This question paper contains 3 printed pages]

**Roll No.** | | | | | | | | | | | |

S. No. of Question Paper : **6202**

Unique Paper Code : **2923062018**

Name of the Paper : **Investment Banking and Financial Services (DSE)**

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

Semester : **IV/VI**

Duration : **3 Hours** Maximum Marks : **90**

*(Write your Roll No. on the top immediately on receipt of this question paper.)*

Attempt *all* the questions.

*All* the parts of the question must be attempted together.

*All* questions carry equal marks.

1. (*a*) What are the provisions of SEBI (Merchant Banker) Regulations, 1992 for grant of certificate to carry on the activities of a merchant banker ? 9

(*b*) Explain various services that can be offered by a Merchant Banker. 9

P.T.O.

2. (*a*) "What is a green shoe option in the context of an Initial Public Offering (IPO), and how does it help stabilize the share price post-IPO ?" 9

   (*b*) What are the procedural requirement of public issue as per SEBI Guidelines 2000 ? 9

3. (*a*) Alpha Ltd. with a turnover of Rs. 4.00 crores is expecting a growth of 20% in sales in the upcoming year. The average credit period is 90 days. Bad debts losses are 1.75% on sales. Currently company is incurring an administering cost of Rs. 5,00,000 on managing the debtors. A factor firm has come forward and offered factoring services as 10% risk with recourse on 2% commission. The factor will pay an advance on receivables to the firm at 16% p.a. after withholding 15% as reserve. Calculate the monetary cost and effective cost of factoring to the firm. 9

   (*b*) Explain the concept of leasing. What are the different types of leasing ? 9

4. (*a*) Suresh Ltd. is considering buying a machine costing Rs. 1,10,000 with Rs. 10,000 payable down and the balance in 10 annual equal instalments inclusive of interest chargeable at 15%. Another option before it is to acquire the asset on a lease rental of Rs. 15,000 per annum for 10 years. As a finance manager, decide between these two options in light of the following information : 9

   (*i*) The scrap value of Rs. 20,000 is realizable if the asset is purchased.

(*ii*) The firm provides 10% depreciation based on the original cost on the straight-line method.

(*iii*) The tax rate is 50% and the after-tax cost of capital is 15%.

(*b*) What do you mean by Venture Capital ? Explain the process of venture financing. 9

5. Write short notes on any *three* of the following : 6×3

(1) Credit Rating Agencies

(2) Securitization.

(3) Role of Investment Banker in Mergers

(4) Shelf Prospectus

(5) Housing Finance