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Third Semester MBA Degree Examination, June/July 2016

Investment Banking and Financial Services

Max. Marks:100

SECTION - A

Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

- 1 What is book building? (03 Marks)
- 2 Who is a depository? (03 Marks)
- 3 Write a note on NBFC. (03 Marks)
- 4 What is factoring? (03 Marks)
- 5 What is venture capital? (03 Marks)
- 6 Write a note on leasing. (03 Marks)
- 7 What do you mean by credit rating? (03 Marks)

SECTION - B

Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

- 1 Write a note on merchant banking services. (07 Marks)
- 2 What are the advantages of depository system? (07 Marks)
- 3 Explain the types of housing loans. (07 Marks)
- 4 Differentiate between factoring and forfeiting. (07 Marks)
- 5 Write a note on self help groups. (07 Marks)
- 6 Write the differences between leasing and hire purchase. (07 Marks)
- 7 Explain the process of credit rating of financial instruments. (07 Marks)

SECTION - C

Note : Answer any FOUR questions from Q.No.1 to Q.No.7.

- 1 Write SEBI regulations to stock brokers. (10 Marks)
- 2 What are the rights and obligations of depository participants? (10 Marks)
- 3 Explain the factoring mechanism. (10 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg. 42+8 = 50, will be treated as malpractice.

- 4 Discuss the types of NCFC's. (10 Marks)
- 5 Write the concept and features of venture capital. (10 Marks)
- 6 What are the types of lease financing? Explain. (10 Marks)
- 7 Write the benefits of securitization. (10 Marks)

SECTION - D
CASE STUDY – [Compulsory]

ABC machine tool company limited is considering the acquisition of a large equipment to set up its factory in a backward region for ₹ 12,00,000. The equipment is expected to have an economic useful life of 8 years. The equipment can be financed either with an 8 year term loan at 14 percent interest, repayable in equal installments of ₹ 2,58,676 per year or by an equivalent amount of lease rent per year. In both cases, payments are due at the end of the year. The equipment is subject to straight line method of depreciation for tax purposes. Assuming no salvage value after the 8 year useful life and 50 percent tax rate, which of the financing alternative should it select? (20 Marks)

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