# **Contents**

Preface	to	the	Fifth	Edition
Preface	to	the	First	Edition

ix

# 1. Non-banking Financial Companies

1.3-1.51

Thorroadking Financial Compa

Introduction 1.3

RBI Act Framework 1.5

RBI NBFCs Acceptance of Public Deposits Directions 1.10

RBI Non-Banking Financial (Deposit Accepting/Holding Companies)

[NBFCs-D] Prudential Norms Directions, 2007 1.19

RBI Systematically Important Non-Banking Financial (Non-Deposit Accepting/Holding)

PART 1
INTRODUCTION

Companies [NBFCS–ND-SI] Prudential Norms Directions, 2007 1.31

NBFCs Auditors Report (RBI) Directions 1.32

Asset-Liability Management (ALM) System 1.34

Guidelines on Fair Practices Code for NBFCs 1.40

Credit Information Companies (Act) 2005 1.42

Recapitulation 1.46

Review Questions 1.51

#### PART 2 ASSET/FUND-BASED FINANCIAL SERVICES

### 2. Theoretical and Regulatory Framework of Leasing

2.3–2.29

Introduction 2.3

Concept and Classification 2.4

Significance/Advantages and Limitations 2.12

Contract Act 2.15

RBI NBFCs Directions 2.22

Other Acts/Laws 2.22

Lease Documentation and Agreement 2.23

Recapitulation 2.26

Review Questions 2.28

## xviii Contents

3.	Accounting/Reporting Framework and Taxation of Leasing Introduction 3.1 IAS-17 Framework 3.2 AS-19: Leases 3.16 Tax Aspects of Leasing 3.26 Recapitulation 3.34 Review Questions 3.35	3.1–3.36
4.	Financial Evaluation of Leasing Introduction 4.1 Lessee's Perspective 4.1 Lessor's Viewpoint 4.7 Recapitulation 4.16 Solved Problems 4.17 Comprehensive Case 4.44 Review Questions 4.48 Answers 4.52	4.1–4.52
5.	Hire-Purchase Finance and Consumer Credit Introduction 5.1 Conceptual Framework 5.1 Legal Framework 5.5 Taxation Aspects 5.14 Accounting and Reporting 5.17 Financial Evaluation 5.20 Consumer Credit 5.25 Recapitulation 5.29 Review Questions 5.30 Appendix 5-A: Flat Rate vs Effective Rate of Interest/Annual Percentage Rate 5.33 Appendix 5-B: Interest Rebate 5.36	5.1–5.38
6.	Factoring and Forfaiting Introduction 6.1 Theoretical Framework 6.1 Factoring in India 6.16 Recapitulation 6.22 Solved Problems 6.23 Mini Case 6.25 Comprehensive Case 6.27 Review Questions 6.32 Answers 6.33	6.1–6.33
7.	Bills Discounting Introduction 7.1 Concept 7.1 Bill Market Schemes 7.4 Recapitulation 7.11 Review Questions 7.11	7.1–7.11

3.1-3.36

8.1-8.97

	Mortgage-Based Securitisation 8.55 Reverse Mortgage Loan (RML): Operational Guidelines 8.73 Securitisation of Standard Assets 8.79 Housing Finance Agencies 8.79 Regulatory Framework for Mortgage Guarantee Companies (MGCs) 8.82 Recapitulation 8.92 Review Questions 8.96	
9.	Insurance Services and Products Introduction 9.1 Insurance Act, 1938 9.2 Insurance Regulatory and Development Authority 9.16 IRDA Regulations 9.22 Insurance Products/Services 9.78 Recapitulation 9.95 Review Questions 9.102	9.1–9.103
10.	Venture Capital Financing Introduction 10.1 Theoretical Framework 10.2 Indian Venture Capital Scenario 10.16 Recapitulation 10.48 References 10.49 Review Questions 10.50	10.1–10.50
11.	Banking Products and Services Introduction 11.1 Reserve Bank of India (RBI) 11.1 Deposit Products 11.9 Loan Products and Other Instruments 11.13 Retail Banking Products 11.18 Money Market Products 11.24 Recapitulation 11.33 Review Questions 11.40	11.1–11.40
12.	Mutual Funds Services and Products	12.1–12.42

8. Housing Finance

Introduction 8.1

Securitisation 8.49

Introduction 12.1

National Housing Bank (NHB) 8.3

Refinance Scheme for HFCs 8.36

Fair Trade Practices Code for HFCs 8.49

NHB's Housing Finance Companies Directions 8.15 Guidelines for Extending Equity Support to HFCs 8.32

Guidelines for Extending Refinance Support to Housing Finance Companies 8.34

Guidelines for Asset Liability Management (ALM) System in Housing Finance Companies 8.43

XX	Contents

	Operations of Mutual Funds: Regulatory Mechanism 12.3 Mutual Fund Schemes/Products 12.33	
	Recapitulation 12.38 Review Questions 12.42	
	PART 3 MERCHANT BANKING AND OTHER FEE-BASED/ADVISORY FINANCIAL SEE	RVICES
13.	Issue Management: Intermediaries	13.3-13.46
	Introduction 13.3 Merchant Bankers/Lead Managers 13.5 Underwriters 13.10 Bankers to an Issue 13.13 Brokers to the Issue 13.17 Registrars to an Issue and Share Transfer Agents 13.18 Debenture Trustees 13.21 Portfolio Managers 13.28 Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market Regulation, 2003 13.34 Prohibition on Dealing/Communicating/Counselling on Matters Relating to Insider Trading 13.38 Recapitulation 13.42 Review Questions 13.45	
14.	Issue Management: Activities/Procedures	14.1–14.55
	Introduction 14.1 Eligibility Norms 14.3 Pricing of Issues 14.7 Promoters' Contribution and Lock-in Requirements 14.10 Contents of Offer Document 14.14 Issue of Indian Depository Receipts (IDRs) 14.14 Issue Advertisement 14.23 Book-building 14.25 Greenshoe Option 14.33 Initial Public Offer Through Stock Exchange Online System (E-IPO) 14.34 Issue of Capital by Designated Financial Institutions 14.37 Preferential Issues 14.40 Qualified Institutional Placement 14.44 OTCEI Issues 14.45 SEBI Issue and Listing of Debt Securities Regulation 2008 14.46 Recapitulation 14.51 Review Questions 14.55	
15.	Issue Management: Pre-Issue and Post-Issue Obligations and Other Requirements Introduction 15.1 Pre-issue Obligations 15.1	15.1–15.23
	Post-issue Obligations/Requirements 15.8	

I.1–I.6

Other Issue Requirements 15.11 Operational Guidelines 15.18 Miscellaneous 15.22 Recapitulation 15.22 Review Questions 15.23	
Introduction 16.1 Conceptual Framework 16.1 Financial Framework 16.6 Tax Aspects of Amalgamation, Merger and Demergers 16.19 Legal and Procedural Aspects of Mergers/Amalgamations and Acquisitions/Takeovers 16.24 Other Forms of Corporate Restructuring 16.56 Recapitulation 16.62 References 16.65 Solved Problems 16.65 Mini Case 16.80 Comprehensive Case 16.82 Review Questions 16.87 Answers 16.90	16.1–16.90
17. Stock Broking, Depositories, Custodial Services and Short Selling and Securities Lending and Borrowing Scheme Introduction 17.1 Stock Broking 17.2 Custodial Services 17.15 Depository System 17.20 Short Selling and Securities Lending and Borrowing Scheme, 2008 17.34 Recapitulation 17.39 Review Questions 17.42	17.1–17.42
18. Credit Rating Introduction 18.1 Regulatory Framework 18.2 Credit Rating Agencies 18.9 Rating Process and Methodology 18.20 Rating Symbols/Grades 18.27 Recapitulation 18.63 Review Questions 18.64	18.1–18.65
Appendix: Table A.I-A.III	A.1-A.10

Index