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Executive summary (1/2)

Notes: CAGR - Compound Annual Growth Rate, F - Forecast, E - Estimated
Source: Ernst and Young, Price Waterhouse Cooper, Economic Times, MRRSIndia.com and Assocham - The Associated Chambers of Commerce and Industry of India, Trading Economics, World Bank
Executive summary (2/2)

- FMCG sector is the fourth-largest sector in the Indian economy, with household and personal care accounting for 50% of FMCG sales.
- After an unprecedented decline of 19% in the January-March 2020 quarter, the FMCG industry displayed signs of recovery in the July-September 2020 quarter with a y-o-y growth of 1.6%. The growth witnessed in the fast-moving consumer goods (FMCG) sector was also a reflection of positivity recorded in the overall macroeconomic scenario amid opening of the economy and easing of lockdown restrictions.
- Increasing participation from foreign and private players will boost retail infrastructure.

**Notes:** CAGR - Compound Annual Growth Rate, F- Forecast  
**Source:** Ernst and Young, Price Waterhouse Cooper, Economic Times, MRRSIndia.com and Assocham - The Associated Chambers of Commerce and Industry of India, Trading Economics, World Bank
Advantage India
Healthy economic growth, changing demographic profile, increasing disposable income, changing consumer taste and preferences are driving growth in the organised retail market in India.

Increasing purchasing power has led to growing demand.

Collective efforts of financial houses and banks with retailers are enabling consumers to go for durable products with easy credit.

Foreign retailers entering the Indian market.

Cumulative FDI inflows in the retail sector stood at US$ 3.44 billion between April 2000 and December 2020.

India’s retail sector attracted US$ 6.2 billion from various private equity and venture capital funds in 2020.

About 51% FDI in multi-brand retail.

100% FDI in single-brand retail under the automatic route.

Goods and Service Tax (GST) was introduced for a single unified tax system.

To provide a level-playing field to stakeholders, the Government is preparing policies of retail, FMCG and E-commerce within a single policy framework.
Market Overview and Trends
Evolution of retail in India

- **Pre 1990s**
  - Manufacturers opened their own outlets

- **1990-2005**
  - Pure-play retailers realised the potential of this market
  - Majority in the apparel segment

- **2005-2010**
  - Substantial investment commitment from large Indian corporates
  - Entry in food and general merchandise category
  - Pan-India expansion to top 100 cities
  - Repositioning by existing players

- **2010 onwards**
  - Cumulative FDI inflows stood at US$ 3.44 billion between April 2000 and December 2020.
  - Retail 2020: Retrospect, Reinvent, Rewrite
  - Movement to smaller cities and rural areas
  - More than 5-6 players with revenue over US$ 1 trillion by 2020
  - Large-scale entry of international brands
  - Approval of FDI limit in multi-brand retail up to 51%
  - Sourcing and investment rules for supermarkets relaxed
  - 100% FDI in single-brand retail under the automatic route

*Source: Technopak Advisors Pvt Ltd, BCG, News Article, DPIIT*
## Retail formats in India

<table>
<thead>
<tr>
<th>Format</th>
<th>Description</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MONO/EXCLUSIVE BRANDED RETAIL SHOPS</strong></td>
<td>Exclusive showrooms owned or franchised out by a manufacturer</td>
<td>Complete range available for a given brand; certified product quality</td>
</tr>
<tr>
<td><strong>MULTI-BRANDED RETAIL SHOPS</strong></td>
<td>Focus on particular product categories and carry most of the brands available</td>
<td>Customers spoilt for choice with so many brands on display</td>
</tr>
<tr>
<td><strong>CONVERGENCE RETAIL OUTLETS</strong></td>
<td>Display most of convergence as well as consumer/electronic products, including communication and IT group</td>
<td>One-stop shop for customers; many product lines of different brands on display</td>
</tr>
<tr>
<td><strong>E-RETAILERS</strong></td>
<td>Online shopping facility for buying and selling products and services; widely used for electronics, health and wellness</td>
<td>Highly convenient - provides 24X7 access, saves time and ensures secure transaction</td>
</tr>
</tbody>
</table>

*Note: IT - Information Technology  
Source: Sutherland Research*
Competitive landscape in Indian retail sector

1. Departmental stores
   - Pantaloons has 342 stores in >155 towns
   - Westside operates 158 stores across 82 cities
   - Shoppers Stop has 90 stores & Lifestyle operates across 77 stores in India
   - Reliance Retail operates 670 fashion concept stores across 350 cities in India

2. Hypermarkets
   - Big Bazar, Spencer Easy day and Reliance are some major players present in the market
   - Aditya Birla Retail (More Hypermarket) - 20 stores
   - Trent has 10 stores under retail chain Star
   - Big Bazaar operates 295 stores
   - Spencer Hyper has 37 stores across the country

3. Supermarkets/ convenience stores
   - Aditya Birla Retail- More Supermarket (523 stores)
   - Spencer’s Daily (120 stores)
   - Reliance Fresh (621 stores)
   - REI 6Ten (350 stores)
   - HyperCITY (20 stores)

4. Specialty stores
   - Titan Industries is a large player, with 496 World of Titan, 262 Tanishq and 509 Titan Eye+ shops
   - Vijay Sales, Croma and E-Zone in consumer electronics
   - Landmark and Crossword in books and gifts segment

5. Cash and carry stores
   - Metro started the cash and carry model in India - operates 27 stores across Mumbai, Kolkata, Delhi, Punjab, Hyderabad and Bengaluru
   - Reliance Retail operates 52 cash and carry stores called ‘Reliance Market’, as of FY20

Source: Company website, Press Release
Strong growth in the Indian retail industry

- The retail sector in India is emerging as one of the largest sectors in the economy. It contributes 10% to GDP and 8% to employment.
- The total market size of Indian retail industry stood at US$ 950 billion in 2018 and is forecast to reach US$ 1,200 billion by 2021 and US$ 1,750 billion by 2026.
- India will become a favourable market for fashion retailers on the back of a large young adult consumer base, increasing disposable income and relaxed FDI norms.
- Revenue of India’s offline retailers, also known as brick and mortar (B&M) retailers, was expected to increase by Rs. 10,000-12,000 crore (US$ 1.39-2.77 billion) in FY20.
- Experiential retail draws the concentration to a customer driven approach where the client can interact with products or brands rather than being a passive participant.
- According to the Ground Zero Series findings of the consulting firm RedSeer, the retail sector is expected to recover ~80% of pre-Covid revenue (amounting to US$ 780 billion) by end-2020.
- Business activity among micro-retailers is reaching near normal levels, as they are adopting digital business tools to drive efficiency and growth. The micro-retail players are increasingly taking up digital book-keeping solutions, as it makes this task simpler and there is a demand coming from small towns and hinterlands.
- Walmart Inc. plans to increase exports from India by 3x to US$ 10 billion by 2027, up from US$ 3 billion in 2020.

Note: *CAGR up to 2018, F - Forecast, ^as per CRISIL
Source: indiaretailing.com, BMI Research, Consumer Leads report by FICCI and Deloitte - October 2018, News Article
In FY19, traditional retail, organised retail and E-commerce segments accounted for 88%, 9% and 3% of the market, respectively.

The organised retail market in India is growing at a CAGR of 20-25% per year.

The unorganised retail sector in India has a huge untapped potential for adopting digital mode of payments as 63% of the retailers are interested in using digital payments like mobile and card payments.

Many fintech companies are competing for their presence in local stores. In May 2020, Paytm announced a US$ 1 billion loyalty programme and launched online ledger services for kirana stores in India. Other fintech companies such as PayNearby, Phonepe, BharatPe and Mswipe introduced different services for small shop owners, enabling better digital payments and delivery options at these stores.

For example, Amazon partnered with local stores to provide a platform for many small shops and merchants on its Amazon marketplace. While, Walmart has its own network of 28 ‘best-priced’ stores serving local stores across the country.

Flipkart Wholesale, a digital B2B marketplace, announced strengthening of its commitment towards growth and prosperity of kiranas and MSMEs by boosting supply chain infrastructure and enhancing employment opportunities.

**Note:** F - Forecast, * - E-commerce market here refers to sale of products and services through electronic transactions, home shopping is considered a part of e-commerce

**Source:** BCG, KPMG-indiaretailing.com, Deloitte Report, Winning in India’s Retail Sector, Centre for Digital Financial Inclusion (CDFI) report, Crisil
India has occupied a remarkable position in global retail rankings. The country has high market potential, low economic risk and moderate political risk.

India’s high growth potential compared to global peers has made it a highly favourable destination. According to a study by Boston Consulting Group, India is expected to become the world’s third largest consumer economy by reaching US$ 400 billion in consumption by 2025.

In FDI Confidence Index, India ranked 15th (after US, Canada, Germany, UK, China, Japan, France, Australia, Switzerland and Italy).

India ranked first in the Global Retail Development Index 2017 based on rising middle class and rapidly growing consumer spending.

Retail investors boosted their shareholdings in Indian companies to an 11-year high in September 2020, with first-time investors continuing to add more money into equities. According to Prime Database, shareholding of retail investors in 1,605 listed companies hit an 11-year high of 7.01% and witnessed ~3.4 million new ‘Demat’ accounts from July 2020 to September 2020.

In December 2020, IKEA launched its second Indian store in Navi Mumbai and plans to open two more stores in 2021.

In February 2021, Greyweave, a hand-made carpets and rugs brand, announced to invest Rs. 75 lakh (US$ 102,875.65) for the firm’s offline expansion plan.

Note: FDI - Foreign Direct Investment
Source: AT Kearney 2019 FDI Confidence Index, Prime Database
Rising prominence of online retail

- Online retail market is estimated to reach US$ 60 billion by 2020 from US$ 32 billion in 2018. It is projected to reach US$ 73.00 billion by 2022F.
- During the online festive sale in October 2020, the Indian e-commerce firms—Flipkart, Amazon, Myntra and Snapdeal—together sold goods worth US$ 3.1 billion.
- Online retail rose to a record high during the festive season in October-November 2020, with smartphone sales contributing 53% to the total sales.
- The Government plans to allow 100% FDI in E-commerce under the arrangement that the products sold must be manufactured in India to gain from the liberalised regime.
- Online retailers now deliver to 15,000-20,000 pin codes out of nearly 100,000 pin codes in the country.
- India’s E-commerce business will reach US$ 99 billion by 2024, growing at a CAGR of 27% over 2019.
- Online penetration of retail is expected to reach 10.7% by 2024 versus 4.7% in 2019.
- The government’s focus to improve digital infrastructure in Tier 2 and Tier 3 markets would be favourable to the sector.
- In April 2020, Amazon India announced to invest Rs.10 crore (US$ 1.3 billion) to strengthen its pilot ‘Local Shop on Amazon’ programme, which added >5,000 local shops and retailers on the platform from >100 cities.

Notes: APMEA - Asia/ Pacific, Middle East and Africa, F- Forecast
Strategies
Strategies adopted… (1/3)

1. **Strong distribution and logistic network**
   - It is imperative for a retailer to have a strong distribution and logistic network. Players follow a distribution network. For example, Shoppers Stop follow a “hub and spoke” model for its distribution network to increase efficiency and productivity.
   - In November 2020, Mahindra Logistics Ltd. developed a ‘Built-to-Suit’ warehousing capacity in Tamil Nadu. This workspace will cater to two key customers in e-commerce and auto-engineering industries.

2. **Expansion**
   - Huawei signed a partnership with Micromax to expand its retail presence in India.
   - As of November 2019, Xiaomi had the largest retail network in India with 2500 stores and presence across 790 cities.
   - In February 2021, Benetton India announced to open 30-40 new stores to strengthen its presence in the Indian market. The company will also launch its online store in the second half of the year.
   - In December 2020, Ikea started selling products online to customers in Gujarat, the third Indian state, after Telangana and Maharashtra.

3. **Omni-channel retailing**
   - Retailers are exploring multiple channels to maximise sales. Omni-channel retailing is being adopted by many retailers in India. Shoppers Stop is making efforts to be an omni-channel retailer. Ezone has launched an online platform, which has led to increase in sales. Omni-channel retailing is being adopted by companies like Reliance Retail Ventures, Aditya Birla Fashion and Retail Limited and, OnePlus.

4. **Offering discounts**
   - Most retailers have advanced off-season sales from 15 days to a month with discounts of 20-70% on certain products. Also, higher discounts and other value-added services are offered to members.

*Source: Company website, News Articles*
Offering value-added services
• Companies offer innovative value-added services like customer loyalty programmes and happy hours on shopping deals. Offers for senior citizens, contests for students and lottery gains are now very common.

Leveraging partnership
• To keep customers on shop floors for a longer time and increase conversions, retailers are now pitching to partner with manufacturers, service providers, and financial companies to create a buzz around certain product categories.
• In February 2021, Reckitt Benckiser, a consumer health and hygiene company, in partnership with Grofers, an online grocery retailers, launched the ‘Deliver Safe Programme’. The programme includes processes and protocols to meet the highest standards of cleaning and disinfection.
• In February 2021, Panasonic India joined forces with Fortune Marketing Pvt. Ltd. to expand its presence in the Indian market. Fortune Marketing Pvt. Ltd. will be responsible for distributing Panasonic’s wide enterprise range, comprising commercial android signage display, 4K UHD commercial high brightness displays, multi-touch interactive professional displays and professional video wall range of products.

Strong supply chain
• Critical components of supply chain planning applications help retailers to maintain profit margins. Innovative solutions like performance management, frequent sales operation management, demand planning, inventory planning, production planning and lean systems can help retailers to get advantage over competitors.

Source: Company website, News Articles
<table>
<thead>
<tr>
<th>8</th>
<th>Changing the perception</th>
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<tbody>
<tr>
<td>• Retailers are providing more assortments for private level brands to compete with other supplier brands. New product development, aggressive retail mix and everyday low pricing strategy might help to get edge over supplier brands.</td>
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<table>
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<tr>
<th>9</th>
<th>Hyper-personalisation</th>
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<tr>
<td>• Indian retailers use hyper-personalisation models based on behavioral data, brands performance, demographic preference and pin codes as marketing strategy to boosts sales.</td>
<td></td>
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<table>
<thead>
<tr>
<th>10</th>
<th>Cash-on-delivery</th>
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<tbody>
<tr>
<td>• Online retail segment offers cash-on-delivery and manufacturers’ warranty to boost E-retailing in consumer durables sector.</td>
<td></td>
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<tr>
<td>• Cash-on-delivery is the preferred payment option with over 30% buyers opting for it in India.</td>
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<th>11</th>
<th>Joint Venture (JV)</th>
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<tr>
<td>• To diversify the product offerings and tap the growing luxury retail segment, retailers are forming JV with foreign luxury brands. Reliance Brands Ltd. entered a JV with Bally, a Swiss luxury brand, to exclusively market its products in India.</td>
<td></td>
</tr>
<tr>
<td>• In May 2019, Warburg Pincus and Runwal Group entered into a JV to form US$ 1 billion retail mall platform.</td>
<td></td>
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*Source: Company website, News Articles*
Growth Drivers
Growth drivers for retail in India

1. Favourable demographics
2. Rise in income and purchasing power
3. Change in consumer mindset
4. Brand consciousness
5. Easy consumer credit and increase in quality products
Growth drivers for retail in India

1. Consumer preference
   - India’s per capita GDP increased to Rs. 143,048 (US$ 1,982.65) in FY19 from Rs. 129,901 (US$ 1,800.43) FY18.
   - Indian consumers are now shifting more towards premium brands.

2. Brand consciousness
   - Factors like young demographic composition, increasing personal disposable income, preference towards affordable luxury and rising middle class population are developing preferences for specific brands.

3. Consumer finance opportunity
   - Consumers have become more comfortable using online services due to demonetisation.
   - Online retail segment provides various credit and payment options like increasing internet penetration, 24*7 accessibility, convenience and secured transactions.

4. FDI approval
   - Department for Promotion of Industry and Internal Trade (DPIIT) approved three foreign direct investments (FDI), Mountain Trail Food, Kohler India Corporation, and Merlin Entertainments India in single-brand retail.
   - DPIIT has approved two FDI proposals worth more than Rs. 400 crore (US$ 62.45 million) within the retail sector.

5. Hybrid retail model
   - In December 2020, Flipkart’s independent value-driven platform ‘2GUD’ launched ‘2GUD Local’, which is aimed at extending the benefits of e-commerce to traditional retail businesses.

6. Investment
   - In September 2020, US private equity firm Silver Lake announced plan to invest Rs. 7,500 crore (US$ 1.00 billion) in Reliance Retail, by Silver Lake in a Reliance Industries subsidiary after the US$ 1.35 billion investment in Jio Platforms earlier in 2020.
   - In November 2020, Saudi Arabia’s sovereign Public Investment Fund (PIF) announced plans to invest in Reliance Retail Ventures Ltd. for 2.04% stake.
   - In November 2020, FreshToHome, a Bengaluru-based online fresh fish and meat retailer, raised US$ 121 million in Series C funding, led by Investment Corporation of Dubai (ICD).
   - In December 2020, Singapore’s sovereign wealth fund, GIC Pte Ltd. and ESR Cayman Ltd. formed a JV to develop and purchase industrial and logistics assets worth US$ 750 million in India.

Source: News Articles, Ministry of Statistics and Programme Implementation, Anarock Retail
Income growth to drive demand for organised retail

- Multiple drivers are leading to strong growth in Indian retail through a consumption boom.
- Significant growth in discretionary income and changing lifestyles are among the major growth drivers of Indian retail.
- Easy availability of credit and use of ‘plastic money’ have contributed to a strong and growing consumer culture in India.
- Acceptance and usage of E-retailers by consumers are increasing due to convenience and secured financial transactions.
- Expansion in the size of the upper middle class and advertisement has led to greater spending on luxury products and high brand consciousness.
- In FY20***, GDP at current prices was US$ 2,891.87 billion and GDP per capita at current prices was US$ 2,156.50.

Source: IMF, **- 2nd Revised Estimates, * - 1st Revised Estimates, ***- 1st Advance Estimate
FDI policy details on single and multi-brand retail in India

51% FDI in multi-brand retail; Status: Policy passed

- Minimum investment cap is US$ 100 million.
- 30% procurement of manufactured or processed products must be from SMEs.
- Minimum 50% of total FDI must be invested in backend infrastructure (logistics, cold storage, soil testing labs, seed farming and agro-processing units).
- Removes middlemen and provides better price to farmers.
- Development in retail supply chain system.
- 50% jobs in retail outlet could be reserved for rural youth and a certain amount of farm produce to be procured from poor farmers.
- To ensure public distribution system (PDS) and food security system (FSS), the Government reserves the right to procure a certain amount of food grains.
- It will keep food and commodity prices under control. It will also cut agricultural waste as mega retailers would develop backend infrastructure. Consumers will receive higher quality products at lower prices and with better service.

100% FDI in single-brand retail; Status: Policy passed

- Products to be sold under the same brand internationally. Sale of multi-brand goods is not allowed even if produced by the same manufacturer.
- 100% FDI allowed in single-brand retail under the automatic route.
- Single-brand retail entities (SBRT) would be permitted to set off their incremental sourcing of goods from India for global operations during the initial five years, starting from the 1st April of the year of the opening of first store, as against the compulsory sourcing requirement of 30% of purchases from India. After completion of five-year period, the SBRT entity will be required to meet the 30% sourcing norms directly towards its India’s operation, on an annual basis.
- 100% FDI in retail trading of food products manufactured or produced in India.
- Liberalisation of FDI is expected to give a boost to Ease of Doing Business and Make in India.
Indian retail is set to benefit from FDI policy

Benefits of FDI in Indian retail

- **Increase in employment**
  - Sector
  - Wholesale cash and carry trading
  - Single-brand product retailing
  - Multi-brand, front-end retail

- **Removing middlemen**
  - Entry route
  - Automatic

- **Technological advancement**
  - FDI limit
  - 100%

- **Infrastructure investment**
  - Benefiting Indian manufacturers

- **Removing middlemen**

- **Technological advancement**
  - Foreign Investment and Promotion Board
  - 51%
New goods and service tax (GST) would simplify tax structure

2. CASH FLOW

- Tax refunds on goods purchased for resale implies a significant reduction in the inventory cost of distribution.
- Distributors are also expected to experience cash flow from collection of GST in their sales, before remitting it to the Government at the end of the tax-filing period.

1. SUPPLY CHAIN STRUCTURE

Goods and Service Tax (GST) as a unified tax regime is expected to lead to re-evaluation of procurement and distribution arrangements. Removal of excise duty on products would result in cash flow improvements.

3. SYSTEM CHANGES AND TRANSITION MGMT

- Changes need to be made to accounting and IT systems in order to record transactions in line with GST requirements.
- Appropriate measures need to be taken to ensure smooth transition to the GST regime through employee training, compliance under GST, customer education and inventory credit tracking.

4. PRICING AND PROFITABILITY

- Elimination of tax cascading is expected to lower input costs and improve profitability.
- Application of tax at all points of supply chain is likely to require adjustments to profit margins, especially for distributors and retailers.

Note: CII: Confederation of Indian Industry
Source: Sutherland Research
## Recent M&A deals in the Indian retail sector

<table>
<thead>
<tr>
<th>Acquirer name</th>
<th>Target name</th>
<th>Year</th>
<th>Deal type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tata Consumer Products Limited</td>
<td>Kottaram Agro Foods</td>
<td>February 2021</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Reliance Retail Ventures Ltd. (RRVL)</td>
<td>Future Group (Retail &amp; wholesale business, logistic and warehousing business)</td>
<td>November 2020</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Reliance Retail Ventures Ltd. (RRVL)</td>
<td>Urban Ladder</td>
<td>November 2020</td>
<td>Acquisition (96%)</td>
</tr>
<tr>
<td>Flipkart</td>
<td>Scapic</td>
<td>November 2020</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Flipkart</td>
<td>Aditya Birla Fashion and Retail Ltd. (ABFRL)</td>
<td>October 2020</td>
<td>Acquisition (7.8%)</td>
</tr>
<tr>
<td>Reliance Retail Ventures Ltd. (RRVL)</td>
<td>Future Retail</td>
<td>August 2020</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Reliance Retail Ventures Ltd. (RRVL)</td>
<td>Shri. Kannan Departmental Store Private Ltd. (SKDS)</td>
<td>March 2020</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Amazon</td>
<td>Future Retail</td>
<td>August 2019</td>
<td>Acquisition (49%)</td>
</tr>
<tr>
<td>Aditya Birla Fashion and Retail Ltd. (ABFRL)</td>
<td>Jaypore and TG Apparel &amp; Decor Pvt Ltd.</td>
<td>June 2019</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Reliance Industries Ltd. (RIL)</td>
<td>Hamleys</td>
<td>May 2019</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Future Enterprises Ltd.</td>
<td>LivQuik Technology (India) Pvt. Ltd.</td>
<td>October 2018</td>
<td>Acquisition (55%)</td>
</tr>
<tr>
<td>Amazon and Samara Capital</td>
<td>More</td>
<td>September 2018</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Reliance Retail Ventures Ltd. (RRVL)</td>
<td>Genesis Colors Ltd. (GCL), GLF Lifestyle Brands, Genesis La Mode, Genesis Luxury Fashion Pvt Ltd., GML India Fashion and GLB Body Care</td>
<td>September 2018</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Walmart</td>
<td>Flipkart</td>
<td>May 2018</td>
<td>Acquisition</td>
</tr>
</tbody>
</table>

*Source: Bloomberg and Thomson ONE Banker, News Articles*
Growth value proposition

**Demand factors**
- Higher brand consciousness
- Growing aspiration levels and appetite to experiment
- Growing young population and working women

**Supply factors**
- Rapid real estate and infrastructure development
- Emergence of new categories
- Development of supply chain improving efficiency

**Indian retail opportunity**
- Rising incomes and purchasing power
- Credit availability
- Changing consumer preferences and growing urbanisation
- Easy availability of credit
- Expansion plans of existing players
- R&D, innovation and new product development

*Source: KPMG International 2011*
Ample growth opportunities in Indian retail industry

1. LARGE NUMBER OF RETAIL OUTLETS
   - India is the fifth largest preferred retail destination globally.
   - The sector is experiencing exponential growth, with retail development taking place not just in major cities and metros, but also in tier II and tier III cities.

2. PRIVATE LABEL OPPORTUNITIES
   - The organised Indian retail industry has begun experiencing an increased level of activity in the private label space.
   - The organised retail sector is forecast to witness strong growth in the coming years.
   - The share of private label strategy in the US and UK markets is 19% and 39%, respectively, while its share in India is just 6%. Stores like Shopper Stop and Lifestyle generates 15 to 25% of their revenue from private label brands.

3. SOURCING BASE
   - India’s price competitiveness attracts large retail players to use it as a sourcing base.
   - Global retailers such as Walmart, GAP, Tesco and JC Penney are increasing their sourcing from India and are moving from third-party buying offices to establishing their own wholly-owned/wholly-managed sourcing and buying offices.

4. LUXURY RETAILING
   - Luxury retailing is gaining importance in India. This includes fragrances, gourmet retailing, accessories and jewellery among many others.
   - Luxury market of India is expected to grow to US$ 30 billion by the end of 2020 from US$ 23.8 billion in 2017, supported by growing exposure of international brands among Indian youth and higher purchasing power of the upper class in tier II and III cities, according to ASSOCHAM.

Notes: FMCG - Fast Moving Consumer Goods
Source: Nielsen, Jefferies report
Key Industry Contacts
<table>
<thead>
<tr>
<th>Agency</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailers Association of India</td>
<td>111/112, Ascot Centre, Next to Hotel Le Royal Meridien, Sahar Road, Sahar, Andheri (E), Mumbai - 400099. Tel: 91- 22 28269527 - 29 Fax: 91- 22- 28269536 E-mail: <a href="mailto:info@rai.net.in">info@rai.net.in</a> Website: <a href="http://www.rai.net.in">www.rai.net.in</a></td>
</tr>
<tr>
<td>The Franchising Association of India</td>
<td>Address: 510/511 B-Wing Sagar Tech Plaza, Sakinaka, Mumbai- 400 072. Tel: 91- 22 - 4054 0590 E-mail: <a href="mailto:support@fai.co.in">support@fai.co.in</a> Website: <a href="http://www.fai.co.in">www.fai.co.in</a></td>
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</table>
Glossary

- FDI: Foreign Direct Investment
- FMCG: Fast Moving Consumer Goods
- FY: Indian Financial Year (April to March); So, FY10 implies April 2009 to June 2010
- IT: Information Technology
- MoU: Memorandum of Understanding
- MT: Million Tonnes
- MTPA: Million Tonnes Per Annum
- SEZ: Special Economic Zone
- US$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number
## Exchange Rates

### Exchange Rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rs. Equivalent of one US$</th>
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</thead>
<tbody>
<tr>
<td>2004-05</td>
<td>44.95</td>
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<tr>
<td>2005-06</td>
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<td>2006-07</td>
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<td>2007-08</td>
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<td>2013-14</td>
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<td>2017-18</td>
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<td>2018-19</td>
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<td>2019-20</td>
<td>70.49</td>
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<tr>
<td>2020-21</td>
<td>73.51</td>
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</table>

### Exchange Rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rs. Equivalent of one US$</th>
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</thead>
<tbody>
<tr>
<td>2005</td>
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<tr>
<td>2006</td>
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<tr>
<td>2021*</td>
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</tbody>
</table>

**Note:** As of January 2021  
**Source:** Reserve Bank of India, Average for the year
India Brand Equity Foundation (IBEF) engaged Sutherland Global Services private Limited to prepare/update this presentation.

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