

VOLUME 7, SEPTEMBER 2020

# STRICTLY STREET

The Official Newsletter of AAMDANI



## TAKEAWAYS

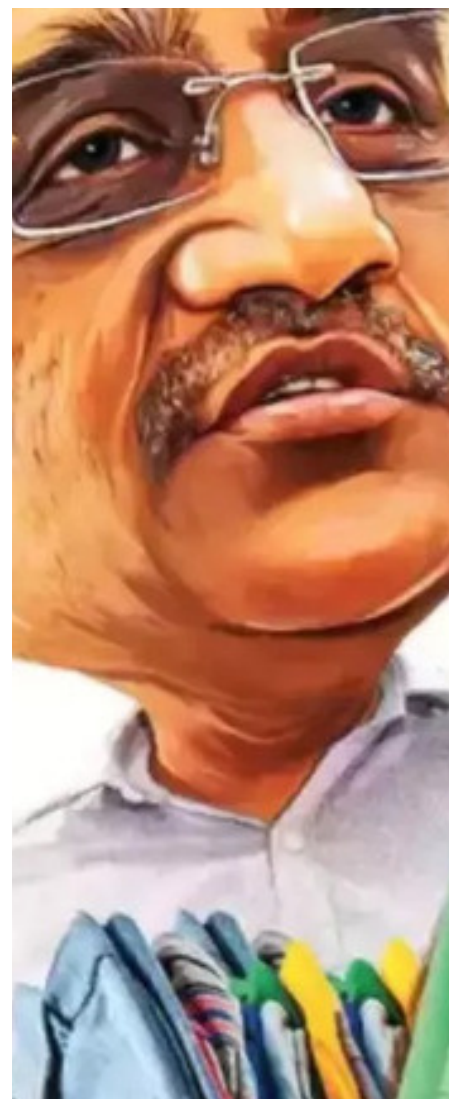
- News Highlights
- Australia Forcing Tech Giants to Pay for News?
- Latest News
- Financial Crossword

## NEWS HIGHLIGHTS

**1.** Private sector lender ICICI Bank has raised Rs 15,000 crore through Qualified Institutions Placement (QIP) of equity shares (418.99 million) at issue price of Rs 358 per share. The issue price represents a 1.9 per cent premium to the floor price determined based on the pricing formula as prescribed under SEBI Regulations. The floor price was set at Rs 351.36 per share.

**2.** South Indian states Tamil Nadu, Karnataka, Andhra Pradesh, Telangana and Kerala have together raised cheaper and longer-term debt (of over 1.2 lakh crore) during the first five months of the ongoing fiscal year amid a sharp fall in tax revenue due to the Covid-19 pandemic and the resultant economic crisis, and are using the funds to meet their rising health care expenses.

**3.** The government's debt rose to 75 per cent of GDP in FY20 from 70 per cent in FY18 and is likely to reach 91 per cent in FY21, according to estimates from the EcoScope report of Motilal Oswal Financial Services. It will stay at more than 90 per cent up to FY23 before moderating slowly to 80 per cent by FY30. This surge in government debt-to-GDP ratio will restrict its ability to grow its spending significantly and support economic activity in the 2020s decade as it has done in the past few years, said the report.



4. Mukesh Ambani's RIL buys Kishore Biyani's Future retail for Rs. 24,713 crore to add to its fast expanding retail business and bolster e-commerce to take on the competition from Jeff Bezos' Amazon. Reliance Retail will now have access to close to 1,800 stores across Future Group's Big Bazaar, FBB, Central, Foodhall formats, which are spread in over 420 cities in India.

5. Currency circulation in India increased in the past few months, breaching the levels last seen before the end-2016 currency-swap programme, with the protracted lockdowns prompting residents to stock up on cash for stockpiling groceries and other essentials. The currency-GDP ratio increased to its pre-demonetisation level of 12% in 2019-20 from 11.3% a year ago, indicating the rise in cash-intensity in the economy in response to the pandemic," RBI said.

6. Piramal Enterprises' financial services arm, Piramal Capital & Housing Finance, is in advanced talks with Apollo Global Management, one of the world's largest alternative asset managers, to raise over \$500 million.

## AUSTRALIA FORCING TECH GIANTS TO PAY FOR NEWS?

Australia will force US tech giants Facebook Inc and Alphabet Inc's Google to pay Australian media outlets for news content in a landmark move to protect independent journalism that will be watched around the world.

### About:

Australia will become the first country to require Facebook and Google to pay for news content provided by media companies under a royalty-style system that will become law this year. The move comes as the tech giants fend off calls around the world for greater regulation, and a day after Google and Facebook took a battering for alleged abuse of market power from US lawmakers in a congressional hearing.

A 2019 study estimated about 3,000 journalism jobs have been lost in Australia in the past 10 years, as traditional media companies bled advertising revenue to Google and Facebook which paid nothing for news content.

Google said the regulation ignores "billions of clicks" that it sends to Australian news publishers each year. Other countries have tried and failed to force the hands of the tech giants. Publishers in Germany, France and Spain have pushed to pass national copyright laws that force Google pay licensing fees when it publishes snippets of their news articles.

## Test Your Awareness

- Name the type of bond which is rated as "below investment-grade" by rating agencies?
- What is the Yale Model in finance also known as?
- The Union Cabinet has approved India's Membership for which European Bank?
- Which rating agency upgraded India's status to Baa2 in 14 years?
- MCX on Dhanteras launched an option's contract in which commodity for the first time?



# LATEST NEWS

## RELIANCE-FUTURE GROUP DEAL

Reliance Retail Ventures (RRVL), a subsidiary of Reliance Industries announced that it is acquiring the Kishore Biyani (big box retailers)-promoted Future Group's retail, wholesale, logistics, and warehousing businesses on a slump sale basis for Rs 24,713 crore. A slump sale is when a business is sold for a lump sum consideration without values being assigned to the individual assets and liabilities.

## THE DEAL HAS THREE STEPS.

- **In the first of a three-step process**, Biyani will merge listed entities Future Retail Ltd., Future Lifestyle Fashions Ltd., Future Consumer Ltd., Future Supply Chain Solutions Ltd. and Future Market Networks Ltd into Future Enterprises Limited.
- **In the second step**, Future Enterprises will by way of a slump sale the retail and wholesale business to Reliance Retail and Fashion Lifestyle Ltd., a wholly owned subsidiary of Reliance Retail Ventures Ltd. Key formats like Big Bazaar, FBB, Foodhall, Easyday, Nilgiris, Central and Brand Factory will be sold for Rs 5,628.33 crore. Reliance Retail will also take over certain borrowings and current liabilities as part of the business, and pay the rest in cash. Future Enterprises will also transfer assets of the logistics and warehousing business on a slump sale basis to Reliance Retail Ventures Ltd. for Rs 25.22 crore.
- **In the third step**, Reliance Retail and Fashion Lifestyle will invest Rs 1,200 crore in a preferential issue of shares by FEL for a 6.09% stake. It will also invest Rs 400 crore towards FEL warrants. On conversion, the investment will amount to Rs 1,600 crore and result in an additional stake of 7.05%. As a result of this reorganisation and transaction, Future Group will achieve a holistic solution to the challenges that have been caused by Covid and the macro economic environment.

## FACTS

- Apple's cash and investments are now equal to the GDP of Hungary, and more than that of Vietnam and Iraq.
- Until the U.S. Federal Reserve was created in 1908, individual banks could create their own money.
- The world's first bank was Monte Dei Paschi di Siena, founded in 1472 and headquartered in Tuscany, Italy. It still operates today.
- India's economy has nearly sextupled in size in less than 20 years.



"For clients with an extremely low risk tolerance, I recommend they talk to someone with a ground-floor office."

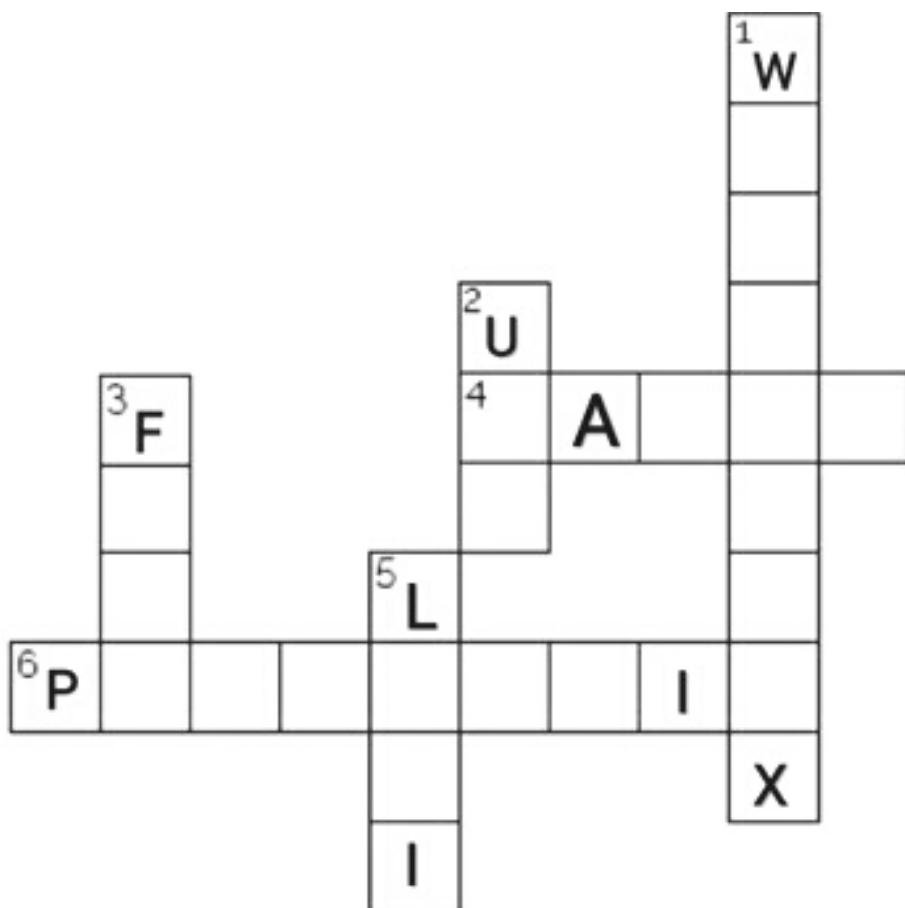
## Add to your Vocab!

### Floating Interest Rate

It is referred to as variable rates or adjustable rates, these amounts may often start out lower than the fixed rate percentages. This makes them more appealing in the short term if the market is trending down.



# FINANCIAL CROSSWORD PUZZLE



## Wise Saying

"To contract new debts is not the way to pay old ones."

~George Washington

## ACROSS

- \_\_\_\_\_ became the first E-wallet to have its own payments bank.
- Latin term that translates into 'by head'

## DOWN

- It is a tax based on the market value of assets that are owned.
- Application launched by NPCI.
- Existing rate of tax for individuals between Rs. 2.5- Rs 5 lakh is reduced to --- percent
- Currency of Georgia is the Georgian ---

## SOURCES

The Economic Times  
 The Hindu  
 Livemint  
 Pinterest  
 Wikipedia