EXECUTIVE SUMMARY

- Rising income and demand for quality products to boost consumer expenditure
- Consumer expenditure estimated to be US$ 3.6 trillion by 2020 vis-à-vis US$ 0.627 trillion in 2016

- Indian retail one of the fastest growing markets in the world due to economic growth
- By 2020, retail market in India is projected to reach US$ 1.3 trillion from US$ 672 billion in 2016

- India’s modern retail to be three times in next 5 years
- The modern retail market is expected to grow from US$ 60 billion to US$ 180 billion during FY15-FY20

Notes: CAGR - Compound Annual Growth Rate, F- Forecast
Source: Ernst and Young, Price Waterhouse Cooper, Economic Times
EXECUTIVE SUMMARY

- Robust consumption, rural markets to augment FMCG market
- FMCG market expected to increase to US$ 103.7 billion by 2020 from US$ 49 billion in 2016

- Increasing participation from foreign and private players to boost retail infrastructure
- Revenue generated from online retail is projected to grow to US$ 60 billion by 2020.

- Rising number of tier-2 and tier-3 cities to enhance supermarket space in the country
- Supermarkets to total 8,500 by 2016 from 500 in 2006

Notes: CAGR - Compound Annual Growth Rate, E – Estimate, F - forecast
Source: indiaretailing.com
Healthy economic growth, changing demographic profile, increasing disposable incomes, changing consumer tastes and preferences are driving growth in the organised retail market in India.

Rapid urbanisation with 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.

In January 2016, Bank of India announced reduction in rate of interest on retail loans offered by the bank.

Foreign retailers are continuously entering the Indian market.

Cumulative FDI inflow in retail for March 2017 stood at US$ 988.56 million.

100 per cent cash and carry operations are gaining significance in India with Thailand’s Siam Makro being the latest entrant in this space, following Metro, Walmart and Booker.

About 51 per cent FDI in multi-brand retail.

FDI of up to 100 per cent in single-brand retail and for cash and carry (wholesale) trading and exports.

Introduction of Goods and Service Tax (GST) as a single unified tax system from next fiscal year.

To provide a level-playing field to stakeholders, the government is planning to synchronise policies of retail, FMCG and e-commerce within a single policy framework.


Source: Report of the Task force on Financing Plan for Ports, Government of India
MARKET OVERVIEW AND TRENDS
## EVOLUTION OF RETAIL IN INDIA

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Manufacturers opened their own outlets</td>
<td>▪ Pure-play retailers realised the potential of the market</td>
<td>▪ Substantial investment commitments by large Indian corporate</td>
<td>▪ Cumulative FDI inflow from April 2000 to March 2017, in the retail sector, reached US$ 988.56 million</td>
</tr>
<tr>
<td>▪ Most of them in apparel segment</td>
<td>▪ Entry in food and general merchandise category</td>
<td>▪ Pan-India expansion to top 100 cities</td>
<td>▪ Retail 2020: Retrospect, Reinvent, Rewrite.</td>
</tr>
<tr>
<td>▪ Substantial investment commitments by large Indian corporate</td>
<td>▪ Repositioning by existing players</td>
<td>▪ Movement to smaller cities and rural areas</td>
<td>▪ More than 5–6 players with revenues over US$ 1 trillion by 2020</td>
</tr>
<tr>
<td>▪ Entry in food and general merchandise category</td>
<td>▪ Pan-India expansion to top 100 cities</td>
<td>▪ Large-scale entry of international brands</td>
<td>▪ FDI in single-brand retail up to 100 per cent from 51 per cent</td>
</tr>
<tr>
<td>▪ Repositioning by existing players</td>
<td>▪ Sourcing and investment rules for supermarkets were relaxed</td>
<td>▪ Approval of FDI limit in multi-brand retail up to 51 per cent</td>
<td>▪ Rise in private label brands by retail players</td>
</tr>
<tr>
<td>▪ E commerce has emerged as one of the major segments</td>
<td></td>
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</tr>
</tbody>
</table>

Source: Technopak Advisors Pvt Ltd, BCG
RETAIL FORMATS IN INDIA

Mono/exclusive branded retail shops
- Exclusive showrooms owned or franchised out by a manufacturer
- Complete range available for a given brand, certified product quality

Multi-branded retail shops
- Focus on particular product categories and carry most of the brands available
- Customers have more choices as many brands are on display

Convergence retail outlets
- Display most of convergence as well as consumer/electronic products, including communication and IT group
- One-stop shop for customers; many product lines of different brands on display

E-retailers
- It is an online shopping facility for buying and selling products and services; the facility is widely used for electronics, health and wellness
- Highly convenient as it provides 24X7 access, saves time and ensures secure transaction

Note: IT - Information Technology
Source: Aranca Research
COMPETITIVE LANDSCAPE IN INDIAN RETAIL SECTOR

Retail

Departmental stores
- Pantaloon has 104 stores
- Westside operates 86 stores
- Shoppers Stop has 81 stores in India, as of 2016
- As of 2016, Reliance Retail launched ‘Trends’ in this format and currently has nearly 3383 stores across India

Hypermarkets
- Pantaloon Retail is the leader in this format, with 512 Big Bazaar stores and online franchisees
- Aditya Birla Retail (More Hypermarket)- 20 stores
- HyperCITY (16 stores), Trent, Spencer’s (Spencer Hyper), and Reliance are other players

Supermarkets/ convenience stores
- Aditya Birla Retail-More Supermarket (499 stores)
- Spencer’s Daily (134 stores)
- Reliance Fresh (700 stores)
- REI 6Ten (350 stores)
- Big Bazaar (512 franchisees stores)

Specialty stores
- Titan Industries is a large player, with 430 World of Titan, 174 Tanishq and 336 Titan Eye+ shops
- Vijay Sales, Croma and E-Zone are into consumer electronics
- Landmark and Crossword focus on books and gifts

Cash and carry stores
- Metro started the cash and carry model in India; the company operates 16 stores across Mumbai, Kolkata, Delhi, Punjab, Hyderabad and Bengaluru
- As of 2016, Reliance Retail has opened 45 cash and carry stores and is planning to setup 300 more till 2019.

Source: Company websites, 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.
- The total market size was estimated to be around US$ 672 billion in 2016, thereby registering a CAGR of 7.74 per cent since 2000.
- Retail industry is expected to grow to US$ 1.3 trillion by 2020.

**Market size over the past few years (US$ billion)**

**Note:** CAGR - Compound Annual Growth Rate, E - Estimated

**Source:** BCG Retail 2020, Ernst and Young, Deloitte, indiaretailing.com, Economist Intelligence Unit, Euro monitor,
FOOD AND GROCERY ACCOUNT FOR LARGEST SHARE IN REVENUES IN INDIA

- By 2020, food and grocery segment is expected to account for 66 per cent of the total revenues in the retail sector, followed by apparel segment.
- Demand for Western outfits and readymade garments has been growing at 40–45 per cent annually.

Revenue share of India (FY20 E)

- Food and grocery, 66.3%
- Apparel, 8.7%
- Jewellery, 8.0%
- Consumer durables and IT, 5.2%
- Furniture and furnishing, 3.6%
- Pharmacy, 2.7%
- Footwear, 1.2%
- Others, 5.4%

Note: E – estimate
Organised Retail Penetration (ORP) in India is low (8 per cent) in 2015 compared with that in other countries, such as the US (85 per cent). This indicates strong growth potential for organised retail in India.

The Indian retail market is in its nascent stage; unorganised players accounted for 92 per cent of the market during 2015.

There are over 15 million mom-and-pop stores.

Between FY15-20, organised retail in India is expected to witness a CAGR of 24.57 per cent.

In 2019, it is estimated that organised retail penetration share would reach 13 per cent and unorganised retail penetration would hold a major share of 87 per cent.

Organised retail is expected to account for 24 per cent of the overall retail market by 2020.

**Note:** E – estimate

**Source:** BCG, KPMG, indiaretailing.com, Deloitte Report, Winning in India's Retail Sector
SIGNIFICANT GLOBAL POSITIONING OF INDIAN RETAIL SECTOR

- India is among the highest in the world in terms of per capita retail store availability. India’s strong growth fundamentals, along with increased urbanisation and consumerism, offer immense scope for retail expansion for foreign players.

- With the allowance of 100 per cent FDI in single brand retail investor sentiment will get further push.

- In June 2016, Amazon Inc. has announced to invest an additional US$ 3 billion in India operations, thereby reaching investment to over US$ 5 billion. Moreover, in 2016, Amazon witnessed growth of 160 per cent in the seller base, over 2015 and attracted 1,40,000 sellers in India.

- In May 2016, Aditya Birla Fashion and Retail Ltd (ABFRL) announced to acquire exclusive online and offline rights of Forever 21, an American fast fashion brand, in the Indian market.

- In October 2016, CapitaLand, a listed company in Singapore, announced plans to open 2 more malls in India by the end of 2019.

- World’s largest private equity manager, Blackstone Group, entered India’s retailing sector by setting up a fully owned subsidiary, Nexus Malls. The new entity will own and manage shopping centres in the country.

- Diageo, world’s largest spirits maker plans to open a new business services centre in Bengaluru and give employment to 1,000 people, by end of 2017.

- British brand ‘Marks and Spencer’ plans to open 10 new stores annually, under its joint venture business with Reliance Retail by 2017.

- With an investment of US$148.74 million, Amway India plans to open 50 retail stores in the country by 2018, for enhancing direct and online sales of its products.

- Various established brands have started their expansion in East India, namely in cities of Bihar, Orissa, Assam and Jharkhand, thereby increasing the retail space supply from 3 million in 2014 to 5.5 million square feet in 2016.

- Bang and Olufsen, a Danish-based stereo system speaker maker, plans to set up its 1st flagship store in Delhi and is planning to open 8-10 standalone stores in Chandigarh, Hyderabad, Ahmedabad, Ludhiana and Kolkata in this fiscal year.

- Ikea Group to open its 1st domestic outlet in 2018 in Hyderabad, followed by more stores in New Delhi, Mumbai and Bangalore. The company would double its sourcing from India to US$667 million.

*Source: Dun and Bradstreet, AT Kearney, Indian Retail Market September 2011, Times of India*
SECTOR’S HIGH GROWTH POTENTIAL IS ATTRACTING INVESTORS

- India has occupied a remarkable position in global retail rankings; the country has high market potential, low economic risk and moderate political risk.
- In FDI Confidence Index, India ranks 8th (after U.S., Germany, China, UK, Canada, Japan, and France).
- According to the Global Retail Development Index 2016, India’s net retail sales are quite significant among emerging and developed nations; the country is ranked second (after China).
- Overall, given its high growth potential, India compares favourably with global peers among foreign investors.
- With investment of around US$ 511.76 billion, the first half of 2016 witnessed the highest annual private equity (PE) in the retail sector, since 2008.

**FDI Confidence Index 2017**

- India: 1.88
- United States: 2.03
- Germany: 1.86
- China: 1.83
- United Kingdom: 1.8
- Canada: 1.78
- Japan: 1.72
- France: 1.71
- Australia: 1.67
- Singapore: 1.61

*Note: FDI - Foreign Direct Investment
Source: AT Kearney 2017 FDI Confidence Index*
Online retail business is the next generation format which has high potential for growth in the near future. After conquering physical stores, retailers are now foraying into the domain of e-retailing.

With growth in the e-commerce industry, online retail is estimated to reach US$ 60 billion by 2020.

The government plans to allow 100 per cent FDI in e-commerce, under the arrangement that the products sold must be manufactured in India to gain from the liberalised regime.

In 2016, online retail industry of the country registered a growth of 12 per cent, over the previous year, with the revenue reaching US$ 14.5 billion.

The key drivers of online retail are a young population aided by easier access to credit and payment options, increasing internet penetration and speed, 24-hour accessibility and convenient and secured transactions.

Online retailers continue promotional prices in the market, offering a significant boost to e-retailing in consumer durable sector.

Options like cash-on-delivery and manufacturers’ warranty add fuel to this rage. Cash-on-delivery is the most preferred payment option with over 30 per cent of buyers opting for it in India.

The computer peripherals, cameras, mobiles and lifestyle segments account for a majority of total purchases.

**Notes:** APMEA - Asia/ Pacific, Middle East and Africa, E - Estimated, F - Forecast
Source: MasterCard Worldwide Insights 4Q 2010, PWC e commerce in India report, ASSOCHAM, UN Report 'The power of 1.8 billion'
### Porter’s Five Force Framework Analysis

<table>
<thead>
<tr>
<th>Force</th>
<th>Impact</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Threat of Substitutes</strong></td>
<td>Low</td>
<td>Threat of substitute products is low. However, customers may purchase products from a local store instead of purchasing from a retailer.</td>
</tr>
<tr>
<td><strong>Bargaining Power of Suppliers</strong></td>
<td>Low</td>
<td>Retailers have low switching costs, which make the supplier power low. Larger retailers can easily switch to different suppliers.</td>
</tr>
<tr>
<td><strong>Competitive Rivalry</strong></td>
<td>High</td>
<td>Entry of foreign players in the market and e-retailers have intensified competition. Customers’ low switching cost increases competition. The Indian retail sector is highly fragmented, which increases competition.</td>
</tr>
<tr>
<td><strong>Threat of New Entrants</strong></td>
<td>Medium</td>
<td>Entry as a retailer is quite simple. However, players need to establish strong distribution channels and achieve economies of scale to compete.</td>
</tr>
<tr>
<td><strong>Bargaining Power of Buyers</strong></td>
<td>High</td>
<td>The consumers are price sensitive and have information about the product and its price. Low switching cost gives customers high bargaining power.</td>
</tr>
</tbody>
</table>

**Source:** PricewaterhouseCoopers, Techopak
STRATEGIES ADOPTED
# STRATEGIES ADOPTED

| Strong distribution and logistic network | It is imperative for a retailer to have a strong distribution and logistic network to succeed in this sector. Players follow a distribution network that suits them the best. For example, Shoppers Stop follows a “hub and spoke” model for its distribution network to increase efficiency and productivity. |
| Marketing innovation | In March 2017, PepsiCo Inc. announced the launch of ready to cook breakfast items like khichdi, dosa, idli etc., which would be sold under the brand namely Quaker Nutri Foods.  
In March 2017, Parle launched Frooti its iconic drink in a fizzy version, it’s the first innovation in the brand since its launch 32 years ago. |
| Focus | As of February 2017, Tanishq is focusing on expanding its large format-retailing concept, with re-launching their showrooms in Velachery.  
The Future Group will set up 4000 “neighbourhood” retail stores in the next 3-5 years as a part of its focus on small stores. The brand will increase the number of stores from 538 in March 2017 to 1000 by September 2018.  
In May 2017, Myntra voiced intentions to increase their market penetration by spending on technology and buying more brands instead of spending on discounts and marketing. |
| Omni-channel retailing | Retailers are opting for many channel to maximise sales, Omni-channel retailing is being adopted by many retailers in India. For example, Shoppers Stop is making efforts to be an omni-channel retailer. Ezone has launched an online platform, which has led to increase in sales.  
In February 2017, Myntra became the 1st e-commerce brand to manage the fashion brand -- Mango’s omni channel presence, globally. |
| Changing the perception | Retailers benefit if consumers perceive their store brands to have consistent and comparable quality and availability in relation to branded products. For this, retailers are providing more assortments for private level brands to compete with supplier’s brand. New product development, aggressive retail mix and everyday low pricing strategy help to get edge over supplier’s brand. |

Source: Company website
STRATEGIES ADOPTED BY INDIAN RETAILERS FOR SALES MAXIMISATION

| Offering discounts | Most retailers have advanced off-season sales from 15 days to a month with discounts of 20-70 per cent on certain products  
| Higher discounts and other value-added services for members |
| Lowering prices | Certain retailers adopt ‘first price right’ approach. Retailers do not offer discounts under this strategy: they directly compete on the selling price by offering a best price without any markdowns |
| Offering value-added services | Companies offer innovative value-added services, such as customer loyalty programmes and happy hours on shopping deals  
| Offers for senior citizens, contests for students and lottery gains are now very common |
| Leveraging partnerships | To keep customers on shop floors for a longer time and increase conversions, retailers are now pitching to partner with manufacturers, service providers, financial companies, etc. to create a buzz around certain product categories |
| Strong supply chain | Critical components of supply chain planning applications help retailers to maintain profit margins  
| Retailers develop innovative solutions for managing the supply chain problems |
| 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 |
| Joint Ventures | To diversify the product offerings and tap the growing luxury retail segment, retailers are forming joint ventures with foreign luxury brands. Reliance Brands Ltd. formed a joint venture with Bally, a Swiss luxury brand, to exclusively market its products in India |

Source: KPMG International
GROWTH DRIVERS
GROWTH DRIVERS FOR RETAIL IN INDIA

- Easy consumer credit and increase in quality products
- Favourable demographics
- Brand consciousness
- Rise in income and purchasing power
- Change in consumer mindset

Growth Drivers
INDIAN RETAIL IS SET TO BENEFIT FROM FDI POLICY

Benefits of FDI in Indian retail

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

**Entry route**
- Automatic
- Foreign Investment and Promotion Board

**FDI limit**
- 100%
- 100%
- 51%

**Infrastructure investment**

**Benefiting Indian manufacturers**
FDI POLICY DETAILS ON SINGLE AND MULTI-BRAND RETAIL IN INDIA

51 per cent FDI in multi-brand retail
Status: Policy passed

- Minimum investment cap is US$ 100 million
- 30 per cent procurement of manufactured or processed products must be from SMEs
- Minimum 50 per cent 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 per cent of jobs in retail outlet could be reserved for rural youth and a certain amount of farm produce could be required to be procured from poor farmers
- To ensure the Public Distribution System (PDS) and Food Security System (FSS), the government reserves the right to procure a certain amount of food grains
- Multi-brand retail would keep food and commodity prices under control
- Will cut agricultural waste as mega retailers would develop backend infrastructure
- Consumers will receive higher quality products at lower prices and with better service

100 per cent 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
- For FDI above 51 per cent, 30 per cent sourcing must be from SMEs
- Consumerism of retail market
- Any additional product categories to be sold under single brand retail must first receive government approval
NEW GOODS AND SERVICE TAX (GST) WOULD SIMPLIFY TAX STRUCTURE

- Introduction of Goods and Service Tax (GST) as a unified tax regime would lead to a re-evaluation of procurement and distribution arrangements
- Removal of excise duty on products would result in cash flow improvements
- 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
- Application of tax at all points of supply chain is likely to require adjustments to profit margins, especially for distributors and retailers
- 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

Source: Aranca Research
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

**GDP at constant prices (US$ billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP at constant prices (US$ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>808.67</td>
</tr>
<tr>
<td>2006</td>
<td>908.47</td>
</tr>
<tr>
<td>2007</td>
<td>1,152.81</td>
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<td>2008</td>
<td>1,251.37</td>
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<td>2009</td>
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<td>2015</td>
<td>2,384.47</td>
</tr>
<tr>
<td>2016</td>
<td>2,628.83</td>
</tr>
<tr>
<td>2017</td>
<td>2,906.49</td>
</tr>
</tbody>
</table>

**GDP per capita at current prices**

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP per capita at current prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>1,430.2</td>
</tr>
<tr>
<td>FY11</td>
<td>1,552.5</td>
</tr>
<tr>
<td>FY12</td>
<td>1,514.8</td>
</tr>
<tr>
<td>FY13</td>
<td>1,504.5</td>
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<tr>
<td>FY14</td>
<td>1,600.9</td>
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<tr>
<td>FY15</td>
<td>1,617.3</td>
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<tr>
<td>FY16 E</td>
<td>1,750.6</td>
</tr>
<tr>
<td>FY17 E</td>
<td>1,874.9</td>
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</table>

**Notes:** E - Estimate, F - Forecasts

**Source:** IMF

For updated information, please visit www.ibef.org
OPPORTUNITIES
## GROWTH VALUE PROPOSITION

<table>
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<tr>
<th>Demand Factors</th>
<th>Supply Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher brand consciousness</td>
<td>Rising incomes and purchasing power</td>
</tr>
<tr>
<td>Growing aspiration levels and appetite to experiment</td>
<td>Credit availability</td>
</tr>
<tr>
<td>Growing young population and working women</td>
<td>Changing consumer preferences and growing urbanisation</td>
</tr>
</tbody>
</table>

**Indian retail opportunity**

<table>
<thead>
<tr>
<th>Rapid real estate and infrastructure development</th>
<th>Easy availability of credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergence of new categories</td>
<td>Expansion plans of existing players</td>
</tr>
<tr>
<td>Development of supply chain improving efficiency</td>
<td>R&amp;D, innovation and new product development</td>
</tr>
</tbody>
</table>

**Source:** KPMG International 2011
### AMPLE GROWTH OPPORTUNITIES IN INDIAN RETAIL INDUSTRY

| 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 |
| Rural markets offer significant growth potential | - FMCG players are focusing on rural market as it accounted for over 40 per cent of FMCG consumer base in India in 2016. With increasing investment in infrastructure, retailers would be able to increase their access to high-growth potential rural markets |
| Private label opportunities | - The organised Indian retail industry has begun experiencing an increased level of activity in the private label space  
|                               | - The share of private label strategy in the US and the UK markets is 19 per cent and 39 per cent, respectively, while its share in India is just 6 per cent. Stores like Shopper Stop, Lifestyle generates 15 to 25 per cent revenues from private label brands. |
| 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 |
| Luxury retailing | - Luxury retailing is gaining importance in India. This includes fragrances, gourmet retailing, accessories and jewellery among many others.  
|                               | - The Indian luxury market stood at around US$ 18.6 billion in 2016 from US$ 14.7 billion in 2015, thereby registering a growth of 26.5 per cent. |

**Notes:** FMCG - Fast Moving Consumer Goods  
**Source:** Aranca 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>Berger Paints</td>
<td>Chugoku Marine Paints</td>
<td>April 2017</td>
<td>Collaboration</td>
</tr>
<tr>
<td>Myntra</td>
<td>InLogg</td>
<td>April 2017</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Flipkart owned Myntra</td>
<td>HRX</td>
<td>August 2016</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Myntra</td>
<td>MotoGP</td>
<td>August 2016</td>
<td>Collaboration</td>
</tr>
<tr>
<td>Aditya Birla Fashion and Retail</td>
<td>Forever 21 (India Business)</td>
<td>May 2016</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Idein Ventures.</td>
<td>Infurnia</td>
<td>Jan 2016</td>
<td>Joint Venture</td>
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<tr>
<td>Paytm</td>
<td>Near.in</td>
<td>Dec 2015</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Morgan Stanley</td>
<td>Flipkart</td>
<td>June 2015</td>
<td>Private Equity</td>
</tr>
<tr>
<td>InnoVen Capital</td>
<td>Sportsbiz Private Limited</td>
<td>July 2015</td>
<td>Private Equity</td>
</tr>
<tr>
<td>Snapdeal</td>
<td>Exclusively.in</td>
<td>Feb 2015</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Kalyan Jewellers India Pvt Ltd</td>
<td>Warburg Pincus</td>
<td>Oct 2014</td>
<td>Private Equity</td>
</tr>
<tr>
<td>Celio</td>
<td>Future Lifestyle Fashions Limited</td>
<td>Oct 2014</td>
<td>Private Equity</td>
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<td>Flipkart</td>
<td>Myntra.com</td>
<td>May 2014</td>
<td>Acquisition</td>
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<tr>
<td>Soft Bank</td>
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<tr>
<td>Warburg Pincus</td>
<td>Biba Apparels</td>
<td>Dec 2013</td>
<td>Private Equity</td>
</tr>
<tr>
<td>Hassan Food Co</td>
<td>Bush Foods Overseas Pvt Ltd</td>
<td>Apr 2013</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Trent Ltd</td>
<td>Landmark Ltd</td>
<td>Feb 2013</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Future Venture India Ltd</td>
<td>Big Apple (convenience store)</td>
<td>Sep 2012</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Peter England Ltd</td>
<td>Pantaloons Retail India Ltd</td>
<td>Sep 2012</td>
<td>Acquisition</td>
</tr>
<tr>
<td>Pantaloons Retail India Ltd</td>
<td>R&amp;R salons</td>
<td>May 2012</td>
<td>Private Equity</td>
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</tbody>
</table>

*Source: Bloomberg and Thomson ONE Banker*
CASE STUDIES
FUTURE RETAIL: INDIA’S LEADING RETAILER IN MULTIPLE RETAIL FORMATS

- Future Retail has seven key retail brands namely: Big Bazaar, Easyday, E-zone, FBB, Food Bazaar, Foodhall and Home Town.

- It has a total of 738 stores across 221 cities with an annual customer footfall of 295 million and 32,012 employees.

- Big Bazaar ranked the 3rd most trusted brand and the most trusted retailer for providing quality services during 2016.

- As of November 2016, the company has agreed to buy retail business of Hyderabad-based ‘Heritage Foods Ltd.’ As a part of the deal, Heritage Foods will get a 3.65 per cent stake or freshly issued shares worth US$ 44.06 million in ‘Future Retail’

- In November 2016, Future Consumer Ltd. entered into an equal joint venture with UK’s largest wholesaler, Booker Group, to develop the company’s cash-and-carry business in India. Future Consumer is investing US$ 7.47 million in the company.

- In January 2017, Future Lifestyle Fashions raised US$ 37.19 million in a subsidiary that houses Lee Cooper brand of clothing.

- In February 2017, Future Retail has entered into an agreement to sell the UK based -- Laura Ashley’s home furnishing merchandise, through their own operating stores and websites in India.

Source: Company website, Annual Report, Media sources
The brands and joint ventures under Shoppers Stop are: Shoppers Stop (apparel, accessories, footwear, décor), Homestop (home furnishing), Crossword (books and entertainment) Mothercare (infant and toddler care), Estee Lauder, Mac and Clinique (beauty), Nuance Group (airport retailers).

The company owns 156 stores in 25 cities with 4.81 million square feet space across 8 store formats

Successfully introduced a number of international brands

Improved product mix and brand profiles to attract new customers

Over 4.7 million customers are a part of the First Citizen Loyalty Programme

In 2016, the company has been selected as "The Most Respected Company in Retail" by Business World Magazine for the fifth year in a row.

Note: First Citizen Loyalty Programme is a membership scheme for its members to avail discounts and promotional offers

Source: Company website, Annual Report
SHoppers Stop: Leader in Diversified Market Strategy … (1/2)

Source: Company website, Annual Report
KEY INDUSTRY ORGANISATIONS
### INDUSTRY ORGANISATIONS

<table>
<thead>
<tr>
<th>Retailers Association of India</th>
<th>The Franchising Association of India</th>
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<tbody>
<tr>
<td><strong>Address:</strong> 111/112, Ascot Centre, Next to Hotel Le Royal Meridien, Sahar Road, Sahar, Andheri (E), Mumbai – 400099. Tel: 91-22-28269527-28 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>
<td><strong>Address:</strong> A-13, Kailash Colony New Delhi – 110048 Tel: 91-11-2923532 Fax: 91-11-29233145 Website: <a href="http://www.fai.co.in">www.fai.co.in</a></td>
</tr>
</tbody>
</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 (Fiscal Year)</th>
<th>INR equivalent of one US$</th>
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</thead>
<tbody>
<tr>
<td>2004–05</td>
<td>44.81</td>
</tr>
<tr>
<td>2005–06</td>
<td>44.14</td>
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<tr>
<td>2006–07</td>
<td>45.14</td>
</tr>
<tr>
<td>2007–08</td>
<td>40.27</td>
</tr>
<tr>
<td>2008–09</td>
<td>46.14</td>
</tr>
<tr>
<td>2009–10</td>
<td>47.42</td>
</tr>
<tr>
<td>2010–11</td>
<td>45.62</td>
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<tr>
<td>2011–12</td>
<td>46.88</td>
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<tr>
<td>2012–13</td>
<td>54.31</td>
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<tr>
<td>2013–14</td>
<td>60.28</td>
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<td>2014–15</td>
<td>61.06</td>
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<tr>
<td>2015–16</td>
<td>65.46</td>
</tr>
<tr>
<td>2016–17 (E)</td>
<td>67.23</td>
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</table>

### Exchange Rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year (Calendar Year)</th>
<th>INR equivalent of one US$</th>
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</thead>
<tbody>
<tr>
<td>2005</td>
<td>43.98</td>
</tr>
<tr>
<td>2006</td>
<td>45.18</td>
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<tr>
<td>2007</td>
<td>41.34</td>
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<tr>
<td>2008</td>
<td>43.62</td>
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<td>2009</td>
<td>48.42</td>
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<td>2010</td>
<td>45.72</td>
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<tr>
<td>2011</td>
<td>46.85</td>
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<tr>
<td>2012</td>
<td>53.46</td>
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<tr>
<td>2013</td>
<td>58.44</td>
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<tr>
<td>2014</td>
<td>61.03</td>
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<tr>
<td>2015</td>
<td>64.15</td>
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<tr>
<td>2016 (Expected)</td>
<td>67.22</td>
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Source: Reserve bank of India, Average for the year