

[This question paper contains 3 printed pages.]

Your Roll No.....

Sr. No. of Question Paper : **8019A**
Unique Paper Code : **61017925**
Name of the Paper : **Investment Banking and Financial Services**
Name of the Course : **Bachelor of Management Studies (BMS),
2024 LOCF**
Semester : **VI**
Duration : **3 Hours**
Maximum Marks : **75**

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
 2. Attempt all parts of one question together.
 3. Attempt **ANY FIVE** questions out of the 6 questions.
 4. **All** questions carry equal marks.
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1. (a) "Financial intermediaries have to perform the task of financial innovation to meet the dynamically changing needs of the economy". Discuss. (10)
(b) What is Red herring Prospectus? (5)
 2. (a). Who is lead manager? Discuss his duties and liabilities as per SEBI guidelines. (10)
(b) Explain briefly the process of securitization? (5)

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3. A company wishes to acquire an asset costing Rs. 1,00,000. The company has an offer from a bank to lend @ 18% repayable in 5 instalments of Rs 20000 for 5 years. A leasing company has also submitted a proposal to the Company to acquire the asset on lease at a yearly rentals of Rs. 280 per Rs. 1000 of the assets value for 5 years payable at end. year The rate of depreciation of the asset allowable for tax purposes is 20% on W.D.V with no extra shift allowance. The salvage value of the asset at the end of 5 years period is estimated to be Rs. 1000. Whether the company should accept the proposal of Bank for buying or leasing company, if the effective tax rate of the company is 50%. Discounting factor is 9%. (15)
4. (a) Gamma Ltd. has credit sales of Rs. 165 crores during the financial year 2019- 2020 and its average collection period is 65 days. The past experience suggests that bad debt losses are 4.28% of credit sales. Administration cost incurred in collection of its receivables is Rs. 12,35,000 p. a. A factor is prepared to buy the company's receivables by charging 1.95% commission. The factor will pay advance on receivables to the company at an interest rate of 16% p.a. after withholding 15% as reserve, commission & interest. Estimate the effective cost of factoring to the company assuming 360 days in a year. (10)
- (b) Differentiate between Merger and Acquisition? (5)
5. (a) What are the various stages of Venture capital financing. Explain the advantages of venture capital to investing promoters, public and economy. (10)
- (b) Describe the Book Building process (5)
6. Write short notes on any 3 of the following. (5*3 = 15)
- (a) Private Placement

- (b) Credit Rating Agencies' Methodology
- (c) Principles of Insurance
- (d) With and Without Recourse factoring

