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14MBAFM302

Third Semester MBA Degree Examination, Dec.2015/Jan.2016
Investment Banking and Financial Services

Time: 3 hrs.

Max. Marks: 100

Note: 1. Answer any FOUR full questions from Q.No.1 to Q.No.7.
2. Question No. 8 is compulsory.

- 1 a. Mention the functions of investment banks. (03 Marks)
 b. What are the differences between investment bank and commercial bank? (07 Marks)
 c. Explain the role of RBI as a regulator. (10 Marks)
- 2 a. Who is a depository participant? (03 Marks)
 b. What is credit rating? How does it help the investors? (07 Marks)
 c. Illustrate and explain the debt securitization process/mechanism. (10 Marks)
- 3 a. Name the participants in money market. (03 Marks)
 b. Discuss in detail the different money market instruments available in India. (07 Marks)
 c. What is depository system? Explain briefly the functions of depository. (10 Marks)
- 4 a. What is leveraged lease? (03 Marks)
 b. Distinguish between operating lease and financial lease. (07 Marks)
 c. Write short notes on: i) factoring, ii) forfeiting. (10 Marks)
- 5 a. What is the role of the underwriter? (03 Marks)
 b. Discuss the general responsibilities of a lead manager. (07 Marks)
 c. What are pre and post issue guidelines of SEBI for merchant banker? (10 Marks)
- 6 a. What are custodial services? (03 Marks)
 b. Write a short note on:
 i) Housing finance (07 Marks)
 ii) Microfinance (10 Marks)
 c. What is a venture capital fund? Explain. (10 Marks)
- 7 a. What do you mean by call money market? (03 Marks)
 b. Briefly explain the role of NSDL and CDSL in the capital market. (07 Marks)
 c. Discuss in detail the principal businesses of investment banks. (10 Marks)

8 CASE STUDY: (compulsory)

A company needs equipment which costs Rs.15 lakhs for production purpose. Due to lack of funds, the company has to either borrow funds or lease the equipment for 5 years. If it is borrowed, the interest rate is 15%. It has a salvage value of Rs.1,50,000 at the end of 5 years. In case the equipment is taken on lease, an annual rent of Rs.4,95,000 is charged at the end of the year. Depreciation is allowed at 15% on the equipment using WDV method. The company is in the tax bracket of 50%. Applying the discounting rate of 14%. Evaluate both the options and offer your comments. (20 Marks)
