

TBA Bulletin 18

Week gone by December 08-14

BFSI- Major week in the sector as FDI in defence has been significantly improved and RBI announces special open market in order to buy Government securities.

IPO- Indian securities welcomes Burger King as it lists on bourses this week and Airbnb burst into limelight with a cracking debut of 100 Billion dollars valuation surge.

ANTI-TRUST- Facebook crackdown deepens as fear of breakup between Facebook and WhatsApp surfaces and Google Anti-Trust Lawsuit intensifies as California home State joins in the lawsuit proceedings.

TECH- Huge protest erupted earlier this week at iPhone manufacturing unit in Karnataka allegedly over salary issues and Ola invests Rs 2,300 crore on electric scooters.

BFSI

NATIONAL

FDI in defence production increased to 74% under Automatic route

- The Union government on December 8 issued another notification with changes in the FEMA permitting FDI in defence production up to 74% under the automatic route for companies seeking new industrial licences.
- Infusion of fresh foreign investment up to 49% in a company not seeking industrial licence or which already has government approval for FDI in defence shall submit a declaration with the Ministry of Defence in case of change or transfer of stake to a new investor.

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RBI releases Draft Circular on Declaration of Dividend by NBFCs

- The draft sets thresholds of capital adequacy and NPAs for NBFCs to be eligible to distribute dividends.
- In order to be able to declare dividend, deposit taking NBFCs (NBFC-D) and systemically important non-deposit taking NBFCs (NBFC-ND-SI) should have a capital to risk-weighted assets ratio (CRAR) of at least 15% for the last three years, including the accounting year for which it proposes to declare dividend

- Non-systemically important NBFC-ND should have a leverage ratio of less than 7 for the last three years, including the accounting year for which it proposes to declare dividend
- Core investment companies (CICs) should have an adjusted net worth (ANW) of at least 30% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off -balance sheet items for the last three years, including the accounting year for which it proposes to declare dividend
- The net NPA ratio should be less than 6% in each of the last three years, including the accounting year for which the company proposes to declare dividend

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RBI Announces Special Open Market Operations (OMO) Simultaneous Purchase and Sale of Government of India Securities

- RBI will purchase three government securities of different maturity dates aggregating to Rs 10,000 crore and sell two securities aggregating to the same amount using the multiple price auction method.

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On Tap Targeted Long-Term Repo Operations – Extension of Specific Sectors

- As per the RBI's press release, in addition to the five sectors announced under the On Tap TLTRO Scheme on October 21, 2020, the twenty-six stressed sectors notified under ECLGS 2.0 (identified by the Kamath Committee of RBI) have been brought within the ambit of the sectors eligible under the On Tap TLTRO scheme. The stipulation under ECLGS 2.0 that only entities with outstanding credit between ₹50 crore and ₹500 crore shall be eligible for the credit guarantee shall, however, not apply to funds availed under On Tap TLTRO.
- RBI's latest move will increase liquidity availability and credit guarantee to those entities with credit outstanding below ₹50 crore and above ₹500 crore

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Grant Thornton report in DHFL case flags fraudulent transaction of Rs. 1058 crore

- Fraudulent transactions of Rs 1,058.32 crore by undervaluation, fraud and preferential treatment to certain entities have been detected as per the report the nature of the fraud, as per the latest on the reported findings, relates to: disbursements to certain entities in the form of loans against property and utilization of the same towards premature redemption of certain NCDs undertaken by DHFL in the past (first case).
- Diversion of excess funds from the account of the company for purchase of NAPHA Building (second case)
- fraudulent and undervalued advancement of ICDs (Inter Corporate Deposits) by DHFL to certain entities and subsequent creation of pledge over the non-convertible debentures (NCDs) issued by the company (third case).

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IPO - INITIAL PUBLIC OFFERING

NATIONAL

Burger King India lists on bourses on Monday

- Burger King India, the subsidiary of US-based quick service restaurant chain Burger King, will debut on bourses on December 14 after receiving a strong response to its initial public offering.
- The company has fixed the issue price at Rs 60 per share. Its shares are available at a 75 percent premium in the grey market. The premium increased significantly in the grey market from 42 percent seen before the public issue opening in first week of December.
- Considering the stellar subscription, cheaper valuation compared to listed peers, strong revenue growth on the back of consistent addition in restaurants, analysts expect bumper listing of 70-75 percent over issue price on December 14.
- The Rs 810-crore public issue received second highest subscription of 156.65 times in 2020, during the December 2-4 period.

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Mrs Bectors Food announces IPO dates and prices announced

- Mrs. Bectors Food Specialities' Rs 541 crore IPO is set to open on December 15, and the price band for the same is set at Rs 286-288 apiece.
- The IPO of premium biscuit-maker and leading supplier of buns to fast-food chains, such as Burger King and McDonald's, comprises sale of shares worth Rs 500 crore by Linus Pvt Ltd, Mabel Pvt Ltd, GW Crown Pte Ltd and GW confectionary Pte Ltd., and fresh issue worth Rs 40.5 crore.

- Investors can bid for a minimum of 50 equity shares and thereafter in multiples of 50 equity shares.
- The shares are likely to be listed on both BSE and NSE on December 28. SBI Capital Markets, ICICI Securities and IIFL Securities are the lead managers for the IPO.

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INTERNATIONAL

Airbnb valuation reaches 100 Billion Dollars in debut surge

- Airbnb Inc. shares more than doubled in their trading debut, propelling the home-rental company to about a \$100 billion valuation and one of the biggest first-day rallies on record.
- The shares closed Thursday at \$144.71 up 113% from the \$68 initial public offering price. The listing came 10 months after the Covid-19 pandemic upended travel and 24 hours after DoorDash Inc. soared in its public debut.

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TECHNOLOGY

NATIONAL

Violence reported at iPhone manufacturing plant in Karnataka run by Wistron Corporate allegedly over salary issues

- An iPhone manufacturing facility in Kolar district in Karnataka, operated by Taiwan based headquartered. Wistron Corporation, has reportedly been vandalised. A video clip of the violence, allegedly by workers, has also appeared online. However, this clip has not been independently verified. Press Trust of India has quoted a police official saying that the workers attacked the facility damaging windows, vehicles, furniture, and computers over salary-related issues. A trade union leader also reportedly said that most

employees were not being paid on time and they were unhappy about many deductions in their salaries.

- The workers allegedly claim that many of them were made to work for 12 hours but only paid Rs. 200 to Rs. 300 per day calculated for 7-8 hours. The vandalism took place after the management failed to address their grievances, as per the report.
- Hundreds of workers are said to have ransacked the manufacturing facility, located in Narasapura Industrial Area in Kolar district, 51 kilometres from Bengaluru, after their night shift ended at 4 am today, December 12.

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Walmart opens rooms for investors in Flipkart and PhonePe

- Walmart's Indian e-commerce firm Flipkart and digital payments business PhonePe have room for other investors and could raise money in several ways including stock market listings, the US retail giant's CEO
- Walmart, the world's biggest retailer by sales, bought about 77 percent of home-grown Flipkart for roughly \$16 billion (roughly Rs. 1,17,700 crores) in 2018, the biggest deal in India's e-commerce sector where it competes with US rival Amazon local business.

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Ola to invest Rs 2,400 Crores in Tamil Nadu Electric scooter plant

- Indian ride-hailing firm Ola, backed by Japan's SoftBank Group, said on Monday it planned to invest Rs. 2,400 crores to set up a factory in the southern state of Tamil Nadu to produce electric scooters.
- The Indian government has been pushing automakers to move to cleaner

fuel technology, especially electric, in an effort to reduce its oil import bill and curb pollution in major cities.

- While carmakers have been slow to launch electric vehicles (EVs), mainly due to the high cost of batteries and weak demand from buyers, sales of electric scooters and rickshaws have picked up pace and are leading India's electrification drive.

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INTERNATIONAL

Big tech firms to be fined 6 % of turnover if they breach EU content rules

- Big tech firms such as Google and Facebook will face fines of up to six percent of turnover if they do not do more to tackle illegal content and reveal more about advertising on their platforms under draft European Union rules.
- The EU's tough line, which is due to be announced next week, comes amid growing regulatory scrutiny worldwide of tech giants and their control of data and access to their platforms.
- EU digital chief Thierry Breton, who has stressed that large companies should bear more responsibility, will present the draft rules known as the Digital Services Act (DSA) on December 15.

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ANTI-TRUST

INTERNATIONAL

Google home State California files to join US Anti-trust lawsuit against the search giant

- California asked to join the US Department of Justice's antitrust lawsuit against Google on Friday,

making the state's attorney general the first Democrat to openly support the litigation.

- The department in October accused the \$1 trillion (roughly Rs. 73,73,830 crores) California-based company of illegally using its market muscle to hobble rivals, and was joined by 11 other states when it was filed.
- The company must respond to California's request to join the lawsuit by December 18, said the judge in the case, US District Judge Amit Mehta.
- The US Justice Department welcomed California's entry to the case, which says Google broke antitrust law to build and maintain dominance in search and search advertising.

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Facebook Risks Instagram-WhatsApp breakup in Antitrust Lawsuit

- Facebook was sued by US antitrust officials and a coalition of states that want to break up the company by unwinding its acquisitions of Instagram and WhatsApp, deals the government says were part of a campaign to illegally crush competition.
- Facebook shares fell 1.9 percent to close at \$277.92 (roughly Rs. 20,500) after falling more than 4 percent earlier.
- Facebook has squashed or hindered what the company saw as potential threats, said New York Attorney General Letitia James during an online press conference.
- Facebook used "vast amounts of money" to acquire companies that could potentially threaten its dominance, particularly Instagram and WhatsApp, she said. The effort was meant to "squeeze every bit of oxygen out of the room."

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BONUS CONTENT

Commercial Contracts are vital part of being corporate lawyers. Here is Part 1 of the two-part series of what Commercial Contracts look in the international scenario.

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