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Business News Update

You Always Pass Failure On The Way To Success.

Jio needs two tariff hikes to close Arpu gap with Airtel

Reliance Jio, India's largest telecom operator by market share, would require two tariff hikes in the range of 15-20% over the next three years to close the gap with peer Bharti Airtel on the average revenue per user (Arpu)-level, according to analysts. Analysts expect Jio's Arpu to touch Rs 235 by FY27 on the back of tariff hikes and improving subscriber mix. On the other hand, Airtel's Arpu is expected to be at Rs 286 in the next three years. The same assumes significance in the sense that despite reporting the January-March quarter earnings in line with analysts' estimates, Jio's Arpu at Rs 182 has been flat sequentially for the last three quarters. Analysts at JP Morgan said, Jio's Arpu deflated owing to early success in JioBharat feature phones at lower priced plans. Besides, 5G availability at free of cost is severely curtailing 4G data topups.

Source: The Financial Express, April 24, 2024

Grover's ZeroPe may find it tough to tap opportunities in medical lending

Ashneer Grover's re-entry into the fintech space with ZeroPe, and that too in the fast-growing medical loans space, has enthused entrepreneurs, who feel the segment will see tremendous growth. However, investors say the going is not that easy. The real challenge, they say, will lie in building a model which is a mix of informed lending practices, multiple revenue streams and a healthier credit portfolio. To be sure, the sector does provide opportunity. A recent report by BCG and B Capital has projected that the medical financing niche can contribute $5 billion to the estimated $37 billion digital healthcare market by 2030. While lending tech has been one of the most lucrative segments for most fintech players, verticalisation within lending tech is taking off slowly and the medical loans sector in particular represents a significant opportunity.

Source: The Financial Express, April 24, 2024

Regulator plans new tariff policy for petroleum product pipelines

After coming out with unified tariff for natural gas pipelines, the Petroleum and Natural Gas Regulatory Board is now seeking to revise the tariff policy for the product pipelines laid out by the state-owned oil marketing companies and private refiners, a member of the regulatory board, who did not wish to be identified told FE. The new tariff structure will depend upon the capacity utilisation, capex, and the internal rate of return (IRR) of the pipeline. This will be a significant shift as the product pipeline tariffs are currently calculated as the 75% of rail tariffs on equivalent rail distance, along the pipeline route, except for LPG (liquified petroleum gas) where it is 100%. The new rules are expected to make pipeline investments more remunerative, although the exact impact will be known only after revised tariffs are notified.

Source: The Financial Express, April 24, 2024

Vedanta Resources unlikely to dispose of majority stake in Konkola Copper Mines

With Vedanta Resources (VRL) unwilling to lose its majority stake in Zambia-based Konkola Copper Mines (KCM), plans of UAE-based International Resources Holdings (IRH) to buy a 51% stake in KCM may not materialise. Besides, the company helmed by Anil Agarwal could be reluctant to let go of its majority stake in KCM, as the latter's operational visibility is improving, according to a report by CreditSights. "We anticipate VRL to be highly unwilling to lose its majority ownership of KCM, given its track record of being very protective of its majority ownership in its assets. Additionally, improving operational visibility at KCM, continued strength in copper prices and KCM's high-quality, large-ore reserves could further raise VRL's reluctance towards a majority stake sale," it said.

Source: The Financial Express, April 24, 2024