Reg. No. :

Question Paper Code : X 90095

M.B.A. DEGREE EXAMINATIONS, NOVEMBER/DECEMBER 2020

Elective

BA 7022 – MERCHANT BANKING AND FINANCIAL SERVICES

(Regulations 2013)

Time : Three Hours | Maximum : 100 Marks

Answer ALL questions

PART – A **(10×2=20 Marks)**

1. Define Merchant Banking.
2. What is Indian financial system ?
3. What do you mean by offer for sale ?
4. What is a prospectus ?
5. What is merger ?
6. List down any two uses of credit rating.
7. List out the fund based financial services.
8. Who are the parties involved in leasing ?
9. What is real estate financing ?
10. What is Venture capital ?

PART – B **(5×13=65 Marks)**

11. a) Briefly explain the functions of merchant banking and its regulatory framework with suitable examples and data.

(OR)

b) Brief note on :

i) SERA **(6)**

ii) SEBI guidelines on FEMA. **(7)**

12. a) Elaborate the pre-issue management activities of a merchant banker.

(OR)

b) Describe the role and functions of merchant banking in project appraisal.

13. a) Explain the features of different types of mutual funds by highlighting their merits and de-merits.

(OR)

b) Evaluate the various approaches used in business evaluation.

14. a) Enumerate the different ways of determining the rate of interest under the hire purchase agreement. Explain with suitable examples.

(OR)

b) Explain the difference between hire purchase and leasing. List out and explain the factors to be considered for doing financial evaluation of leasing with suitable examples.

15. a) Explain the importance of bills discounting and factoring.

(OR)

b) Explain the features of venture capital. Discuss the recent funds of venture capitalist in India.

PART – C **(1×15=15 Marks)**

16. a) Brief note on :

i) Book Building **(3)**

ii) FEMA **(3)**

iii) E-IPO **(3)**

iv) Forfeiting **(3)**

v) Factoring. **(3)**

(OR)

b) SDS Company

SDS Company decided to acquire a INR 5,00,000 pulp control device that has a useful life of 10 years. A subsidy of INR 50,000 is available at the time of the dive is acquired and placed into service. The device would be depreciated on straight line basis and no salvage is expected. The company is in the 50% tax bracket. If the acquisition is financed with a lease, lease payments of INR 55,000 would be required at the beginning of each year. The company can also borrow at 10% and debt payments would be done the very beginning of each of 10 years.

i) What is the PV of cost outflow for each of these financing alternatives, using the after tax cost of debt ? **(10)**

ii) Suggest some alternative strategies for SDS Company. **(5)**