

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA– SEMESTER –III-EXAMINATION – WINTER-2023

Subject Code:4539292**Date: 04-12-2023****Subject Name: Financial Markets and Services****Time:10:30 AM TO 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- Q.1. Explain the following terms. 14**
- a Non-Banking Financial Corporation (NBFC)
 - b Depository Participant
 - c Reverse Mortgage
 - d Angel Investors
 - e Asset Management Company
 - f Rights Issue
 - g Underwriters
- Q.2 (a) “A country can only grow if people have unlimited access to affordable, appropriate and useful financial services.” Justify the statement and discuss the steps taken by the RBI and Government for increasing financial inclusion in India. 07**
- Q.2 (b) “Venture capital firms play an active role in the investee companies”. Do you agree with the statement? Discuss the post investment role played by venture capital investors in the investee companies. 07**
- OR**
- Q.2 (b) Give an overview of various Credit Rating Agencies operating in India. 07**
- Q.3 (a) Which organization is responsible for regulation and functioning of Indian Banking System? Explain its role for Banking and Indian Economy. 07**
- Q.3 (b) Discuss the process of forfaiting for an exporter. 07**
- OR**
- Q.3 (a) Discuss how asset securitization works with the role of various parties involved in the process. 07**
- Q.3 (b) Differentiate between primary and secondary market and also highlight any two recent developments with respect to Indian capital market. 07**
- Q.4 (a) Mr. Pathak is working in a private company at a senior level and is having a CIBIL score of 700. According to you, is he eligible to get a bank loan? Also discuss few practices through which one can increase the CIBIL Score. 07**
- Q.4 (b) Discuss the major classification of banks in India. 07**
- OR**
- Q.4 (a) What is money market? Discuss Treasury Bills and Commercial Papers as money market instruments. 07**
- Q.4 (b) How can crowdfunding platforms help the individuals in raising the funds for emergency situation such as medical condition or natural disaster? Discuss the positive and negative aspects of crowdfunding. 07**
- Q.5** Incorporated in 1995, RR Kabel Limited provides consumer electrical products used for residential, commercial, industrial and infrastructure purposes. RR Kabel has two broad segments: Wires and cables including house wires, industrial wires, power cables, and special cables; and FMEG (Fast-Moving Electric Goods) including fans, lighting, switches, and appliances. The

company undertakes the manufacturing, marketing, and sale of wires and cable products under 'RR Kabel' brand, and fans and lights under the 'Luminous Fans and Lights' brand.

In 2020, RR Kabel Ltd had acquired Arraystorm Lighting which specializes in LED lights and related hardware business. This automatically gave RR Kabel Ltd the access to the fast-growing LED lights franchise. This will help RR Kabel Ltd to expand its offerings to cover offices, industrial and warehouse spaces etc. It was only in 2022 that RR Kabel Ltd acquired the home electrical business (HEB) of Luminous Power Technologies, which is the brand under which the company currently sells its fans and lights as part of the FMEG portfolio.

The company has manufacturing units located at Waghodia, Gujarat, and Silvassa, Dadra and Nagar Haveli, and Daman and Diu which primarily carry out manufacturing operations of wire and cables and switches. Apart from that, it owns and operates three integrated manufacturing facilities which are located at Roorkee, Uttarakhand; Bengaluru, Karnataka; and Gagret, Himachal Pradesh, which carry out manufacturing operations in respect of FMEG products. RR Kabel's clientele comes from both the domestic market and international markets.

Recently, the company has come out with an Initial Public offer (IPO). It was a book built issue of Rs 1,964.01 crores. The shares got listed on BSE, NSE on September 20, 2023. IPO price band was set at ₹983 to ₹1035 per share with a minimum lot size of 14 Shares. Axis Capital Limited, Citigroup Global Markets India Private Limited, HSBC Securities & Capital Markets Pvt Ltd and JM Financial Limited were the book running lead managers of this IPO, while Link Intime India Private Ltd was the registrar for the issue. Currently the promoters hold 66.42% of the company, which will get diluted post the IPO to 62.77%. The EPS has been stable at around ₹17 per share and the upper band price of ₹1,035 discounts the earnings at a P/E ratio of around 60 times. The latest year profit margins are in the range of 3% to 5% It still derives 71% of its revenues from the wires and cables segment with only the balance from the FMEG segment. However, more than 97% of the sales of the FMEG products comes from the B2C channel, making it highly scalable.

The company intends to utilize the net proceeds from the issue towards the repayment or prepayment, in full or in part, of borrowings availed by the company from banks and financial institutions and general corporate purposes.

(Data Source: Company RHP filed with SEBI)

- (a) Why do companies launch an IPO? What was the objective of IPO of RR Kabel limited? 07
- (b) Which factors would an investor consider before investing in the IPO of RR Kabel limited? Which document of IPO helps the investors to find the details of IPO? You may make necessary assumptions. 07

OR

- (a) Identify the cap and floor price of IPO for RR Kabel limited. What is the significance of these prices for book building method? 07
- (b) Explain the role of book running lead managers and the registrar for the issue in IPO process. 07
