

Daily Economic News Summary: 18 August 2016

1. Walmart keen to open food retail chains: food secretary

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

Retail firm Wal-Mart Stores Inc. has shown interest in opening retail food chains in India after the government allowed 100% foreign direct investment (FDI) in the sector, food processing industries secretary Avinash Srivastava said on Wednesday. The government in June notified 100% FDI under the so-called approval route for trading, including through e-commerce, for food products manufactured or produced in India which it had proposed in this year's budget in February. Srivastava said he hopes this will give a big boost to the food processing sector, farmers' incomes and to the employment generation in the country. "Walmart has already shown a lot of interest. They are already here in India. They will come of their own and add to the growth story of the country," he added.

Krish Iyer, president and chief executive officer of Walmart India, said the company is evaluating the model as per the guidelines announced by the government. "As we have said earlier, the decision by the government to allow 100% FDI under government approval route, including through e-commerce in trading of food products manufactured and/or produced in India, is very progressive and far reaching. This step will help in reducing wastage, farm diversification and encourage industry to produce locally within the country. This move will benefit farmers, give impetus to the food processing industry and create vast employment opportunities in the country," he said.

2. Alibaba eyes acquisition of e-commerce unicorn ShopClues

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

Chinese internet behemoth Alibaba, which aims to enter the domestic e-commerce market by early next year, has held discussions to acquire online marketplace ShopClues, which is valued at over \$1 billion, reported *The Times of India*. Alibaba wants to merge the marketplace of Paytm, in which it has a stake, with the much bigger rival ShopClues, as it is prospecting several acquisition targets to firm up an India entry against rival Amazon. The Gurgaon-based ShopClues counts GIC of Singapore, Tiger Global, Nexus Venture Partners and Helion among its investors and has raised about \$250 million till date. ShopClues is positioned as an online flea market, selling cheaper and mostly unbranded merchandise to value shoppers. The company, which is one among the top takeover targets in Indian e-commerce, is said to be reporting a

revenue run-rate of \$750 million based on the gross merchandise value of the goods sold.

Investment bankers have taken multiple deal proposals to Alibaba in recent months. The Jack Ma-led Chinese giant is looking to sew up consolidation moves to challenge Amazon, which has already emerged as the country's second-largest online marketplace and is seen threatening Flipkart's leadership. This includes picking up a substantial stake in Flipkart and merging smaller Indian rivals with it, or scaling up investments in Snapdeal in which it is currently a small shareholder.

3. China's Tidfore to pick up stake in Uttam Galva

Source: **Business Standard** ([Link](#))

Miglani family-controlled Uttam Galva Metallics has signed an investment agreement of \$150 million with China's Tidfore Heavy Equipment Group Co. Limited, a deal galvanised by South Korean steel major Posco. "The investment will be in the form of equity for Uttam Galva Metallics, which is expanding its Wardha unit with Posco. This deal will give Tidfore access to the Indian market and it would be great for India, too, as it brings an infrastructure giant to the country. Our objective is to work together to give them more opportunities in India," he said. The agreement was signed last week in China in the presence of Sun Yin Sheng, secretary, Hunan State, senior officials of Posco and State Bank of India, the lead lender. Ankit Miglani, a promoter-director of Uttam Galva Metallics, confirmed the development.

4. Altico Capital inks multi-project financing deal with Bengaluru developer

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

Altico Capital India Pvt. Ltd, the non-banking financial company of Asia-focused investor Clearwater Capital Partners LLC, will invest Rs.200 crore in Bengaluru-based realty firm Legacy Global Projects Pvt Ltd in a multi-project financing arrangement. The deal involves funding multiple projects in Legacy Global's portfolio in central and south Bengaluru, that are in different stages of construction. The money will be used to fund construction of these projects, as well as to refinance the developer's existing loans. "This is yet another transaction where we have provided financing to a developer for multiple projects in his portfolio," said Altico Capital's chief executive Sanjay Grewal.

The projects are at various stages of execution, including a few that are at an advanced stage and nearing completion, providing multiple and diversified sources of cash flows for debt servicing for the investor. Earlier this year, Altico entered into a multi-project financing arrangement with Marvel Developers in Pune and financed Bengaluru-based Unishire

Urbanscape Pvt. Ltd, against a portfolio of five projects. In 2015, Piramal Fund Management Pvt. Ltd and Altico Capital co-invested about Rs.720 crore across multiple projects of realty firm Century Real Estate Holdings Pvt. Ltd in Bengaluru, in one of the largest structured debt transactions. Legacy Global has almost 4-5 million sq ft of residential projects in Bengaluru, that are in various stages of construction.

5. Singtel to buy 7.39% stake in Bharti Telecom, Thailand's Intouch for \$1.8 billion

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

Singapore Telecommunications (Singtel) on Thursday said that it has signed a conditional share purchase agreement with Temasek Holdings to acquire 7.39% stake in Bharti Telecom Ltd, holding company of India's largest telco Bharti Airtel Ltd, and 21% in Thailand's Intouch Holdings public Co. Ltd for a total of \$1.8 billion. "The acquisitions will be settled fully in cash. This transaction will be funded through internal cash, short-term debt and proceeds from a share placement of 386 million new Singtel shares to Temasek totalling S\$1.605 billion at a price of S\$4.16 per new share," Singtel said in a statement.

Intouch is the biggest shareholder in Thailand's largest mobile operator Advanced Info Services Public Co. Ltd (AIS). At 1:20pm, Bharti Airtel was trading at Rs.352.20 on the BSE, up 2.01% from its previous close, while the benchmark Sensex was up 0.55% to 28,160.41 points.

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