

Daily Economic News Summary: 9 December 2016

1. Flipkart launches private label business

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

Online marketplace Flipkart has launched its first private label business under an umbrella brand called Flipkart Smart Buy, as part of a push to improve margins. Flipkart will launch a second private label brand early next year and mostly target categories such as electronics, accessories, home decor and furniture with the two brands, a top company executive said. Flipkart Smart Buy will span 25-30 categories in electronics, electronic accessories and home plastics for starters, said Adarsh Menon, Flipkart's newly appointed head of private labels. The private label goes live Friday, he said. "Over the next 2-3 months, we will launch our second (private label) brand, which will play in a different set of categories in home decor, home furnishings, home appliances, and furniture," Menon said. "That should take us through to April —two umbrella brands and maybe 40 product categories." Flipkart's strategy is to address "quality gaps across categories" including in some where there are already several brands, Menon explained. The idea is to build scale, putting "high-quality products at affordable prices in the hands of our customers". In May, chief executive officer Binny Bansal had proposed building a large private label business, given the fat margins these products offer. In October, after the successful conclusion of the festive season sale, Flipkart resumed its efforts to launch the private label business, said a company executive on condition of anonymity.

2. IndiGo flies with 24% rise in profit

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

InterGlobe Aviation, which runs the country's largest airline, IndiGo, on Tuesday reported a 23.6 per cent rise in net profit on account of reduction in non-fuel expenses, strengthening of the rupee and a rise in passenger load factor. Net profit for the September quarter (Q2) of the financial year 2016-17 was Rs 139.8 crore against Rs 113.1 crore in the same period last year. The total income from operations increased by 17 per cent to Rs 4,166.9 crore against Rs 3,539.9 crore in the same period the previous year. The airline significantly increased capacity, adding nine aircraft during the quarter and it had maintained that it would have 136

aircraft by the end of this financial year. Out of these, 20 will be A320 neo. The management said it would lead to capacity increase with Available Seat per Kilometer (ASK) growing by 30 per cent each in the next two quarters. On being questioned on the effect on yield, Ghosh said that with India being a growing market in a long term, the balance would be restored.

3. Reliance Retail scripts mega cash-&-carry plan

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

Mukesh Ambani's Reliance Retail plans to add six times the current number of its cash and carry (wholesaling) stores over the next three years. The company is planning to set up 300 of these in another three years, to take on the likes of Walmart, Metro and others, said a source. This is the second such big expansion by Reliance Retail. It had added hundreds of Reliance Digital stores which also acted as sales and service points for its Jio telecom service. It has 45 cash & carry stores under the Reliance Market brand at present, the average size being 40,000 sq ft. It opened the first Reliance Market in 2011 and has expanded to 37 cities; it claims about 2.5 million members. "It sees a huge opportunity in the business, given the set-up of kiranas (traditional stores), hotels, and restaurants. They have established a base and will build on that," said the source. Experts say the plan is feasible. "There are thousands of small cities which have high propensity to spend but not enough avenues to do so. FMCG (fast moving consumer goods) companies do not have the wherewithal to take their products everywhere. If there is a network of cash & carry and wholesale stores, it is good," said K Radhakrishnan, chief executive, Grocermax, an online start-up for food and groceries.

4. Rosneft to close \$10 bn Essar Oil, Vadinar refinery deal in a few weeks

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

Russian oil major Rosneft on Wednesday said that the company will close \$10.9 billion (Rs 72,800 crore) acquisition of Essar Oil and Vadinar refinery within a few weeks. "We are closing the deal of Essar Oil and Vadinar refinery within a few weeks," said a Rosneft official, president and chairman of Rosneft told the media on the sidelines of Petrotech Summit in New Delhi. This will include acquisition of Essar Oil's 20 million tonne (MT) refinery in Gujarat and its retail outlets. The Russian oil major is doing the acquisition in a consortium of oil trading firm Trafigura and private investment group United Capital Partners. The consortium is set to pay an additional of \$2 billion (Rs 13,300 crore) for the acquisition of Vadinar Port too. The deal, which will be the largest foreign direct investment in India till date, was announced in October this year. "Our relationship with India has two aspects.

Recently, oil companies like Indian Oil Corporation, Oil India and ONGC had acquired stakes in our Vankor and Tass-Yuryakh oil fields. Now, we are also closing in on the acquisition of Vadinar refinery, which is one of the top 10 refineries in the world,” the official added. The Indian companies will hold 29.9 per cent stake in Taas-Yuryakh oilfield in East Siberia for \$1.12 billion and 23.9 per cent in the Vankor oilfield for \$2.02 billion.

5. Air India's last minute ticket sale scheme: 21,678 passengers availed it

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

A total of 21,678 passengers availed the last minute ticket sale scheme, which was launched by the national carrier [Air India](#) in early July this year under which it offered fares equivalent to AC second class of Rajdhani Express, [Parliament](#) was informed. The Government-run airline had on July 9 launched the offer for a limited period, saying that the move was aimed at not only making last-minute bookings more affordable but also to fill up vacant seats. "The scheme being short term was effective from July 9, 2016, to September 30, 2016 (both days inclusive). (A total of) 21,678 passengers availed the above scheme during this period," Minister of State for Civil Aviation Jayant Sinha said in a written reply in Rajya Sabha. [Air India](#) introduced a short-term promotional scheme 'Spot Fares' offering fares commensurate to Rajdhani Express (IIA) on 11 select domestic sectors in economy class, he said.

By Shreya Chopra

