



**The month that was...**

**COUNTRY, FINANCE,  
 MACROECONOMY,  
 POLICY AND  
 POLITICS**

India's GDP grew at 8.2% in Q1 of 2018-19 quarter registering highest growth in two years. Sectors which registered growth of over 7% include manufacturing, electricity, gas, water supply & other utility services, construction, public administration, defense and other services

On the back drop of domestic and international concerns, Indian rupee plunged to a record low of over 71 against the US dollar. Coupled with rising crude oil prices, the depreciating rupee can worsen current account deficit situation. However, All the emerging market currencies are witnessing a steep fall in exchange rate and rupee is not an exception

Tracking an inflation threat and larger-than-average increase in minimum support price for kharif crops, the RBI resorted to a back-to-back interest rate hike for the first time in almost five years raising the repo rate by 25 basis points to 6.5%. It had raised interest rates by 25 basis points in its June meeting.

RBI's transfer of surplus to the government for the financial year ended June 30, 2018 (RBI follows the July-June financial year) rose by 63.08% to INR 500 billion. RBI's transfer transfers the surplus generated from its functions to the government at the end of each financial year after accounting for any funds transferred to the contingency reserve or the asset development fund. On the asset side it was mainly due to rise in foreign investments (11.25%) and loans and advances (849.55%). On the liability side, the increase was due to increase in notes issued (26.93%) and other liabilities and provisions (16.95%)

According to the panel set up by the Department of Telecom to prepare a roadmap for rollout of 5G telephony, 5G service is expected to be operational by 2020 in India. The US is likely to deploy 5G services later this year, or in the first quarter of 2019. The service would have a cumulative economic impact of over \$1 trillion by 2035. By 2024, the 5G technologies is expected to evolve to a full range of services globally. By acting early to embrace the 5G opportunity, India can position itself to accelerate its dividends and add to its potential to become an innovator.

**VPC Sectors**

**CONSUMER MARKETS**

*Lifestyle & Fashion*

- Reliance Industries Ltd (RIL) has partnered with Arvind Ltd to manufacture co-branded R|Elan™ high performance fabrics as part of the RIL's Hub Excellence Partners (HEP) program. Under the partnership agreement, RIL will ensure timely delivery of R|Elan™ high-quality performance technologies to Arvind for manufacturing high standard quality fabric. Currently, Reliance has roped in 32 textile players that are equipped to produce new-age fabrics using R|Elan™ technologies.
- Indian menswear label, True Blue, which is a joint venture between Former Indian cricketer Sachin Tendulkar and Arvind Ltd plans to foray in the global markets including the US and UK. Launched in 2016, True Blue currently sells through nearly 75 outlets including eight standalone stores in India.
- IMG Reliance, a joint venture between IMG Worldwide of US and Reliance Industries, launched 'The Voice of Fashion', a fashion portal aimed at guiding the evolving Indian consumers about fashion. INIFD, Good Earth, House of Anita Dongre, Apple Music and Fashion Revolution are its primary partners.
- Indian fashion brand Provogue was admitted for insolvency resolution by the National Company Law Tribunal making it the fourth company from the textile and garment sector to attempt loan resolution in bankruptcy courts. Besides Provogue, Reid & Taylor India Ltd, Mandhana Industries and Alok Industries Ltd are already in various stages of insolvency resolution. Provogue was launched in 1998, primarily, as a menswear brand and at its peak in 20011 had 350 stores in 73 cities.

*Home & Decor*

- After years of waiting, IKEA finally opens its first store in Hyderabad, Telangana. The store spanning over 400,000 sq ft has some 7,500 products, of which about 1,000 will sell for less than INR 200 each and a 1,000-seat restaurant. It's the first of 25 stores IKEA plans to open across the country by 2025. Next stop Mumbai, Bangalore and Delhi.

*Food & Beverages*

- Hindustan Unilever, HUL, which already sells ice creams under the Kwality Wall's, Magnum and Cornetto brands, has signed an agreement with Karnataka based Vijaykant Dairy to buy its ice cream brand Adityaa seeking a larger slice of the Indian ice-cream market. With its roots in Karnataka, Adityaa Milk has gradually expanded into Maharashtra, Goa and Kerala. According to Euromonitor, in the INR 120 billion ice-cream market, HUL is the second largest player after Amul. Some of the past developments in the ice-cream market are: In 2013, Unilever brought its top grosser from Europe, the premium Magnum ice cream bars, into India. In 2015, Nestle-owned premium ice cream brand Mövenpick and Arizona-based Cold Stone Creamery announced their India entry. In November 2017, Lotte Confectionary scooped up Havmor – the country's seventh largest ice cream brand. At present, local or family owned brands still control a sizeable share of the Indian ice-cream market.
- Following HUL's announcement of acquiring Adityaa Milk, rival Gujarat Co-operative Milk Marketing Federation (GCMMF), the maker of the Amul brand of ice creams, stated that it would drive more premium products in the south through innovations (in terms of flavours) under its Epic range of premium ice creams.
- With the launch of breakfast cereal brand, Nesplus last month adding to Nestle's portfolio of coffee, yogurt, curd, oats, noodles and milk, Nestle is looking to position itself as a complete maker of packaged breakfast products in competition with US-based Kellogg's which has a 30% share of India's breakfast cereal market. US food and beverage maker PepsiCo has also been trying to penetrate the market with packaged local food items in ready-to-cook form. According to Euromonitor, India's breakfast cereal market is forecast to expand to INR 26.1 billion by 2020 from INR 14.4 billion in 2015.
- New Zealand based Fonterra and Future Group plan to form a JV, Fonterra Future Dairy Partners, to produce a range of consumer and food service dairy products for Indian market and to enable Fonterra to establish its presence in India. The JV targets middle of 2019 to launch the first consumer products in India.
- Binding offers in the range of \$700-800 million are expected to be submitted by Wipro, ITC and Cadila Healthcare for Kraft Heinz's Complian by 15 September, the deadline set by the investment bankers—JP Morgan and Lazard—managing the transaction. Kraft Heinz's plan to sell Complian followed rival GlaxoSmithKline's announcement on sale of Horlicks. Complian holds around 8% share of the INR 55 billion nutritional drink market in India which is dominated by Cadbury's Bournvita and GSK's Boost, apart from Horlicks and Complian.
- Prataap Snacks acquired Gujarat based Avadh Snacks for INR 1.5 billion to foray into the largest snacks market in the country, Gujarat.
- Kellogg and Reckitt Benckiser join Nestle, Unilever, Mondelez and Coca-Cola in the near \$4.5-billion pursuit to acquire Horlicks, the consumer nutrition business of GlaxoSmithKline
- Adani Wilmar's, a JV between Adani Group and Singapore's Wilmar International, resolution plan of \$60 billion for Ruchi Soya was approved by the Committee of Creditors. While Ruchi Soya owes INR 120 billion to its lenders, based on Adani Wilmar's offer, the financial creditors will take a 50% haircut on their exposure to the company. Ruchi Soya's leading brands include Nutrela, Mahakosh, Sunrich, Ruchi Star, and Ruchi Gold, will add strategic marketing and brand value to Adani Wilmar's product range

Contd.



Upcoming Events	VPC Sectors
<p><b>Upcoming Trade Exhibitions</b></p>	<p><b>HORECA</b></p> <ul style="list-style-type: none"> <li>Bangalore based online food ordering start-up FreshMenu is in talks to raise \$25-30 million from new and existing investors. Its existing investors are Zodius (\$17-million – 2016) and Lightspeed (\$5 million – 2015) while it has also held discussions with a Russian fund and Chinese investors.</li> <li>Coca-Cola has acquired the global operations of Costa Coffee from the UK’s Whitbread Plc for US\$ 5.1 Billion. This poses an intriguing situation for Costa Coffee’s Indian partner, RJ Corp, who is rival Pepsi’s largest bottling partner. In all likelihood Costa will have to either sell its brand rights for the Indian market and/or come to terms with a valuation for buying out the business thus far generated for the brand in India by RJ Corp.</li> <li>Ola’s online food ordering and delivery marketplace Foodpanda is in advance talks to buy Mumbai-based food-tech startup Holachef. Founded in 2014, Holachef, which delivers home-cooked food to customers, closed operations in April. Ola’s aggressive expansion in the online food ordering and delivery segment is seen to compete alongside players like Swiggy, Zomato and the recent entrant UberEats India. The Indian food-tech industry is expected to reach \$4 billion in 2020 from \$740 million in 2017.</li> <li>Swiggy and Zomato are in funding talks with SoftBank Vision Fund. It was reported that Zomato’s talks for raising \$500 million with SoftBank have advanced further than Swiggy’s discussions. While Swiggy, India’s largest food delivery startup, has already raised \$310 million this year from a clutch of investors including Naspers and DST Global, Zomato has closed the gap with its arch-rival over the past year and received \$150 million in fresh capital from Ant Small and Micro Financial Services Group in February.</li> <li>Swiggy also acquired Scootsy, an intra-city delivery service provider, in an all cash deal of INR 500 million with a focus of strengthening Scootsy’s curated restaurant network and help the brand expand to newer cities. Scootsy provides delivery services for restaurants, toys, beauty products and electronics items among others</li> </ul>
<p><b>Food Hospitality World Trade Show for the Food, Drink and Hospitality Market</b></p> <p><b>Venue:</b> HITEX - Hyderabad International Trade Exposition Centre, Hyderabad</p> <p><b>Date:</b> 4 – 6 September 2018</p>	<p><b>Retail – Offline</b></p> <ul style="list-style-type: none"> <li>Google and Alibaba-backed Paytm Mall are looking to form a consortium to invest INR 35 - 40 billion for a 7-10% stake in Future Retail Ltd (FRL), pitting against Amazon’s prospective proposal of \$600-700 million to pick up a 12-15% stake in FRL recently. Put together, Future Retail has a total retail space of 14.5 million sq. ft., with a presence in 255 cities through over 1,030 stores</li> <li>Amazon and Samara Capital are in advanced talks with Aditya Birla Retail Ltd to acquire 42-49% in its More supermarket chain for INR 42 - 44 billion. Recently, Amazona was also in talks with with supermarket chain Spencer’s Retail Ltd to explore a potential investment.</li> <li>Following its plan to embarks on an aggressive expansion in tier I and II cities, fresh food and grocery chain Godrej Nature’s Basket acquired a minority stake in Goa-based grocery chain Magsons Group, a family-owned grocery chain operating since the 1990s and runs 11 stores across Goa with a revenue of about INR 500 million. Nature’s Basket currently runs 32 stores in Pune, Mumbai and Bengaluru and plans to add 15 more by the end of this fiscal.</li> <li>Xander Group’s retail arm Virtuous Retail South Asia Pte. Ltd is close to entering into a forward purchase agreement for buying an upcoming 1 million sqft mall in Mumbai from real estate firm Omkar Realtors and Developers Ltd for INR 23 billion. Virtuous Retail’s portfolio stands at 5.5 million sq. ft. operating four malls across Chandigarh, Surat, and Bengaluru. Mumbai-based mall developer Phoenix Mills Ltd has also acquired an under-construction mall in Indore for INR 2.3 billion in June, followed by another under-construction mall in Lucknow for INR 4.5 billion.</li> </ul>
<p><b>Food &amp; Hotel India International Hotel, Catering Equipment, Food and Drink Exhibition</b></p> <p><b>Venue:</b> Hotel Sahara Star, Mumbai</p> <p><b>Date:</b> 5 – 7 September 2018</p>	<p><b>Retail – Online</b></p> <ul style="list-style-type: none"> <li>A recent report by PwC and Nasscom has pegged the Indian e-commerce market to grow and reach US \$ 150 Billion by 2022, with e-tailing and e-travel contributing US \$ 80 and 55 Billion, respectively.</li> <li>Marking Warren Buffet’s first investment in an Indian company, Berkshire Hathaway is set to buy a small stake in One97 Communications Ltd, the parent of Paytm, India’s largest payment services provider, which has been in talks with Berkshire Hathaway since early February to raise about INR 22 - 25 billion (\$300-350 million) at a valuation of about \$10-12 billion.</li> <li>With an aim to challenge Flipkart and Amazon in India’s e-commerce market, China’s Alibaba Group Holding Ltd has initiated talks with Mukesh Ambani’s Reliance Retail Ltd to form a mega Indian retail joint venture (JV), with an investment of at least \$5 billion.</li> <li>The Competition Commission of India, India’s antitrust regulator, has approved Walmart’s \$16-billion purchase of Flipkart, despite attempts by thousands of small traders who had tried to get the government to block the Walmart deal over fears that the deal would drive several small retailers out of business.</li> <li>Amazon invested an additional INR 27 billion (\$386 million) in its Indian unit, bringing its total investment in India to roughly \$4 billion in the five years that it has operated. After exhausting its \$2 billion investment pledge made in 2014, in June 2016, Amazon again pledged to invest an additional \$3 billion in India.</li> <li>Among the nation’s two largest e-commerce companies, it was reported that Flipkart outpaced Amazon in sales growth in the six months to 30 June, with its sales jumping roughly by 50% as compared to Amazon India whose sales increased by 35-40%. The two companies disagree about who is the market leader.</li> <li>Flipkart-owned fashion retailer Myntra has acquired omnichannel fashion marketplace Pretr Online Services Pvt. Ltd for an undisclosed amount with an aim to push towards establishing itself as a retailer across multiple channels. Myntra plans to integrate Pretr’s technology with its own platforms, brands, stores and retailers. Myntra, along with Jabong and its parent Flipkart, dominates online fashion sales in India. It plans to double down on the omnichannel strategy and open 150 stores, as it looks to go beyond its pure-play online retailing platform.</li> <li>Flipkart announced the launch of its online grocery business Supermart in Bengaluru to take on Amazon and BigBasket in grocery space. It plans to enter 5-6 other major cities by 2018 end. Online grocery sales is seen by e-commerce firms as the next big thing in India.</li> </ul>
<p><b>COSMOPROF INDIA International Beauty Trade Event</b></p> <p><b>Venue:</b> Hotel Sahara Star, Mumbai</p> <p><b>Date:</b> 10 – 11 September 2018</p>	
<p><b>Massmerize 2018</b></p> <p><b>Venue:</b> FICCI, 1 Federation House, New Delhi</p> <p><b>Date:</b> 9 October 2018</p>	