

DISCIPLINE SPECIFIC ELECTIVE -FINANCE (DSE-5)

DSE 5: INVESTMENT BANKING AND FINANCIAL SERVICES

Credit distribution, Eligibility and Pre-requisites of the Course

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course (if any)
		Lecture	Tutorial	Practical/ Practice		
Investment Banking and Financial Services (DSE 5)	4	3	1	0	Class XII	Basic knowledge of finance

Learning Objectives

- To provide understanding of different aspects of Investment banking and financial services.
- To acquaint the learners about Issue Management of stocks in primary market and role of secondary market and its process
- To acquaint the learners with the basic concept of Leasing, Hire Purchase, Factoring and Forfeiting, Insurance, Credit Rating, Securitization and Venture Capital Financing, Mergers and acquisition
- To know the guidelines of regulatory bodies like IRDA, SEBI on issue management and insurance.

Learning Outcomes

On successful completion of the course the learner will be able to:

- Understand the importance and relevance of Investment Bankers in any Financial System.
- Evaluate the entire process of raising funds from primary markets along with the concerned regulations applicable in India.
- Remember and use the various financial services available in financial markets particularly in India along with the latest innovations and technological integration in the field of finance.
- Apply the role and functions of Investment bankers present under the legal framework of SEBI.

SYLLABUS OF DSE 5

Unit 1: Introduction to Investment Banking

(11 Hours)

Introduction: An Overview of Indian Financial System, Investment Banking in India, Recent Developments and Challenges ahead, Institutional structure and Functions of Investment Banking; SEBI guidelines for Merchant Bankers, Registration, obligations and responsibilities of Lead Managers.

Unit 2: Issue Management

(11 Hours)

Issue Management: Public Issue, classification of companies, eligibility, issue pricing, promoter's contribution, minimum public offer, prospectus, allotment, preferential allotment, private placement, Book Building process; Green Shoe Option; Right Issue: promoter's contribution, minimum

subscription, Bought out Deals, Post issue work & obligations, Investor protection, Broker, sub broker and underwriters.

Unit 3: Financial Services 1

(12 Hours)

Leasing: Concepts of leasing, types of leasing, financial & operating lease, direct lease and sales & lease back, advantages and limitations of leasing, Lease rental determination; Finance lease evaluation problems from Lessee's angle. Hire Purchase: Interest & Instalment, difference between Hire Purchase & Leasing, Choice criteria between Leasing and Hire Purchase, numerical problems on of Hire purchase for decision making. Factoring and Forfaiting and its arrangement, Housing Finance: Meaning and rise of housing finance in India, floating vs. fixed rate.

Unit 4: Financial Services 2

(11 Hours)

Venture Capital: Concept, history and evolution of VC, the venture investment process, various steps in venture financing, incubation financing. Securitization: Concept and Process, Credit Enhancement parties to a Securitization Transaction, Instruments of Securitization, Types of Securities, Securitization in India. Credit Rating Agencies: Role and Mechanism, Private Equity.

Mergers and Acquisitions – Introduction of mergers and acquisitions, benefits of mergers, Role of Investment bankers in merger, procedure and theories of mergers, acquisitions and takeovers in India, anti-takeover strategies.

Essential/recommended Readings (latest edition of readings to be used)

1. Khan, M. Y. (2013). *Financial services* (7th ed). McGraw-Hill Education.
2. Machiraju, H. R. (2002). *Indian financial system*. Vikas Publication House.

Suggestive Readings (latest edition of readings to be used)

1. Verma, J. C. (1996). *Bharat's manual of merchant banking: Concept, practices and procedures with SEBI clarifications*. Bharat Law House.
2. Sriram, K. *Hand book of leasing, hire purchase and factoring*. ICFAI.

Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time