

5. (a) Discuss the concept of Venture Capital in a firm. What are the various exit options available to a venture capital fund whenever they want to exit from a firm? (12)
- (b) What is securitization? What are the different instruments of securitization? (6)
6. Write short notes on any 3 of the following : (6×3=18)
- (a) Indian Financial system
- (b) Underwriting obligations of Lead merchant banker
- (c) Draft Red Herring Prospectus
- (d) Shelf prospectus

[This question paper contains 4 printed pages.]

Your Roll No.....

Sr. No. of Question Paper : 5275 H

Unique Paper Code : 2923062018

Name of the Paper : Investment Banking and Financial Services

Name of the Course : Bachelor of Management Studies (BMS)

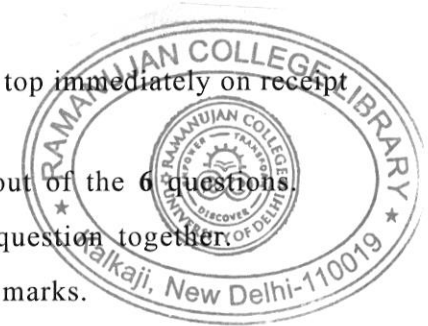
Semester : IV

Duration : 3 Hours

Maximum Marks : 90

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt any 5 questions out of the 6 questions.
3. Attempt **all** parts of **one** question together.
4. **All** questions carry equal marks.



1. (a) Explain the SEBI rules and regulations with special reference to Merchant Bankers. (12)

- (b) Write difference between Investment banking and Merchant banking. (6)
2. (a) Explain the process of issuing an IPO in detail. (12)
- (b) One of the largest exporting companies came up with its IPO and appointed stabilizing agent for green shoe option. Discuss in detail about green shoe option that the company have. (6)
3. (a) A Limited company is contemplating to have access to a machine for a period of 5 years. The company can have the use of machine for the stipulated period through leasing arrangement or the requisite amount can be borrowed at 16% to buy the machine. The firm is in the 50% tax bracket. In the case of leasing, the firm would be required to pay at the end- of-year lease rent of Rs.1,20,000 for 5 years. All maintenance, insurance and other costs are to be borne by the lessee. In the case of purchase of the machine (which costs Rs.3,63,300), the firm would have 16% five-year loan to be paid in 5 equal annual installments, each instalment becoming due at the end of each year.

- The machine would be depreciated on a straight-line basis, with no salvage value. Advise the company which option it should go for, assuming lease rents are paid (a) at the end of the year (b) in advance. (12)
- (b) Differentiate between leasing and hire purchase. (6)
4. (a) ABC Ltd. with a turnover of Rs. 4.80 crores is expecting a growth of 25% in sales in the upcoming year. The average credit period is 90 days. Bad debts losses are 1.75% on sales. Currently is company is incurring an administering cost of Rs. 6,00,000 on managing the debtors. A factor firm has come forward and offered factoring services as 20% risk with recourse on 2% commission. The factor will pay an advance on receivables to the firm at 16% p.a. after withholding 10% as reserve. Calculate the monetary cost and effective cost of factoring to the firm. (12)
- (b) Write about recent development and challenges in Indian Financial System. (6)