

**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**

Course: Management of Financial Institutions
Semester-III (Batch: 2018-20)

MBA End Semester Examination: November-2019

Date: 13th November, 2019

Duration: 3 hours

Max. Marks: 60

Instructions:

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write anything on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.

Answer All Questions

Marks

- Q.1 From the following information on IRCTC IPO; formulate and present answers to the following managerial questions.

IRCTC Initial Public Offer

IRCTC (Miniratna PSU) is wholly-owned by Government of India and under the administrative control of the Ministry of Railways. It is the only entity authorized by Indian Railways to provide catering services to railways, online railway tickets and packaged drinking water at railway stations and trains in India.

Revenue contribution from different verticals:

Particulars (Figures in Crore)	2019	2018	2017
Internet Ticketing	234	207	469
Catering	1044	740	398
Packaged Drinking Water (Rail Neer)	176	169	159
Travel and Tourism	444	403	528
Total	1898	1519	1554

IRCTC IPO Details:

Open Date:	Sep 30 2019
Close Date:	Oct 03 2019
Total Shares:	20160000
Face Value:	₹ 10 Per Equity Share
Issue Type:	book building
Issue Size:	645 Cr.
Lot Size:	40 Shares
Issue Price:	₹ 315-320 Per Equity Share
Retail Discount:	10
Listing At:	NSE, BSE
Listing Date:	Oct 14 2019

Objects of the IRCTC IPO: The objects of the Offer are: (i) to carry out the disinvestment of 20,160,000 equity shares by the selling shareholder constituting 12.60%

of paid-up equity share capital in IRCTC (ii) To achieve the benefits of listing the equity shares on the stock exchanges. The company will not receive any proceeds from the Offer and all proceeds shall go to the selling shareholder.

Promoters and Management: The govt. of India is the promoter of IRCTC.

Financials of IRCTC IPO (figures in crore):

Year	Revenue	EBITDA	OPM	PAT	NPM	Shares	EPS
2017	1602	380	23.7%	229	11.4%	4.000	14.3
2018	1569	372	23.7%	220	10.9%	4.000	13.8
2019	1956	461	23.6%	272	13.5%	16.000	17.0

Bid Details of IRCTC IPO as on 03-Oct-2019 23:15:02 IST

Total	No. of shares offered	No. of shares bid	No. of total times
Qualified Institutional Buyers (QIBs)	10,000,000	1,087,887,320	108.79
Non Institutional Investors	3,000,000	1,063,568,360	354.52
Retail Individual Investors (RIIs)	7,000,000	104,576,320	14.94
Employee Reserved	160,000	930,560	5.82
Shareholders	-	-	-
Total	20,160,000	2,256,962,560	111.95

Total Number of Applications in Retail Category: 14,64,763

Application-wise Subscription in Retail Category: 8.37X

Source: <https://investorzone.in/ipo/irctc-ipo/>

Answer the following questions;

- (a) What are the managerial challenges in bringing out an IPO issue for a company? (02)
- (b) Which institutions participate as syndicate members facilitating an IPO issue? (01)
- (c) Discuss the process of offer for sale. (02)
- (d) Analyze the financial status of IRCTC prior to the IPO issue. (05)
- (e) Using the information given and information available in the public domain, discuss the process of book building and price discovery of IRCTC IPO. (05)
- (f) Explain the process of IPO allotment and subsequent listing and trading using the IRCTC IPO particulars. (05)
- Q.2 Discuss instruments widely traded in the money market. Which institutions participate on the borrowing side and lending side? (10)
- Q.3 Using authentic information available in the public domain, discuss the situation of Non Performing Assets of Indian Banks under the categories of Public Sector Banks, Private Sector Banks and Foreign Banks. (10)

Q.4 Discuss the process of Credit Appraisal. Which financial ratios are useful in determining creditworthiness of borrowers precisely? (10)

Or

Discuss financials of any recent bank merger and highlight synergies created (if any). Present your opinion on prospective bank mergers in India.

Q.5 Securities and Exchange Board of India have been a proactive regulator and developer of the financial system in India. Discuss the structure of SEBI and SAT and their regulatory functions w.r.t. to various financial instruments in India. (10)
