



JK LAKSHMIPAT UNIVERSITY, JAIPUR
INSTITUTE OF MANAGEMENT
END TERM EXAMINATION (January 2021)
BBA-I Semester (B&F)

Time: 2 Hours
MM: 40 Marks

Course: Introduction to Financial Services & Fintech
Course Code: FA1106

Instructions: All Questions are compulsory and application oriented. Use appropriate language which reflects critical thinking in taking decision making related to applicability of theoretical concepts.

Section A

- Q.1
1. Suppose, Indian government is falling short in meeting its current obligations and does not want to make this public in order to avoid restlessness among investors. Which instrument can be issued to get rid off from this deficit problem? 4
a. Promissory notes b. Ad-Hoc treasury Bills c. Bearer Bonds d. Rolling settlement
 2. The Market for extremely short period loans is called:
a. Discount Market b. Call Money Market c. Commercial Bill Market
d. Treasury Bill Market
 3. An existing listed company wants to raise additional capital. Which one will be right option to obtain required funds?
a. Capital issue b. Secondary issue c. IPO d. SEO
 4. XYZ Ltd which is operating in textile business in India, does not wants to dilute control of ownership. Which method of floating securities would be suitable for it:
a. SEO b. Right issue c. Private Placement d. Secured Premium Notes

Section B

- Q.2
- Food aggregator and delivery service company Zomato on 28 April 2021 filed for up to Rs 8250 crore (nearly \$1.1 bn) Initial Public Offer (IPO) with the Securities and Exchange Board of India (SEBI). As per the Draft Red Herring Prospectus (DRHP) filed by Zomato, the company offered equity shares comprised of fresh issues of up to Rs 7500 crore and an offer for sale by Info Edge of up to Rs 750 crore. The investor on 27 April had said it will sell its Rs 750 crore shares in the upcoming IPO. Zomato's IPO was one of the most awaited IPOs by the investors. The food aggregator was to launch its IPO by Mid-2021. Recently, the food aggregator converted itself from a private company to a public limited company by amending its Memorandum of Association and renaming itself Zomato Limited. The food delivery service company, in FY20, reported a revenue of Rs 2,486 crore, despite its losses, widened to Rs 2,451 crore during this period, as due to the pandemic the order volumes shrunk. The food delivery platform and restaurant aggregator platform was founded by Deepinder Goyal and Pankaj Chaddah as Foodiebay in 2008 and was renamed Zomato on 18th January 2010. As Zomato was a loss making unit till then, only retail investment was allowed upto 10% instead of 35% of total issue size. The listing

of Zomato came at a time when India was going through an economic crisis amid the second wave of covid situation.

Questions:

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| 1. | Apart from using Initial Public Offer (IPO) what other methods Zomato could have used to raise new capital? Explain each one in brief with mentioning merits and demerits. | 5 |
| 2. | Do you think sponsors and leading merchant banker involved with issue of Zomato well performed their task of origination? Support your answer with logical facts and figures with explaining meaning of origination. | 2 |
| 3. | If, in this case Zomato had an agreement with Underwriters; explain what could be the methods of underwriting. What you think about the responsibility of underwriters in this case compared to normal situation? | 2+1 |
| Q.3 | Explain in brief, insurance principles applicable in each case with proper and suitable logic: | |
| a) | Some insured goods, kept in a godown, were partially destroyed by fire and the insured was dully compensated by the insurer for the loss. The insurer then sued the godown keeper and received a sum of ten thousand rupees from him. The insured claimed payment of even this amount from the insurer. Is he entitled? What kind of insurance principles you will use for both parties to support your answer? | 5 |
| b) | ‘A’ the owner of a ship does not have a ship in good condition; but, by fraud represents ship to be seaworthy and induces ‘B’ an underwriter to insure the ship. After getting insured, ship gets collision in sea. Can ‘B’ obtain the cancellation of policy and deny making payment to A? | 5 |
| c) | Rajiv’s stock were kept in a warehouse were insured against fire. From last 5 months after getting insured, fire extinguishers were not repaired at warehouse. One night, stock was fouled by the heat of the warehouse. Explain the liability of the fire insurance company. | 5 |
| d) | House property of L is insured equally by three general insurance companies (P, Q and R). In an fire accident, housing property is destroyed fully and L claims amount only from one insurance company “Q” and receives 1.5 crore Rs. After making payment to L, what are the rights in hand of “Q” insurance company? Can J, brother of L; recover amount from any insurance company. Explain. | 5 |
| Q.4 | Pool Fin-care is operating in Indian financial services industry. Post LPG era, it wants to widen its areas as it is working as advisors only as merchant bankers presently. Up to what extent, it can extend its services and what would be the various roles it can offer? If it chosen to operate at the peak level, explain any four services that least level of merchant bankers can’t perform. | 6 |