

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER -3 – EXAMINATION – SUMMER 2021

Subject Code: 2830202**Date: 09/09/2021****Subject Name: Management of Financial Services****Time: 02.30 pm to 05.30 pm****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

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|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Q.1 | Question Text and Option | 6 |
| (a). | | |
| 1. | Debenture holders of the Companies are its
A. Creditors B. Debtors
C. Directors D. Shareholders | |
| 2. | The Basic regulatory authority for mutual funds and stock market lies with the
A. Stock Exchanges B. Government of India
C. RBI D. SEBI | |
| 3. | In Capital Market SRO stands for:
A. Self Regulatory Organisation B. Small Revenue Organisation
C. Securities Roll Back Operations D. Securities Regulatory Organisations | |
| 4. | Which of the following is called a 'Banker Cheque'
A. Demand Draft B. Debit Card
C. Pay Order D. Banker's Draft | |
| 5. | The place where bankers meet and settle their mutual and accounts is known as:
A. Treasury B. Clearing House
C. Collecting Centre D. Dumping Ground | |
| 6. | Name the regulatory body of Insurance business
A. IRDA B. SEBI
C. RBI D. NSDL | |
| Q.1 | (b) 1) Primary Market
2) Repo Rate
3) Letter of Credit
4) Treasury Bill | 04 |
| Q.1 | (c) Explain benefits of forfeiting in detail | 04 |
| Q.2 | (a) Define Lease Finance? Briefly discuss types of lease | 07 |

- (b) What is Book-building? Explain briefly the process of issue of shares through book-building method. **07**

OR

- (b) Describe in Brief the Venture Capital Financing Process. **07**

- Q.3** (a) Explain various types of Mutual Fund schemes with Examples **07**
(b) Define capital market in brief? Discuss properly various instruments of capital market **07**

OR

- Q.3** (a) Explain Credit Rating, its benefits to investors, company and other stakeholders. **07**

- (b) Discuss the advantages and disadvantages of Leasing to Lessee **07**

- Q.4** (a) Explain securitization and the mechanism of securitization? **07**

- (b) Discuss international factoring and its types. **07**

OR

- Q.4** (a) Describe different types of NBFCs in India. **07**

- (b) Define depository and discuss functions of depository services. **07**

- Q.5** **14**

Case Study

TOUAX is a French company and is currently Europe's no.1 in shipping containers and river barges, and no.2 in modular buildings and freight railcars. The Group provides operating leases to customers around the world, both on its own account and for third-party investors.

On June 24, 2009, TOUAX announced that its capital increased by waiving preferential subscription rights but with priority for existing shareholders, launched on 18th June 2009 for a total of E17,851,519.76 (gross) through the issue of 936,596 new shares which were subscribed in the entirety. Following partial application of the extension clause, 952,747 shares were placed or 101.72% of the issue; total proceeds were E18,159,357.82.

This rights issue has enabled the Group to strengthen its financial structure, to position itself with advantage for possible acquisitions of tangible stock, and to grasp opportunities thrown up by the crisis (purchase of shipping containers, modular buildings, river barges and railcars, for hiring out on mainly long-term leases). 370,062 new shares allotted under absolute entitlement were subscribed or 39.51% of the total number of new shares on issue. Another 555,685 shares were applied for subject to cutting back in the event of oversubscription, and orders for these were all filled. Another 27,000 shares had been applied for by the general public, and following partial application of the extension clause it proved possible to fill orders for all of these.

As the result of the rights issue, TOUAX is well placed to respond to the boom in corporate outsourcing of non-core assets, and every day provides over 5,000 customers with quick and flexible leasing solutions. TOUAX is now listed on Euronext in Paris - NYSE

Euronext Compartment C (ISIN Code FR0000033003), and features in the SBF 250 Index.

Questions

1. After analysing the case, do you think all the companies that can afford, should opt for rights issue to improve their financial status?
2. What do analyse as the two main advantages of the rights issue?

OR

Q.5

14

Case Study

Yes Bank, one of India's leading private sector banks, announced in March 2009 that it has subscribed to 250 millions of rated Non-convertible Debentures (NCD) issued by SKS Microfinance, India's largest and the world's fastest growing Microfinance Institution (MFI). The bond has a tenor of one year from the date of allotment with a coupon rate of 10.50% per annum. Yes Bank thus became the lead manager to the issue a first of its kind issuance of rated paper by an Indian micro-finance institution.

Microfinance has been recognized as an efficient poverty alleviation tool, its expansion in India is significantly impeded by its relatively limited access to capital markets resulting in MFIs continuing to face challenges of high cost of funds. On successful completion of the transaction, Suresh Gurumani, MD and CEO of SKS Microfinance said, "SKS is the only MFI in the country to raise funds through non-convertible debenture. The funds will be utilised to provide financial services to a larger section of the poor." Somak Ghosh, group president, corporate finance and development banking, YES Bank, on fully subscribing to the issue said, "Yes Bank's microfinance initiatives/approach/focus is centred on using structured capital market products to provide MFIs access to a broader base of investors and lenders thus reducing cost of funds and lowering transaction costs for the sector.

The successful closure of SKS's rated bond issue is the fruition of such efforts at Yes Bank and SKS Microfinance and will help the MFI tap sophisticated capital market investors opening up additional, cost-effective sources of funds." Announcing this landmark transaction, S. Dilli Raj, CFO of SKS Microfinance said, "SKS becomes the first Indian MFI to issue a rated bond. This showcases SKS's structuring and financial innovation skills. The fact that the Bond is a stand alone issuance with no credit enhancement in the form of any 3rd party guarantee or collateral speaks volumes of SKS's Balance Sheet strength".

Questions

1. How do you think has the move helped Yes bank?
2. What other innovative tools do you think Yes Bank could have employed to yield similar results?
