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14MBAFM302

Third Semester MBA Degree Examination, June/July 2017

**Investment Banking and Financial Services**

Time: 3 hrs.

Max. Marks: 100

**SECTION - A**

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

- 1 Write any four functions of investment banks. (03 Marks)
- 2 What is depository? (03 Marks)
- 3 What is hire purchase service? (03 Marks)
- 4 Define factoring. (03 Marks)
- 5 What is venture capital? (03 Marks)
- 6 What is leasing? (03 Marks)
- 7 What is credit rating agency? (03 Marks)

**SECTION - B**

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

- 1 What are the objectives of investment banking? (07 Marks)
- 2 Explain the functions of CDSL. (07 Marks)
- 3 Explain the types of housing finance. (07 Marks)
- 4 Give the difference between factoring and forfeiting. (07 Marks)
- 5 Discuss the types of underwriting. (07 Marks)
- 6 Distinguish between leasing and hire purchase. (07 Marks)
- 7 Explain the credit rating methodology. (07 Marks)

**SECTION - C**

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

- 1 What is financial service? Explain the types of financial services. (10 Marks)
- 2 Discuss the advantages of NSDL. (10 Marks)
- 3 Explain the functions of NBFCs. (10 Marks)
- 4 Explain the steps involved in International Factoring. (10 Marks)

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank spaces.

- 5 Discuss the advantages and disadvantages of microfinance. (10 Marks)
- 6 Explain the leasing problems in Indian Companies. (10 Marks)
- 7 Explain the SEBI Guidelines for pre-issue management. (10 Marks)

**SECTION - D**  
**CASE STUDY – [ Compulsory ]**

Abhishek Ltd. has a plan to diversify, towards this end, it decides to buy a certain machinery. The company could either buy the machinery or have it on lease basis.

The machine can be purchased for Rs.30,00,000. It is expected to have a useful life of 5 years with salvage value of Rs.2,00,000 after the expiry of 5 years.

The purchase can be financed by 20% loan repayable in 5 equal annual installments (inclusive of interest) becoming due at the end of each year.

Alternatively, the machinery can be taken on yearly lease rental value of Rs.9,00,000 for 5 years.

Advice the company as to the best option between these two. You may assume the following:

- i) The machinery will constitute a separate block for accounting purpose.
- ii) The company follows depreciation on W.D.V basis at 25%.
- iii) Tax rate is 35%, cost of capital is 13%.
- iv) Lease rents are to be paid at the end of the year.

(20 Marks)

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