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A CALCULATED GUESS ABOUT THE POST-COVID INVESTOR

In the last year or so, the Indian business arena has undergone considerable transformation & likely so the investor sentiment and interests.

According to a recent article published by The Week, despite initial setbacks, it seems that startups are on a recovery path. As per market estimates, startup funding is gradually returning to 91 per cent of pre-COVID-19 levels and about 75 per cent of Indian startups are on the road to recovery.

Even though the funding level is seen to be inching slowly towards pre-COVID era, but the post-COVID-19 landscape is for sure seeing some paradigm shifts in not only the way business is being conducted but also the way it is perceived and evaluated. A few clear indicators can be seen as follows:

- Value & use of alternative data is gaining steam and becoming more relevant by the day. The rich insightful data generated from the new-age point-of-sale systems that are being adopted more and more by the B2C businesses, is being utilised to give business loans, decide interest-rates, credit limits, etc.
- Shift from brick & mortar office spaces to videoconferencing – and being able to sustain it in long-term.
- Rise of D2C (Direct-to-Consumer) – disruptive and streamlined supply chains which implies being able to get the product to the end customer quickly
- Rise of the Gig-Economy – which means removing high cost to company budgets and shifting towards pay per conversions model, in turn developing lean teams, lighter overheads



Industry Speak: Mr. Pranay Aseem

- and quicker turnaround time.
- Building ecosystem partnerships & combining strengths – finding synergies with complementary and value-add services and products.

Recent examples can be seen as:

1. Funding activity in D2C brands has risen by 251% in 2021 with fashion brands dominating this pie. (Source: Inc42). With the likes of Sequoia Capital, 9Unicorns & Venture Catalysts leading this race.
2. A series of gig-worker platforms like Awign, Gigforce, Vahan being backed by top investors. (Source: VCCircle)
3. Top VC money flowing into the WFH SaaS Tech (Source: Economic Times)

The above trends of today blended with the long established parameters of founders' vision and razor-sharp go-to-market and revenue strategy is the buzzing mantra of investor corridors. Last but not the least, a big success indicator that cannot be ignored is the worthy tag of being able to negotiate through the high tides or survival of the fittest.

Author's Profile: Contributor is a Senior VP at SignCatch Inc. having 13+ years of Business strategy, Strategic partnerships & marketing experience.

VI on the verge of bankruptcy. Duopoly in the Telecommunication sector.

Vodafone Idea Limited Carrying out its operations as VI is an Indian telecom operator based in Mumbai and Gandhinagar. It offers 2G, 4G, 4G+, VoLTE, and VoWiFi services in India

As of 30 June 2021, Vodafone Idea has a Customer base of 255.4 million, making it the 3rd largest telecom network in India and the 11th largest mobile telecommunications network globally.

On 31 August 2018, Vodafone India merged with Idea Cellular to form a new entity named Vodafone Idea Limited. Vodafone currently holds a 45.1% stake in the combined entity, and Aditya Birla Group has a 26% stake. Ravinder Takkar, Ex-CEO of Vodafone Romania, is the current CEO of the company. The combined company became the leading communications provider in India with almost 400 million customers, 35% customer market share, and 41% revenue market share.

On 7 September 2020, Vodafone Idea unveiled its new brand identity, 'Vi,' which integrates its erstwhile separate brands 'Vodafone' and 'Idea' into one unified brand.

CONCERN

Vodafone Idea had significant revenue and both active and Gross; it also had huge debts. Vi has a much more loan than its Market capitalization.

NEMESIS

In 2016, Jio Began offering near-free voice & data services, which Disrupted the market. Other telecoms had to cut prices to unsustainable levels over FY18-19. VIL couldn't cope. Adding to its woes, SC directed VIL to pay 58k crores approximately.

Since then, the situations have only worsened-

Massive debt and Mounting Loss

The total gross debt (excluding lease liabilities and including interest accrued but not due) as of 30 June 2021 stands at Rs. 1,915.9 billion, comprising of deferred spectrum payment obligations



Alumni Speak: Mr.Divyanshu Vaish

of Rs. 1,060.1 billion, AGR liability of Rs.621.8 billion due to the Government, and remaining debt from banks of Rs. 234.0 billion. Cash & cash equivalents were only Rs. 9.2 billion, and net debt stood at Rs. 1,906.7 billion. In the recent Quarter, VI lost 12.4 million customers, which is the second-highest since the fourth quarter of FY20 when it lost 12.9 million customers. Overall, the company has lost 64.6 million customers. Also, in this Quarter, VI net loss widens to 7312.9 crores; Average Revenue Per unit Falls to 104.

Talking about Stock:



AGR SAGA

Adjusted Gross Revenue is the Calculation on which Telecoms pay their statutory dues to the Government. Indian Telecoms have to pay what was due. After they failed to pass on the license fee & spectrum usage charges (5% & 8% of their revenue) over 2004-15 to the Government.

The AGR calculation row surfaced after the Supreme Court on 1 September 2020, allowing telecom companies to pay their AGR dues to the Government in Instalments spread over ten years, beginning with an upfront payment of 10 percent total. The payment timeline started from 1 April.

Vi had calculated its remaining AGR, including license fee and spectrum usage charge (SUC) dues, at around Rs 21,500 crore, after paying Rs 7,854 crore.

However, Telecom Department arrived at around Rs 58,254 crore as total AGR liability for the firm. However, Vodafone has urged the Department of Telecommunications (DoT) to defer the Rs 8,212-crore instalment due in 2022.

Board of Directors

Billionaire industrialist Kumar Mangalam Birla is India's 14th Richest person, Chairman of the Aditya Birla Group. He recently Stated, investors are not willing to invest in VIL & it would collapse without active govt support & resolution of AGR liability.

In the letter addressing the Government, Kumar Mangalam Birla has stated that he is willing to give his entire stake to the Government for the company's survival and its 27 crore Subscribers. Whereas the UK-based Vodafone Plc has clarified that it will no longer inject equity into the Suffering company. Vodafone Group CEO Nick Read, in an investor conference, meets on 23 July 2021. Aditya Birla Group holds 27.66%, while Vodafone Group Holds 44.39%, making a total of 72.05% owned by promoters. Ravinder Takkar, Ex-CEO of Vodafone Romania, is the current CEO of the company.

WHO LOSES-

Government

The DoT will ultimately lose its AGR dues, and the lenders will have to write off their loans. In doing so, the Government will eventually have to bear the loss. VI AGR liability is Rs 58,254 crore, out of which it has paid Rs 7,854.37 crore, and over Rs, 50,000 crore is still outstanding. However, Vodafone pleaded to the Department of Telecommunications (DoT) to defer the Rs 8,212-crore installment due in 2022.

Banks

DoT as an operational creditor. To prevent this, the tribunal ruled that if Telecoms cleared the statutory dues only, then spectrum rights held by defunct companies could be used and traded at the same time. That was a big blow to the lenders. The public sector banks were in a mess because earlier, they were given the comfort of lending against the spectrum after entering into a tripartite agreement.

BANK'S EXPOSURE TO VODAFONE IDEA

BANK NAME	Amount	% Of Book
IDFC FIRST	3240	2.90
YES BANK	4000	2.40
INDUS IND	3500	1.65
PNB	3000	0.44
SBI	11000	0.43
ICICI	1700	0.23
AXIS	1300	0.21
HDFC BANK	1000	0.09

Any updates on VI drastically impact the stocks of these banks. The Public bank holds the lion's share in the debt. These banks have already started making heavy provisions.

Possible ways out.

Government

The Government cannot give relief as this was the case with Aircel, and it would be in a difficult position to make out what's unique about Vodafone. The Government has already turned down Kumar Mangalam Birla's request to take over his shares.

Also, since the govt is trying to privatize BPCL, already Done with IRCTC, The Government cannot add this VI to its list.

Meanwhile, The Government plans to offer a relief package to the ailing telecom sector, especially the Cash-Suffering Vodafone Idea, which is on the brink of a financial collapse.

Converting Debt to Equity

Deutsche Bank said the Government should control Vodafone's Idea by converting the company's debt into equity to avoid a duopoly in the telecom sector. It's also an option but not a sustainable one; also, since VI has not defaulted on its debts so far, banks can take no action.

Capital Infusion by Promoters is the Best Option in the Given scenario, but the Promoters are not ready to pour in any more cash.

Author's Profile: Contributor is a B.Com(H) alumni of 2017-20 batch currently pursuing MBA.

Neo Banks - A Challenge for Traditional Banks

Can anyone tell what is the basic central trait of nature or society that keeps on impacting our lives and way of living? A plethora of words come to our minds when we encounter such broad-framed questions demanding a specific answer, but the most relevant one to this question is 'evolution'. Evolution is the inevitable force that keeps itself constant throughout the evolving journey of human existence, sounds confusing isn't. Let us decipher this via focusing on our subject matter.

Lets time travel to around hundred or even thousand years back, what people had as their core savings vault to store their hard earned money - the answer is 'temples'. Yes, that is true because in ancient times the keepers of temple aka priests were the most trusted personalities. After several years, this activity of storing money, making loans from deposits came to be known as banking and with the official establishment of the very first bank of the globe in Italy namely 'Banca Monte dei Paschi di Siena' in 1472, everyone got familiar with a formalised banking system. Later, obvious proliferation happened and numerous banks rose around the world harnessing their specialties and intellectual workforce. But as it is a harsh truth that "where money exists, greed eventually borns", influential personalities in the banking industry indulged in unethical and fraudulent practices to make more at the cost of their customers (people availing banking services) which caused several bank panics (notably of 1907 in United States) which resulted in the need of having a banking regulator of each national economy what we today know as 'central banks'.

In all these chronological events, one thing is common at every stage, and that is evolution which is nothing but a drastic change to suffice a well-identified need.

Today, with the advent of technology (a major evolution), we have witnessed an extensive variety



Editor's Speak: Mr. Shantanu Verma

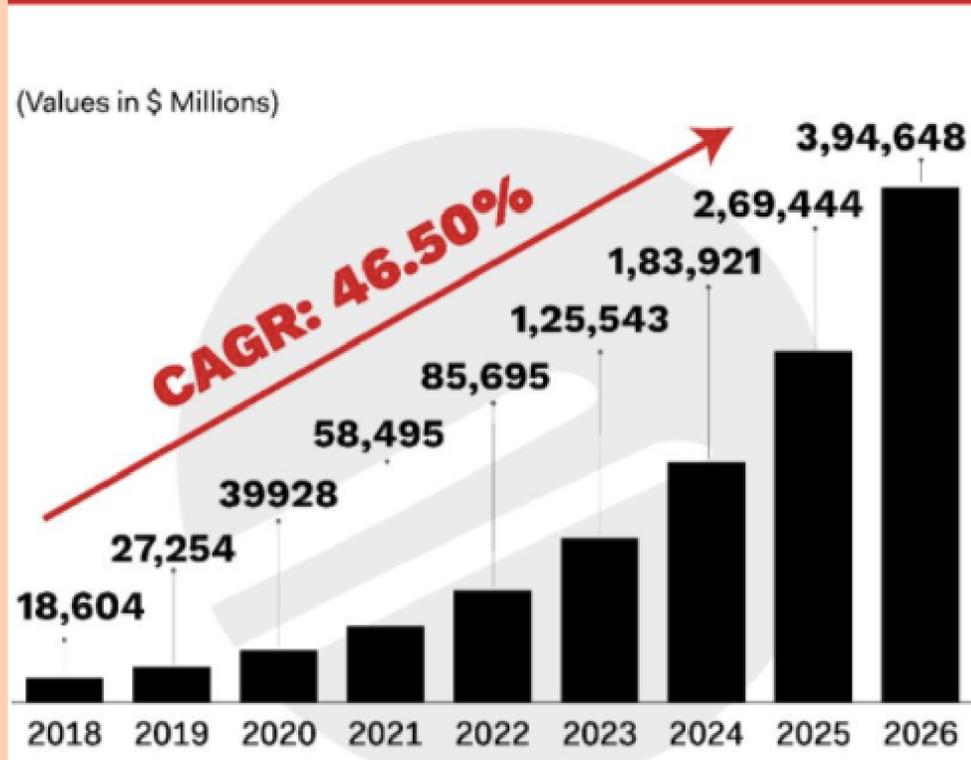
of transformations across all sectors of an economy - gadgets, telecommunication, automobiles, appliances, medicine, etc. Same goes for the banking industry as today we all are well versed with the banking apps, AI authorisation for making transactions, net banking, debit/credit cards (a bit old school for today), unified payment interface (UPI) and many more. However, there is one more advancement which is so disruptive and powerful in nature that it can be a subset of the traditional banking world, namely 'pure digital banking industry aka Neo Banks'. In its most basic form, we visualise a bank as a glossy infrastructure having different counters with respective employees, those air conditioned lobbies, etc. but what if there's no such physical establishment but still the bank is functioning. Sounds fantasising but it's a materialised reality now as this is what Neo banks are. These are simply banking companies or ventures with no physical brick and mortar structure and operates completely through their online network via digital apps. Neo banks are considered to be the most precious gift of fintech (financial technology) having a vibrant reach to their tech-savvy customers offering variety of services such as payments, deposits, transfers, lending, etc. These banks do not have a banking license though, they rely on their efficient banking partners for such conditioning.

Digging deep into the business model of neobanking, the major advantage to it over traditional banks is significant reduction in operating costs and customer charges due to the absence of physical branches which makes them more cost efficient and likely profitable.

Secondly, Neo banks are highly customer-oriented, as they offer personalised services and makes banking more convenient to access and technologically leveraged. Neo banks typically offer a vivid range of benefits over traditional banks such as (a) digital account creation with a few clicks on your mobile or tablet without stepping out of home; (b) user-friendly interface offering seamless customer experience which is overtaking slow-processing net-banking sites; (c) real-time transaction recording and balance updation which is cumbersome in traditional banks as they require physical passbook entries at bank branches; (d) international transactions are swift to made with the same digital app and no requirement of getting issued several plastic cards for different purposes (as in traditional banks); (e) and finally its rapid application processing (demand withdrawals, loaning, encashments) assist even small businesses (mostly SMEs) to overcome tedious process.

In today's scenario, about 90% of the global banking industry is still dominated by traditional banking companies such as JP Morgan, Goldman Sachs, Citi, HSBC, PBOC, Bank of America, and many more due to their well-established goodwill in the market, extreme influence over the economy, and strong positive perception among consumers. Although the mainstream inception of Neo banks is not very close but major players such as Chime, Monzo, N26, Klarna, Nubank are exhibiting a sustainable competitive edge over their ancestors (traditional banks) which is imposing a threat of extinction and obsolescence

Growth of Neobank Market



over these mighty banks.

As discussed earlier in preceding paragraphs, we all should acknowledge this technological advancement in banking industry but should also be aware of the fact that finance being a highly sophisticated industry with lots of loopholes to manipulate as history is evident for this, we as a global community of service providers and service availers must not allow our values to diminish as our knowledge enhances.

Now in the coming future, it is yet has to be seen that what humankind will make out of these technological availabilities and advancements and how it manages to control its uncertain factors that might unfold in delving deeper into it.

Traditional Bank	Neo Bank	
Physical Banking Establishment	Service Platform	Web & Media Service
Up to 100 years ago	Market entry	Up to 10 years ago
Long Ter, In person, Minor Changes	Client Relations	Flexible, Virtual, east to modify
In Person, Mobile, online	Customer Support	Mobile, online
High, Complex	Fees	Low, Transparent
Entire	Banking Licence	None, Partial, Entire
Long	Confirmation Process	Instant

Uncertainties undergone by BITCOIN

Will BITCOIN dominate the markets or will diminish? Here follows a list of the various ups and downs crypto currency went through.

IN THIS ISSUE

News from India

1. The ban earlier imposed on bitcoin by the RBI in 2017 has been turned down.
2. The bodies were barred from dealing in Bitcoin previously, but the Supreme court has given much clarity that trading can be done and has been made legal in India.
3. Yes, the risk factor persists and adds on to the pessimistic side.

Bitcoin tumbles as China widens ban on Crypto Transactions.

China says all crypto transactions- ILLEGAL!

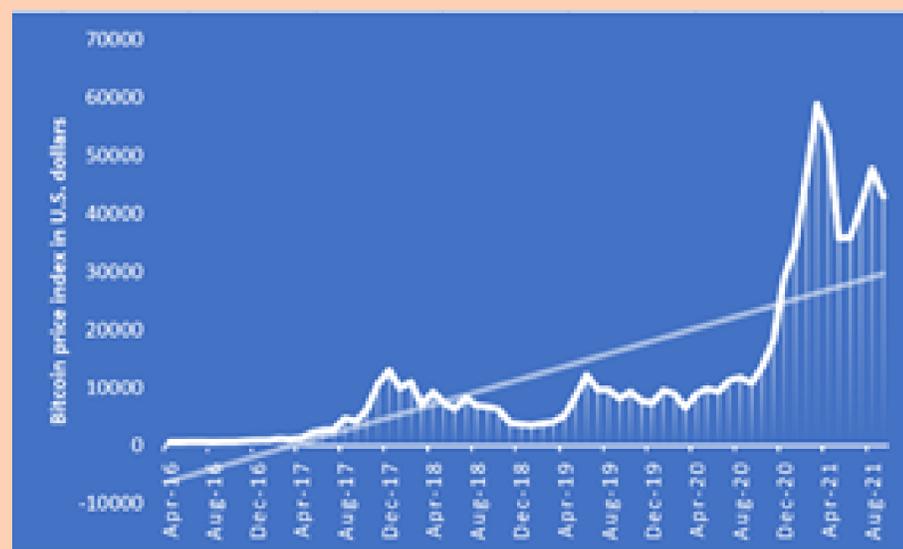
1. Crypto related transactions to be considered illicit financial activity.
2. China has affirmed to root out mining of digital assets giving the economy one of the biggest and rugged surfaces.
3. Prices of bitcoin have seen one of the worst phases after this announcement.

Central Bank of Russia skeptical of Crypto currency investments

1. No further support to the increasing access to crypto to Russian investors. 'Ruble' is the only and all form for any kind of payments in the Russian Federation. Soon will be launching a digital ruble by the end of the year, hoping that the Central Bank Digital Currency (CBDC) will assist in curbing the use of cryptocurrencies in the nation.



Editor's Choice: Ms. Shagun Jaiswal & Ms. Tanya Gola



El Salvador becomes the first country to use bitcoin as the legal tender.

1. Law has been published and passed within 24 hours by the majority in the Parliament, "any economic agent must accept bitcoin as a form of payment when it is offered by the person who acquires a good or a service."

Africa's adoption rate is highest globally

1. African crypto market has grown by over 1200% in terms of value received over the past year.
2. 4 big crypto trends in Africa, include: Growth in grassroots adoption, increasing popularity of peer-to-peer (P2P), crypto based remittances and crypto as a tool for wealth preservation.

A sneak peek into business and finance world headlines

India takes a step towards the path of recovery from challenging times of pandemic

Piyush Goyal, the union minister, stated addressing the beneficiaries of Pradhan Mantri Garib Kalyan Anna Yojna.

“Slow and steady wins the race,” India too has taken a step forward to emerge from the diminishing numbers.

The priority during the pandemic was to ensure the well-being of the poor and migrants which is now focused on the upliftment of the economy.



Swiggy, Zomato to collect 5% GST on deliveries

No extra tax burden to be borne, 5% GST to be paid by consumers.

To be effective from January 1, 2022.

E-commerce operators have been given time to incorporate changes in their software for the collection of such taxes.

Exports of software services up 2.1% to \$148.3 billion in 2020-21: RBI survey.

The RBI released data related to the 2020-21 round of its annual survey on exports of computer software and information technology enabled services. "India's exports of software services (excluding exports through commercial presence) are estimated at \$133.7 billion during 2020-21, registering 4.0 percent growth over the previous year," the RBI said.

Software exports by foreign affiliates through commercial presence, where the US is a major destination, stood at \$14.6 billion in 2020-21.



From next year, non-filers of monthly GST return will be barred from filing GSTR-1

Linking of GST registration with biometric Aadhar has been compulsory for claiming tax refunds.

To be effective from January 1, 2022 that the businesses having pending will not be permitted to pay-off/file GSTR-1 of sales returns of (n+1) month.

What merger with Sony means for Zee Entertainment?

According to analyst Karan Taurani, senior Vice-President, Elara Capital, corporate governance overhang will fade away with SPN having the controlling stake and this will also enable multiple re-rating for the company.

Following the proposed merger, SPNI shareholders will hold a 52.93 percent stake in the combined entity and Zee shareholders will own a 47.07 percent stake.

Taurani noted that the merger meant consolidation which is positive especially in times where growth rates in the TV industry including advertising and subscription revenue have dropped due to shift to digital and uncertainty towards NTO 2.0.

Consolidation is a big respite in itself as it will lead to both players capitalizing on each other's strengths and compete with the market leader Star & Disney India," he added. Now it is yet to witness that this consolidation will lead to synergies (value creation) or a net value destruction on a long-term basis since this remains the very crux of every acquisition deal.



HDFC MF to launch 'Fund of Funds' tracking the MSCI World Index

In its first foray into the international mutual funds' space, HDFC Mutual Fund will shortly be launching a Fund of Funds (FoF), which will mirror the MSCI World Index.

Notably, the MSCI World Index, with more than 1500 constituents, focuses on capturing large and mid-cap representation across 23 developed markets, while covering about 85% of the free float-adjusted market capitalization in each country.

The new fund offer (NFO) for this open-ended scheme will run between 17 September-1 October, with an option for purchase and redemption available thereafter.

Take a look at some of the comprehensive valuation indicators that are comparable between Nifty and the MSCI Index:

Valuation Parameter	MSCI World Index	Nifty50 Index
Price-o-Earning	26.96	27.01
Price-o-Earning (Fwd)	19.79	22.4
Price-o-Book	3.28	4.12
ROE (Return on Equity)	13.55	3.39

Explainer: Why India is relaxing export restrictions on COVID-19 vaccines

Health and Family Welfare Minister Mansukh Mandaviya, on September 20, announced that the government would allow the export of COVID-19

vaccines in the fourth quarter of this year, and fulfil its COVAX commitment.

COVAX, or COVID-19 Vaccines Global Access, is a global initiative for the equitable distribution of jabs to people in low-and middle-income countries.

If India does not ease export restrictions, the world may not see India as a reliable supplier, which will benefit China, as it is making deeper inroads into low and middle-income countries with vaccine diplomacy," said Prof Amir Ullah Khan, Research Director - Centre for Development Policy and Practice (CDPP).

According to rating agency CARE Ratings, the export opportunities to various African, Asian (excluding China and Japan) and some South American countries (where the pace of vaccination remains very slow) still exist, and it expects to remain greater than 1.25 billion doses.

Although Indian vaccine manufacturers are unlikely to get the premium pricing, of anywhere between \$15 and \$25 per dose, being enjoyed by US-based multinational companies (MNCs), their average realization could remain anywhere between \$3.25 and \$3.50 per dose," it said.

On an aggregate level (i.e., domestic plus export), CARE Ratings expects a supply opportunity of around \$10 billion-\$11 billion during the next three years for Indian vaccine manufacturers.

India's crude oil production falls 2.3 percent in August, gas output rises

India's crude oil production fell 2.3 per cent in August but natural gas output rose by more than a fifth on the back of output from KG-D6 fields of Reliance-BP, government data released on 22nd September 2021.

India is 85 percent dependent on imports to meet its oil needs and the government has been looking at ways to raise the domestic output so as to reduce import dependence.

Amazon, Microsoft Swoop In on \$24 Billion India Farm-Data Trove

Prime Minister Modi is enlisting tech giants to help boost agricultural output. The move risks sparking a fresh round of tensions with farmers.

Prime Minister Narendra Modi's administration, which is seeking to ensure food security in the world's second-most populous nation, has signed preliminary agreements with the three U.S. titans and a slew of local businesses starting April to share farm statistics it's been gathering since coming to power in 2014.

Modi is betting the private sector can help farmers boost yields with apps and tools built from information such as crop output, soil quality and land holdings.

With the project, Modi is seeking to usher in long-due reforms to make over a \$488 billion farm sector that employs almost half of the nation's 1.3 billion people and accounts for about 18% of Asia's third-biggest economy. The government is counting on the project's success to boost rural incomes, cut imports, reduce some of the world's worst food wastages with better infrastructure, and eventually compete with exporters such as Brazil, the U.S. and the European Union.

Oil Prices Surge to Three-Year High After Hurricanes and Unexpected Demand—How Much Higher Can They Go?

Oil prices have surged about 10% over the past month as Hurricanes Ida and Nicolas swept through the Southeast and shut down production in the Gulf of Mexican for weeks.

Driven higher by unexpectedly high demand and catastrophic hurricanes halting production, oil prices rose for three days straight till 25th September 2021, hitting highest level in three years as analyst point out cold winter weather and a busy pandemic travel season should only boost prices further.



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