

Private & Confidential



Case Study for:



PVT. Public Partnership for a
Well Known Retail Cooperative

July 2013

Background

- The “Coop’ is amongst the first organized retail chains to have started operations in India.
- The iconic brand ceased operations in 2002 after which it was acquired by a very Well Reputed Business Power House in 2009 through a bidding process.
- Currently about 42 stores are operational in Delhi-NCR.
- Veritaz had been appointed by the company to scout for potential investors/partners for taking over the cooperative’s operations for the Delhi – NCR Region.

"Coop"

- Currently "Coop" cooperative has a total of 102 properties across Delhi-NCR that are summarized as below...
 - 53 small retail stores that are freehold
 - 42 small retail stores on token rent
 - 5 warehousing properties
 - 1 commercial plot in Rajendra Place
 - 1 large retail space in Rajendra Bhawan
 - "Coop" landmark building (1.5 Lac sft) in Connaught Place
- The cooperative operations have been streamlined and our "Investor/Partner" would not inherit any employee liabilities from the erstwhile operations

Identification of Suitable Partner

- Through Veritaz's Industry knowledge, in-depth industry discussions, intelligence and due diligence we had identified and shortlisted 10 suitable players who would be able to absorb such infrastructure with their Ambitions and Retail Growth Aspirations.
- The 10 suitable players, while identified from within all the Retailers, Business Houses and Multinationals currently present in India, had varied retail segmental interest and presence.
- Off the 10, Two were shortlisted based on a joint assessment of the following:
 - ❖ Business Culture
 - ❖ Key Practices adopted in their own businesses
 - ❖ Investment Appetite to Growth
 - ❖ Significance of Market Presence (Current & Future)
 - ❖ Ability to integrate operations
 - ❖ Synergy in Product offering and Portfolio for current & future market offerings

Identification of Suitable Partner

- **Final Selection of “Identified Partner”** from the final 2 Interested Parties were considered and finalized through our Clients Aspirations and their Objective of meeting their own Organizational Goals through a 7-POINT criterion, which were the following:
 - ❖ Business Culture
 - ❖ Synergy in Product offering and Portfolio for current & future market offerings of both parties
 - ❖ Key Practices adopted in the “Identified Partners” own Retail business/Brand
 - ❖ Minimization of their own in house spend on the retail operations
 - ❖ Investment Appetite to Growth of the “Identified Partner”
 - ❖ Significance of Market Presence (Current & Future) of the “Identified Partner”
 - ❖ Ability to integrate operations of the “Identified Partner”

Advantages to “Identified Partner”

Advantages to “Identified Partner” :

- Control of lucrative commercial & retail properties across Delhi-NCR which would give them an overnight footprint in Delhi NCR and become the largest in Delhi NCR.
- Usage of retail & warehouse properties in their own Brand
- Shared Resources leading to a Percentage of Turnover Model at much below market price

Deal Process & Size

Deal Process

- “Identified Partner” would get into a Branding Agreement with our client and work Company would need to take over the in-store branding and Product offering of the cooperative store in Delhi NCR
- An O&M agreement with all the Sales Projections & Suitable targets was also worked out for the earning to the COOP
- The “Identified Partner” would then control the assets & functioning of COOP by way of the cooperative under a monthly supervision by COOP
- Initial ramp up of 10 stores in the first month, followed by the launch of 50 stores in NCR region.
- Veritaz’s Role: PHASE 1 - further hand hold the entire deal and roll out upto Final Launch
- Phase 2 – Maintain Advisory role for 3 months post deal closure

THANK YOU

