



MB 117 A

III Semester M.B.A. Examination, July 2013
Elective – A : FINANCE
Course – 17 A : Merchant Banking and Financial Services

Time : 3 Hours

Max. Marks : 75

SECTION – A

(5×2=10)

1. Answer **any five** questions. **Each** question carries **two** marks.
- a) Define financial instrument.
 - b) What is primary market ?
 - c) What is rights issue ?
 - d) What do you mean by depository ?
 - e) What is factoring ?
 - f) What is venture capital ?
 - g) What is credit rating ?

SECTION – B

(4×5=20)

Answer **any four** questions. **Each** question carries **five** marks.

- 2. Explain any five types of financial services provided by merchant banker.
- 3. What are the post issue obligations of a merchant banker in managing public issues ?
- 4. Discuss the functions of secondary market.
- 5. Explain different methods raising funds in international markets.
- 6. Differentiate between factoring and forfeiting.
- 7. Discuss the different types of leasing.

P.T.O.



SECTION – C

(3×10=30)

Answer **any three** questions. **Each** question carries **10** marks.

8. Critically analyse the regulatory frame work for merchant bankers in India.
9. Describe the origin and stages of venture capital in India.
10. Give a detailed account of the insurance services offered by some of the leading insurance companies in India.
11. Explain the methodology of credit rating agencies while rating corporate securities.
12. Explain the mechanism involved in securitization process.

SECTION – D

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13. Case Study.

ABC Ltd. is considering the lease of an equipment, has an estimated economic life of 5 years which has a purchase price of Rs. 3,50,000. The salvage value is zero and the company follows straight line method of depreciation. The lease rentals per year are Rs. 1,20,000. The company pays 40% tax on its income. If the before tax rate of borrowing for the company is 20%, should the company lease the equipment ?

Discount factor :

Year	1	2	3	4	5
PV @ 10%	0.909	0.826	0.751	0.683	0.621
PV @ 20%	0.833	0.694	0.579	0.482	0.402
