[This question paper contains 2 printed pages.]

Your Roll No...............

Sr. No. of Question Paper : 9205 **J**

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

Instructions for Candidates

1. Write your Roll No. on the top immediately on receipt of this question paper.
2. Attempt **all** the questions.
3. **All** the parts of the question must be attempted together.
4. **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)

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 is 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 :

   (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%. (9)

   (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)

   (i) Credit Rating Agencies

   (ii) Securitization

   (iii) Role of Investment Banker in Mergers

   (iv) Shelf Prospectus

   (v) Housing Finance