

Corporate Snapshot: INDIA & GLOBAL

Organised Retail Growth Story Finally Takes Off



Apple Inc CEO, Tim Cook's aspiration to set up stores in the world's fastest growing smartphone market finally seems to be making headway thanks to the recent policy announcement on single brand retail where the local sourcing clause for single brand retail companies would be waived off for the first five-years of their operations in India. So, global retailers like Apple Inc can now come to India, set up shop without having to necessarily source for their global operations from India, at least for the next five years.

When the Apple Inc head honcho had visited India in 2016, the government had approved his proposal to set up stores in India under the single brand retail policy, but had refused to ease the 30 per cent local content sourcing clause.

The bigger good news, however, is that the Indian organised retail sector as a whole is poised for exponential growth. A recent report by Edelweiss Securities says that India's organised retail sector is all set to grow in the region of 13 per cent CAGR to become a \$166 billion industry in FY 2025 from \$55 billion in FY2016.

While rising disposable incomes, younger demographics and rising urbanisation are the obvious triggers, the Edelweiss report says that demonetisation and GST have resulted in a large number of consumers moving to organised retail.

Market rating agency, CRISIL, expects the market share of organised retail in India to rise to 10 per cent by fiscal 2020, compared to 7 per cent last fiscal. Though the Government's decision to permit 100 per cent FDI in single-brand retail under the automatic route will surely help in stepping up the growth, the CRISIL report says that it had already expected the market share of organised retailers to grow to 9 per cent by fiscal 2020, based on healthy revenue growth of 18 per cent of organised brick and mortar (B&M) retailers.

Lockheed Martin Proposes Making Custom-Built Fighter Jets in India



Lockheed Martin's F-35 fighter jet.

American aerospace and defence major Lockheed Martin has proposed to manufacture custom-built F-35 fighter jets in India, which its officials say will give Indian industry a unique opportunity to become part of the world's largest fighter aircraft ecosystem.

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The fighter being offered specifically to India is uniquely the best state-of-the-art fighter that includes all three variants of the F-35, single-engine aircraft.

Many of the systems used on the India-specific platform are derived from key lessons learned and technologies from Lockheed Martin's F-22 and the F-35, the world's only operational fifth generation fighters.

Lockheed Martin is the only company in the world that has designed, developed and produced operational fifth generation fighter aircraft.

The platform being offered provides unmatched opportunities for Indian companies of all sizes, including micro, small & medium enterprises (MSMEs) and suppliers throughout India, to establish new business relationships with Lockheed Martin and other industry leaders in the US and around the globe.

ONGC Pays Rs 36,915 Crore to Acquire Govt's 51.11% Stake in HPCL



State-owned Oil and Natural Gas Corp (ONGC) announced acquisition of government's entire 51.11 per cent stake in oil refiner HPCL for Rs 36,915 crore, paying a premium of over 10 per cent.

ONGC will pay Rs 473.97 per share for 77.8 crore shares of the government in Hindustan Petroleum Corp Ltd (HPCL), the company said in a stock exchange filing.

The transaction will help the government cross its annual sell-off (disinvestment) target for the first time ever, has been executed through an off-market deal.

ONGC negotiated hard and brought down the acquisition price, they said adding the company would do short-term borrowing to fund the acquisition that would be an all cash-deal to be completed by end of the month.

Through this acquisition, ONGC will become India's first vertically integrated 'oil major' company, having presence across the entire value chain. The integrated entity will have advantage of having enhanced capacity to bear higher risks and take higher investment decisions etc.

HPCL markets around 35.2 million tonnes of petroleum products with a market share of about 21 per cent and is number one lube marketer in the country. It has refineries at Mumbai and Visakhapatnam and a joint venture refinery at Bhatinda.

ONGC is the largest producer of crude oil and natural gas in India, contributing around 70 per cent of domestic production.

Reliance Jio Makes Profit For the First Time, Earns Rs 504 Crore in Q3



Just 16 months after its launch in September 2016, Reliance Jio has catapulted the telecom industry in India by turning profitable with a net margin of Rs 504 crore in its quarterly results ending December. The company added a data subscriber base of 160 million by December. Reliance Jio in a statement said it has created a strong data network with infrastructure and backhaul for offering wireless services, wireline services, enterprise offering, IOT services and

other digital services.

With gross additions of 27.8 million during the quarter, Reliance Jio has given a tough competition to competitors like Airtel, Vodafone and Idea. Bharti Airtel's net profit results, announced on Thursday, showed 39 per cent decline in profit to Rs 306 crore compared to Rs 504 crore profit in same period in previous fiscal. The company's overall revenue fell 13 per cent to Rs 20,319 crore primarily due to "regulatory fiat in terms of a cut in domestic Interconnection Usage Charges".

Reliance Jio said the growth in the subscriber base has also accelerated through the launch of Jio Phone, which has expanded the reach of Jio Digital Services to all the feature phone users. The company has claimed average data consumption per user per month of 9.6 GB and average voice consumption of 694 minutes per user per month, highest in the industry.

With more than 200 crore hours of high speed video consumption per month on the Jio network, Jio continues to be the world's largest mobile video network, it says.

Bitcoin Sees Highest One-Day Fall in 3 Years; Tanks 18% Over Fears of Ban in South Korea



Bitcoin faced the biggest one-day fall in three years with 18 per cent drop in selloffs across the market amid reports of the South Korean government launching a series of measures to regulate the cryptocurrency. Bitcoin's competitor crypto currencies like Ethereum and Ripple also tumbled 23 per cent and 33 per cent, respectively.

Bitcoin traded at \$11,191.59 on the Luxembourg-based Bitstamp exchange experiencing 18 per cent dip in price. Interestingly, Bitcoin has faced a downfall of around 40 per cent since it touched the \$20,000 mark in December, leaving industry analysts perplexed. Though Bitcoin grew by over 2,000 per cent in 2017, but, at the same time, it has also shown signs of volatility. Due to various reports emerging around its regulation, Bitcoin's market cap worth \$130 billion was wiped off in 2017 alone.

Many countries, including India, are planning to regulate the currency amid mad rush for investment in it and challenges Bitcoin poses for the conventional currency system. The

Indian government has already set up a committee to formally suggest ways to regulate trade of Bitcoin and other crypto currencies.

Chinese government was also planning to shut down online marketplaces that allow the trading of domestic Chinese as well as foreign crypto currencies. India's central bank has already warned people, highlighting uncertainty associated with its trade. Finance minister Arun Jaitley said the most famous crypto currency "Bitcoin is not considered a legal tender in India".

Patanjali Ties Up With 8 Leading E-Tailers Including Amazon, Flipkart, Bigbasket



Yoga guru Baba Ramdev's company signed agreements with eight leading e-tailers and aggregators - Amazon, Flipkart, Paytm Mall, IMG, Bigbasket, Grofers, Shopclues and Snapdeal.

Nirmal Bang report revealed that the brand already reached nearly 53% households in personal care and 26% in food products.

According to Ramdev, the online mechanism aims to provide convenient and efficient option along with the extension of the traditional retail market.

The new tie-ups will allow the Haridwar-based firm to not only systematically place its range of products but also extend reach significantly, including globally. Patanjali has reportedly created an ecosystem that helps to settle at least a million orders every day and it posted a sales growth of 10 crore last month.

Patanjali Ayurved is currently ranked number 7 in the FMCG space - and meets its turnover target of Rs 20,000 crore for this fiscal year, a twofold growth year-on-year.

India Has Opened a New Door of FDI, Says PM Modi at Davos



Prime Minister Narendra Modi during his keynote address at the WEF 2018 delivered a strong message to the world by calling for unity against protectionism and invited global companies to invest in India. He said due to the structural reforms carried out by the current government, India has opened a "new door of the FDI". He assured the CEOs and the leaders of world powers that India was ready to take on any challenges like protectionism and terrorism.

The World Economic Forum was perhaps the biggest platform for Prime Minister Narendra Modi to pitch the country as a global investment destination and tell the world that India means business.

WEF 2018: Alibaba Founder Jack Ma Says AI, Big Data Pose Threat to Human Being



Jack Ma, founder and Executive Chairman of Chinese e-commerce giant Alibaba, talked about the impact of technology, artificial intelligence, role of women business leaders in today's world and globalization. Ma warned that latest technologies like AI and big data are a threat and would disable people instead of empowering them.

On the impact of technology, Ma said: "We are very lucky because the world is in big transformation mode because of technology. Though this revolution will create successful leaders and opportunities, every new technology will also create social problems. The first technology revolution caused the First World War and the second technology revolution caused the Second World War. Now we have the third the tech revolution. If the third world war happens, it should be fought against disease, pollution and poverty, not against each other."



Xiaomi Beats Samsung to take the Pole Position in Indian Smartphone Market

China-based Xiaomi has one of the most impressive success stories in the Indian market. Within a period of four years, the company has not only built a reputation for itself but also made way to the very top of the ranking-list.

Xiaomi's run to the top rank has been troubling in the higher priced segments but the company has done extremely well in the budget and mid-range category. The Redmi series has been the star player for the company with smartphones like Redmi Note 4 dominating online sales.

According to a report by research firm Canalys, Samsung has been overtaken by Xiaomi in terms of market share in the fourth quarter of 2017. Xiaomi is now leading with shipments close to 8.2 million units (27 per cent market share) in Q4 2017. Despite annual growth of 17 per cent, Samsung failed to maintain its lead, shipping just over 7.3 million smartphones (25 per cent share) to take second place.

For Xiaomi, the low-priced devices were not the only factor that attracted more buyers. The company recently ventured into mainstream brick and mortar stores which also gave them a push in sales.

The company's independence from its Chinese hierarchy has been a deciding factor in increasing sales. Multiple factors have contributed to Xiaomi's growth, but the key reason for its current success lies in the autonomy that it granted to its Indian unit, letting it run the business locally.

Hurun India Rich List 2017: Acharya Balkrishna is India's 8th Richest; Mukesh Ambani's

Wealth Grew 58%



International research agency Hurun released its Hurun India Rich List 2017 report. With a staggering 58 per cent jump in his net worth, billionaire Mukesh Ambani's Rs 2,57,900 crore wealth is 50 per cent more than the GDP of Yemen. Storming into Top 10 for the first time, Patanjali's

Acharya Balkrishna has become the 8th richest person in the country after 173 per cent rise in his wealth to Rs 70,000 crore.

Balkrishna owns close to 94 per cent of Patanjali Ayurved. The 44-year-old CEO of Patanjali has pushed the company's revenues at a rapid pace. Balkrishna has not only encashed upon Baba Ramdev's huge base of followers but also attracted Indian consumers by hitting the 'swadeshi' idea. Balkrishna heads around 34 companies and three trusts associated with Patanjali brand.

Patanjali has secured a second place in Indian FMCG market share in under 5 years.

Sun Pharma's Dilip Shanghvi retained the second place despite shares of his flagship company going down by 36 per cent. With wealth increase of 320 per cent, Radhakishan Damani, the new retail king, of Dmart is the biggest gainer in Hurun India Rich List 2017.

Eklavya Juneja of Mankind Pharma is the youngest person in the list. Juneja owns 12% of Mankind Pharma which was founded by father Rajeev Juneja.

Bank Recapitalisation: Govt. to inject nearly \$14 Billion in PSBs by March



The government pledged to inject nearly \$14 billion combined into all but one state-run lender by March in return for them implementing reforms, in a bid to boost lending and tackle a record bad debt problem. The funds will be injected into 20 lenders majority-owned by the government, which together hold most of India's record \$150 billion in soured loans. Lenders with high stressed-asset ratios, such as IDBI Bank, will get a bigger portion of the money.

The government last October said it would inject a total of 2.11 trillion rupees (\$33.1 billion) into its state-run lenders over two years. The 881.4 billion rupees will be injected by March, while the rest will be doled out over the next fiscal year.

India desperately needs its lenders to get their bad debts off their books so they can start doling out credit again, after economic growth has slid in recent quarters. State-run lenders account for more than two-thirds of the country's banking assets.

IDBI Bank, the lender with the highest stressed-loan ratio, will get the biggest chunk of the money at 106.1 billion rupees. Top lender State Bank of India will get 88 billion rupees, while second-biggest Punjab National Bank will get 54.73 billion rupees.