

Ratan Tata bets on smartphone race, picks up stake in Xiaomi

MIDAS TOUCH? Analysts peg investment at ` 100 cr, first by an Indian in Chinese co

NEW DELHI: In the first investment by an Indian, Ratan Tata, chairman emeritus of Tata Sons, has acquired a stake in Xiaomi, a move that is likely to help the world's No. 3 smartphone maker gain a stronger foothold in the country.

Though Xiaomi did not divulge the amount invested by Tata, analysts pegged it at ` 90-100 crore.

"This is the first investment by any Indian in Xiaomi," a statement from the Chinese company said.

Tata has previously invested in various Indian start-ups, including online retailer Snapdeal.

"It is a strong statement from Ratan Tata, who has managed companies and business in different verticals that influence the economy... so he is perhaps indicating that this is the future technology," said Romal Shetty, head, telecom, KPMG.

In December last year, Xiaomi raised \$1.1 billion, which valued the Chinese company at \$45 billion (` 286,020 crore).

"He (Tata) is one of the most well-respected business leaders in the world. An investment by him is an affirmation of the strategy we have undertaken in India so far. This is just the start of an exciting journey, and we are looking forward to bringing more products into India," Xiaomi founder and CEO Lei Jun said.

According to industry experts, the investment by Tata highlights the need to bring down the cost of 3G and 4G-enabled handsets to aid the government's Digital India programme and fuel e-commerce in smaller towns. "There is a huge opportunity for low-cost handsets in smaller cities and this development should help," Shetty said.

"For Digital India to succeed, one would need not only policy support but also support from companies and telecom hardware makers. This investment is likely to help mobile handset manufacturing by Xiaomi in India," said NK Goyal, former member of Telecom Equipment Manufacturers of India (TEMA).

Xiaomi entered India in July last year, and has been aggressively pursuing a growth strategy in the country. "India is our biggest market outside mainland China. Our goal is to become number one in the next 3-5 years and we are keen on partnerships," Xiaomi co-founder and president Bin Lin had said.

On Thursday, the Chinese firm hosted its first global launch outside of China in New Delhi, unveiling a new flagship smartphone, Mi 4i, which supports six Indian languages, at ` 12,999. The smartphone goes on sale on Flipkart on April 30, and more than 225,000 customers had registered to purchase the phone, the company said.

Research firm IDC has ranked Xiaomi as the fifth-largest smartphone vendor in India during January-March 2015.