

Daily Economic News Summary: 14 September 2016

1. Indian start-ups' East Asian connection

Source: **Live Mint** ([Link](#))

The interest of Chinese and Japanese investors in Indian start-ups continues. While established investors such as Alibaba and Softbank have been rather lukewarm this year, other investors from the two countries such as Beenos Partners, Rebright VC, Digital Garage, GMO, Tencent, Ctrip, Hillhouse Capital and Xiaomi have become active. According to data collated by researcher Venture Intelligence, till 5 September 2016, there were seven investments made by Chinese investors as against six in all of 2015 and 18 deals closed by Japanese investors against 21 in 2015. Against a total of 27 deals this year with about four months left to go, there were 28 investments made by Chinese and Japanese investors in 2015.

2. Banks add leverage to spice up 'masala' bonds for expatriate Indians

Source: **Live Mint** ([Link](#))

Bankers are finding new ways to sell India's 'masala' bonds by structuring this rupee-denominated debt issued abroad into derivatives, and then sweetening the deal with leveraged returns of 12-13% after fees and hedging. Unveiled in 2015, masala bonds are not simply a way to borrow overseas, they are also an attempt to make the tightly-controlled rupee more widely available in global markets, similar to the way in which China has moved to sell more yuan debt to overseas investors. So far four Indian issuers have sold a combined Rs.7,800 crore of the debt. Non-resident Indians (NRIs) living in financial centres such as Hong Kong and Singapore are ideal target investors as they are comfortable with rupee debt.

3. PayU to buy rival Citrus Pay for \$130 million

Source: **Live Mint** ([Link](#))

Digital payments provider PayU, which is owned by South Africa's Naspers Group, said on Wednesday it will buy rival Citrus Pay for \$130 million, the fifth-largest deal ever in the Indian start-up business and an indicator of the booming financial technology sector. After the acquisition, PayU India will have more than 30 million customers. The company forecast that it will process an estimated 150 million transactions worth \$4.2 billion in 2016. The deal is expected to give an attractive exit to Citrus Pay investors, Ascent Capital and Beenos and Sequoia Capital, in particular. Sequoia was an early investor in Citrus Pay. It also represents the latest expansion push by Naspers, which owns the Ibibo Group, in India. Naspers is now

involved in two of the five biggest deals in Indian start-ups. It also bought online bus ticketing platform Redbus in 2013 for an estimated \$135 million and owns a large minority stake in Flipkart.

4. Tata Motors plans to double export of commercial vehicles in two years

Source: **Live Mint** ([Link](#))

Tata Motors Ltd is planning a big push in the export of commercial vehicles in a bid to cushion itself from the cyclical nature of the home market. The market leader in trucks exported 50,000 units in the year ended in March 2016 and is now looking to double overseas sales in the next two years, Ravindra Pisharody, executive director of commercial vehicles said in an interview with *Mint*. “Besides defence, exports is an important pillar to hedge ourselves from the cyclical swings in the domestic market,” he said.

The plan, he added, will include a two-pronged strategy of consolidating presence in markets like Vietnam, which it entered three years ago, and focusing on newer ones like Tunisia in North Africa. Tata Motors exported 54,029 units of commercial vehicles, including light commercial vehicles, in 2015-16, against 46,413 units in 2014-15. “We are looking to do 65,000 units this year and 100,000 in the next two years,” said Pisharody. “Our target market is everywhere except Europe and North America.”

5. Yepme plans to set up 1,400 offline outlets in 3 years

Source: **Live Mint** ([Link](#))

Seven months after venturing into the offline space, online fashion retailer Yepme is planning to set up as many as 1,400 outlets over the next three years—part of a plan to get physical stores to contribute 75% of its revenue. Gurgaon-based Yepme, which sells fashion articles under its own brand name, is shifting its focus towards becoming an affordable fashion brand across not just online but also offline retail.

The company’s offline expansion would largely be focused on tier two and three towns such as Haldwani and Hapur in Uttar Pradesh and Jawali in Himachal Pradesh, as it looks to tap lower middle class customers. Yepme chief executive Vivek Gaur said that smaller towns of the country have a huge market for fashion retailing; however there is a lack of availability of good brands at an affordable price range. Yepme is seeking to address that gap.



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