

Walmart and Tatas in Talks for Cash-and-Carry

Leverage Tata network to expand Walmart's reach to kiranas; allow Flipkart its grocery play

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Kolkata | Mumbai: Walmart is in talks with the Tata Group to forge a strategic partnership in India that could encompass a 'deep engagement' in the wholesale cash-and-carry business.

The partnership would seek to leverage Tatas' existing distribution network to expand the US retail giant's reach to kirana stores while allowing Flipkart to enhance its presence in the food and grocery segment through the network, said three senior industry executives.

"This partnership will aim to expand reach to kiranas, upgrade them and then utilise the network for fulfilment of food and grocery orders for Flipkart. It's almost the same as what Reliance Industries

intends to do and at a similar scale. This is an asset-light model and Walmart will thereby have an indirect presence in retail in a peaceful way without making any capital investment," said an executive.

The executives said Walmart wants to have an Indian partner who is "respected" and "has a voice in policymaking".

The Tata Sons spokesperson declined to comment. A global spokesperson for Walmart said in an email response that the company doesn't comment on "speculations around ventures".

Tata Group and Tata Sons CFO Saurabh Agrawal is leading the negotiations and a team comprising senior group executives is learnt to have visited the US to hold talks with Walmart's global top management. But the final contours of the partnership are yet to be finalised.

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WALMART KEEN TO EXPAND FLIPKART'S PRESENCE IN FOOD AND GROCERY



Tatas and Walmart already have business ties: TCS does tech work for Walmart, has office in Bentonville, US

While FMCG industry is battling slump, ecommerce sales are rising

Walmart rival Amazon owns sizeable stake in More supermarkets

Amazon is negotiating for stakes in Future Group & Reliance Retail as well



A Tata group director said Tata Sons holds multiple discussions and meetings, but not all are converted into deals. Such proposed partnerships take months of ironing-out, he added.

Apart from its stake in Flipkart, Walmart currently runs 26 wholesale cash-and-carry stores in India that are branded as 'Best Price Modern Wholesale'. Tata currently has an equal joint venture with UK's Tesco Plc to run supermarkets and hypermarkets under the banner of Star Hyper, Star Market, Star Daily and Star Extra. The 43 stores are spread across Mumbai, Pune, Kolhapur, Bengaluru and Hyderabad, according to the company's website.

India currently allows 100% foreign direct investment in single-brand retail, food retail and ecommerce marketplaces, while 51% is allowed in multi-brand retail.

An executive said Walmart is not keen on setting up food and grocery supermarkets and hypermarkets in India right now, and plans to focus on Flipkart — in which it has made a huge investment — for expanding its consumer-facing business in the country.

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