



MB 117 A

Third Semester M.B.A. Examination, July 2010
MANAGEMENT
Elective – A : Finance (Freshers)
Course – 17 A : Merchant Banking and Financial Services

Time : 3 Hours

Max. Marks : 75

SECTION – A

1. Answer **any five** questions. **Each** question carries **two** marks : **(5×2=10)**
- a) What is private placement ?
 - b) Differentiate between capital market and money market.
 - c) What is leveraged buy out ?
 - d) What is factoring ?
 - e) Define financial lease.
 - f) What do you mean by credit rating ?
 - g) Define financial engineering.

SECTION – B

- Answer **any four** questions. **Each** question carries **five** marks : **(4×5=20)**
- 2. Explain any five functions of financial services.
 - 3. Explain the different corporate advisory services of merchant banker.
 - 4. What are the advantages and disadvantages of leasing ?
 - 5. Distinguish between hire purchase system and instalment system.
 - 6. What are the additional facilities besides providing credit that the credit card offers to their customers ?
 - 7. Explain the importance of credit rating.

P.T.O.



SECTION – C

Answer **any three** questions. **Each** question carries **ten** marks : **(3×10=30)**

8. Discuss the pre-issue activities relating to issue management.
9. Briefly explain the different functions of a merchant banker.
10. Discuss the mechanism involved in a factoring financial service.
11. Discuss the role of National Housing Bank in housing finance.
12. Explain the uses of credit rating to investors, issuers, intermediaries and regulators.

SECTION – D

Case study : **(1×15=15)**

13. ABC Ltd. is interested in acquiring the use of an asset costing Rs. 10,00,000. It has two options
 - i) to borrow amount at 18% p.a. repayable in 5 equal installments.
 - ii) to take on lease the asset for the period of five years, at the year end rentals of Rs. 2,40,000. The corporate tax rate is 50% and the depreciation is allowed on straight line method. The asset will have a salvage value of Rs. 2,00,000 at the end of the 5th year.

You are required to advise the company about lease or buy decision.
