong for pre-seed. Yeshu Bansal, IIT Delhi '04, ex-Snapdeal, led q-commerce supply chain at Blinkit and built the first 496 stores. Parvesh Nehra, IIT Delhi '08, ex-Blinkit, ex-Otipy. Nehra's Otipy scar is double-edged but real: he has seen precisely how on-demand fresh dies.

Credible syndicate for the stage. Better Capital led, Misfits, with angels from Blinkit, Zomato, Tracxn, Magicpin, Supertails and Firstcry. The Blinkit co-founder cheque signals insider conviction that q-commerce structurally cannot vertically integrate perishables across 10,000-plus SKUs.

The middle-mile redesign is a genuine saving. City-level production feeding dark stores directly, no consolidation warehouse, small batches, one to two replenishment runs a day. For a perishable-only assortment this is a defensible structural advantage, and it is the one element of the operating model that survives scrutiny intact.

Negative working capital and 1 to 2 day inventory versus 15 to 20 days is a real structural advantage over packaged retail, if the supplier terms actually exist on paper.

Transparency is shipped, not roadmap. Batch-level freshness tags ("Milled at 11 Feb, 4:29 PM") and actual images with unit-level weights are already live. Charging for exact weight on F&V units creates roughly 8% of margin versus online platforms. These target the single sharpest consumer complaint directly.

The cohort signal, if real and organic, is exceptional by any Indian consumer benchmark. ≈50% M3/4/5 retention, ≈20% of acquired users at ≈8 orders/month and ≈₹4k monthly wallet share, >50% private-label customer penetration within 30 days of launch, paneer repeat >65%, atta 60%+, curd 55%+. This is the one fact that could trump every structural objection.

Society-led acquisition can genuinely produce low CAC. ≈15 to 20% society penetration in two weeks and >60% sample-to-order conversion would be materially cheaper than the paid-digital arms race Zepto and Blinkit are fighting.

Demerits

The demand model is the one this category has already killed. On-demand fresh with no pre-commitment, bolted to the hardest supply model. Every survivor used subscription; every on-demand attempt in NCR is dead. The mechanism is not correlation: every store makes a daily bet on demand it cannot see.

The wedge is occupied on both flanks in the same city. Country Delight above at ₹1,380 Cr, the chakki and doodhwala below at commodity price, and three funded q-commerce incumbents pressing in on speed. The residual differentiation is minutes, which is their turf, not Project Glow's.

No moat, and maximal incentive to copy. Freshness timestamps are a UI feature, tolling contracts are open to anyone, and the society playbook is an SOP. Blinkit can bolt a city-mill layer onto 2,243 stores and 650,000 daily orders at zero incremental CAC and out-discount indefinitely. Reflexivity closes the trap: the better the cohorts look, the faster the copy arrives.

The unit economics slide contradicts itself, six ways, on AOV, scale, gross margin, wastage, working capital and middle mile. It is a cost structure that has not been stress-tested by its own authors.

Vertical integration is a contract, and the trust product concentrates uninsurable tail risk on it. No owned factories, lowest-priority tolling account, every dark store an FSSAI-licensed processing unit, unrefrigerated last mile in a 45-degree summer, and no food scientist or QA head on the team slide.

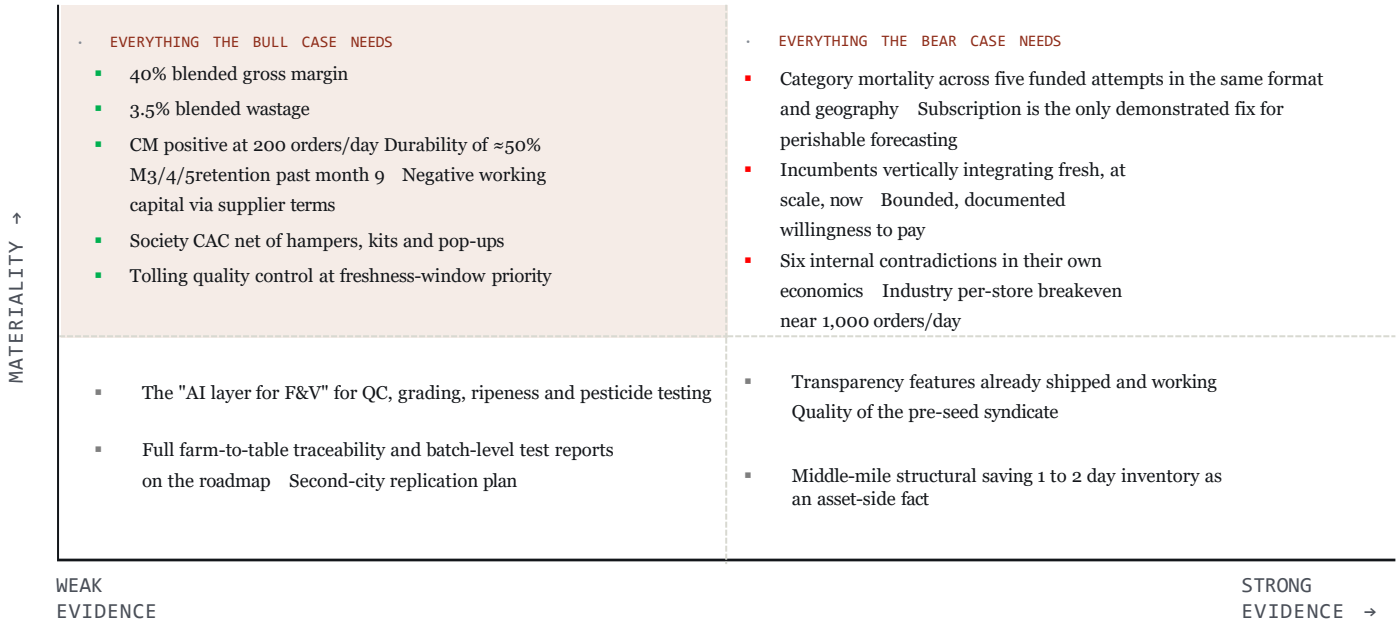
Willingness to pay is capped where the model needs it to be uncapped. 18.4% of Indian consumers will pay a higher premium, 8% buy fully organic, 34% will pay nothing extra, and the say-do gap is documented. A 10 to 20% premium is sustainable; 40% blended gross margin on milk, F&V and bread is not.

Negative operating leverage across geography. A qcom enters a new city with dark stores plus existing national supply. Project Glow rebuilds mill, bakery, dairy tolling, FPO network and testing infrastructure before order one. Their own 12-month plan lands at ≈500 orders/store/day, half the scale their CM table assumes.

Financing and exit risk. The last comparable died mid-raise with more revenue than Project Glow will have in 12 months, and growth capital has exited the category. Exit paths are thin: q-commerce can build this capability for less than buying it, and FMCG or dairy strategics acquire brands and distribution, not subscale supply chains.

04.1 The asymmetry that decides it

MATERIALITY TO THE DECISION, PLOTTED AGAINST STRENGTH OF EVIDENCE



THE WHOLE DECISION SITS IN THE TOP ROW, AND THE TWO HALVES OF IT DO NOT WEIGH THE SAME

RECOMMENDATION

PASS

This is the demand model that has already killed this whole category, and that problem isn't fixed here. The only fix anyone has proven works, pre-commitment, is exactly what this format rules out.

Every number that holds up the model is just asserted, and two of them are contradicted elsewhere. The cost structure has not been stress-tested.

There is no real moat, and success just speeds up the copycats. Heads, they lose to demand. Tails, they lose to imitation.

The only sound way in is a small test bet, sized to be written off at entry, priced for a one-in-twenty outcome, with the falsification tests as clear gates before adding more money. That is a bet on two people and one live cohort, not on the model as pitched. If the goal is conviction-weighted capital, this isn't ready for that yet.

FOUR TESTS THAT COULD CHANGE OUR MIND. ANY ONE FAILING KEEPS THE PASS; ALL FOUR CLEARING REVERSES IT.

01 An audited store-level P&L showing blended wastage under 5% and a positive contribution margin at about 200 orders a day, at today's real average order value, not at ₹650.

02 Organic cohorts, societies signed up with no gifting or free samples, retaining customers at the same rate as the seeded cohorts, with sample size disclosed, over 12-plus months.

03 Signed contracts with the toller and farmer group that actually prove the negative working capital claim.

04 Twelve months of incumbents not launching their own fresh private label in these micro-markets, despite what Instamart, Zepto Select, and Blinkit are currently doing.

IF YOU DO FUND, GATE IT HERE

Keep going if blended wastage stays at or below about 5% and blended gross margin stays at or above about 35%, for a full quarter. Pause if wastage goes above 8% or margin drops below 30%. Before Series A, month-9 retention should hold above about 35%, with super-user share stable or rising; retention that drops off after the novelty wears off is the deal-breaker signal. Rebuild the model at 30% gross margin, 8% wastage, and ₹70 delivery, and find the real breakeven orders per day. If that lands near 1,000, the “positive at 200” claim is just marketing, and the funding plan needs to be resized.

Reassess right away if Zepto or Blinkit launches a same-day-milled or same-morning-bakery private label in Gurgaon before Project Glow reaches about 5 dense stores. Push the company toward an opt-in standing-order option for dairy and bread: every company that survived in this category used pre-commitment to manage perishable forecasting, and it directly fixes the single biggest weak point.