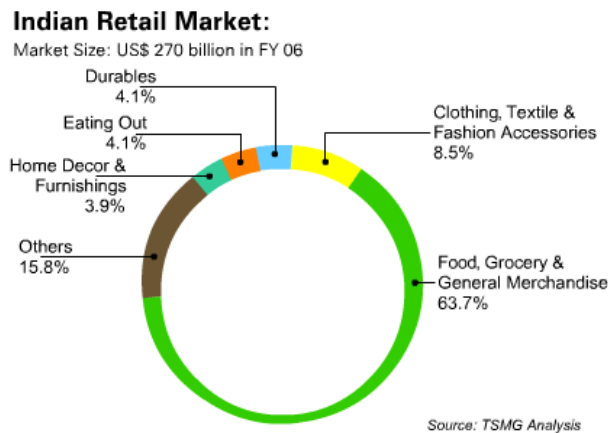


Indian Retail & Franchising Market Opportunities for US Companies

India is witnessing an unprecedented consumption boom, and despite the global economic slowdown, India is still the second fastest growing economy in the world. According to a study by the McKinsey Global Institute (MGI), India's middle class will swell by more than ten times—from its current size of 50 million, to 583 million people—by 2025. By 2025, India will also become the 5th largest consumer market, surpassing Germany and moving up from the 12th position it occupied in 2007. In the seventh annual Global Retail Development Index (GRDI) conducted in 2008, India stood second as the most attractive destination for retail investment. It is estimated that the Indian retail market will increase from \$330 billion in 2007 to \$427 billion by 2010 and \$637 billion by 2015.

The growing economy and the resulting improvements in income dynamics are driving consumption demand in India. Favorable demographics and psychographic changes, relating to India's consumer class, international exposure, availability of quality retail space, wider availability of products and brand communication, are some of the factors that drive the retail and franchising sectors in India. There are lucrative opportunities in retail and franchising in various product and service categories.



The Indian franchise market generated sales revenue of an estimated \$2.7 billion during 2007-08 with an impressive annual growth rate of approximately 30 percent. According to industry sources, with an investment of \$1.1 billion, and a sales turnover of \$2.7 billion, over 700 franchise ventures, including over 70 international franchise operations, successfully operate in the country. This trend is likely to continue for the next five years and beyond. Franchising is increasingly becoming the business model of choice, and is no longer limited to metropolitan centers and state capitals.

The top prospects for U.S. firms include: retail, education, garments and apparel, specialized food services, entertainment, courier services, stationary and gift shops, healthcare, fitness and personal grooming services.

India has one of the largest numbers of retail outlets in the world. With 300 malls and 1500 supermarkets, the Indian retail market will be thriving more than ever before. The sector is witnessing exponential growth with retail developments taking place not only in major cities and metros but even in Tier-II and Tier-III cities in India.

- ✚ Marks & Spencer Reliance India is planning to open 35 more stores over the next five years. The 51:49 joint venture between UK's Marks and Spencer and India's Reliance Retail Ltd already has 15 stores in India.
- ✚ Carrefour SA, Europe's largest retailer, may start wholesale operations in India by 2010 and plans to set up its first cash-and-carry outlet in the National Capital Region. Currently, Carrefour exports goods worth \$170 million from India to Europe, UAE, Indonesia, Europe, Thailand, Singapore and Malaysia.
- ✚ Jewelry manufacturer and retailer, Gitanjali Group and MMTC are jointly setting up a chain of exclusive retail outlets called Shuddi-Sampurna Vishwas. The joint venture, which plans to open around 60 stores across India by the end of this year, will retail hallmarked gold and diamond jewelry.
- ✚ Mahindra Retail, a part of the \$6.7-billion Mahindra Group, plans to invest \$19.8 million by 2010 to step up its specialty retail concept 'Mom and Me'.
- ✚ Pantaloon Retail India (PRIL) plans to invest more than \$103.3 million to expand its seamless mall Central and the value fashion format Brand Factory over the next two years.
- ✚ Bharti Retail has introduced eight Wal-Mart private labels—including two of its largest, 'Great Value' and 'George'—in its supermarket chain Easyday, hoping to attract more consumers with their international design and packaging.
- ✚ Italian sportswear brand Lotto will launch two new footwear brands Sabots and Calcetto in the country in the next few weeks. The plan is to have at least 50 exclusive outlets by March 2010.
- ✚ EBONY Homes, the home furniture retail arm of the \$3 billion DS Constructions, has plans to invest \$25.1 billion to set up a chain of 20-25 furniture stores styled Ebony Gautier across the country by March 2012.
- ✚ Gujarat Co-operative Milk Marketing Federation (GCMMF), which owns and markets Asia's largest dairy brand, Amul, plans to add 6,000 Amul retail parlours across the country in FY 2009.
- ✚ With rentals dropping sharply, large retailers such as Aditya Birla Retail, Reliance Retail and Shoppers Stop, and food chains such as McDonald's are also looking at metros and mini-metros for expansion.
- ✚ Many major international brands are also looking for a foothold in India. The brands planning an India entry include The Pizza Company and Spicchio Pizza (both pizza chains from Thailand), Coffee Club from Australia, Japanese brand Lolita Fashion, Revive Juice Bars from the UK, Mrs Fields Cookies and Jamba Juice from the US, and French fashion brand Jules.
- ✚ Retail brands such as United Colors of Benetton, Tommy Hilfiger and Puma are opening factory outlets to sell excess stock and woo the price-conscious buyers.

About IMaCS Virtus Global Partners

IMaCS Virtus Global Partners, Inc. (IVG Partners) offers advisory services to North American companies and private equity funds seeking India related growth, investment and sourcing opportunities. Our mission is to enable our clients to transform their business by adding India as a key part of their global footprint. Our clients benefit from our local presence, strong relationships, knowledge of local business practice, experience and financial expertise.

We provide India related Strategy & Roadmap Consulting, Partner/ Target Search, Operation Setup & Support, Cross-border M&A Advisory, Project/ Bid Advisory and Transaction Advisory services.

Our team possesses a deep understanding of the business environment both in the US and India and is well connected with companies, financial institutions, governmental agencies, and private equity firms in both markets.

We have an established track record of over 15 years and 900 engagements providing advisory services to a diversified client base across manufacturing, infrastructure, energy, technology, industrial commodities, and retail. We also work with multilateral and bilateral government agencies, banks & financial institutions, and regulators. We are headquartered in New York with eight offices in India.

Our Services



Our Representative Experience

Below is a partial list of our retail, franchising, and consumer goods related engagements in India:

- ✚ India Entry Strategy and Franchising support for Jean Claude Biguine, a leading global beauty salon, including market assessment and investment roadmap statement
- ✚ Market Assessment of India footwear industry, performance improvement recommendations, and client representation to government agency for a leading footwear company
- ✚ India focused Marketing Strategy and Market Assessment for leading fabric manufacturer
- ✚ Market Assessment and India Entry strategy for perfumes & body sprays for a leading global brand with a focus on product development, testing, and detailed roadmap for selection of distribution channels and locations.
- ✚ Market Potential and Entry Strategy for setting up beverage vending machines in key footfall areas for a leading tea company
- ✚ Market Research to identify shop space, business focus, footfalls and location for a food and beverage company
- ✚ Market Assessment and Entry Strategy for leading tire manufacturer
- ✚ Study of Regional Trade Agreements and their impact on future strategies of a leading consumer good company
- ✚ Diversification Strategy for a leading plastic products manufacturer
- ✚ Assessment and Configuration of the cold chain infrastructure for exporting agri-perishables
- ✚ Business Restructuring of a multi-product food processing firm with a focus on risk mitigation strategies, future business portfolio recommendations and valuation.
- ✚ Market Analysis and Product Pricing Strategy for launch of commercial vehicles in India by a global OEM.

Our Offices

<u>New York (HQ)</u> 501 Fifth Avenue, Suite 302 New York, NY 10017 Tel: (646) 807-9290	<u>New Delhi</u> Buildingo. 8, 2nd Floor, Twr A DLF Cyber City, Phase-II Gurgaon 122002	<u>Mumbai</u> Electric Mansion, FL 4, Appasaheb Marathe Marg, Prabhadevi Mumbai 400 025	<u>Bangalore</u> Vayudooth Chambers, Fl 2, Trinity Circle 15-16 MG Road, Bangalore 560 001
<u>Kolkata</u> FMC Fortuna, A-10, FL 3, 234/3A AJC Bose Road Kolkata 700 020	<u>Chennai</u> Karumuttu Centre, 5th Floor 634 Anna Salai, Nandanam Chennai 600 035	<u>Pune</u> 5A, 5th Floor, Range Hills Road, Shivaji Nagar, Pune 411 020	<u>Hyderabad</u> 301, Concourse Fl 3 No 7-1-58, Ameerpet Hyderabad 500 016

Please visit our website www.ivgpartners.com. For further information, please contact:

- Anil Kumar in New York at akumar@ivgpartners.com or +001-646-807-9290
- Ravi Chauksey in Mumbai at rchauksey@ivgpartners.com or +91-9819234478