Sahyadri College of Engineering & Management
CENTRAL LIBRARY
Adyar, Mangalore-7

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14MBAFM302

Third Semester MBA Degree Examination, Dec.2015/Jan.2016
Investment Banking and Financial Services

Time: 3 hrs. Max. Marks:100

Note: 1. ***Answer any FOUR full questions from Q.No.1 to Q.No.7.***
2. ***Question No. 8 is compulsory.***

Important Note : 1. On completing your answers, compulsorily draw diagonal cross lines on the remaining blank pages.
2. Any revealing of identification, appeal to evaluator and /or equations written eg, 42+8 = 50, will be treated as malpractice.

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1 a. Mention the functions of investment banks. **(03 Marks)**
b. What are the differences between investment bank and commercial bank? **(07 Marks)**
c. Explain the role of RBI as a regulator. **(10 Marks)**

2 a. Who is a depository participant? **(03 Marks)**
b. What is credit rating? How does it help the investors? **(07 Marks)**
c. Illustrate and explain the debt securitization process/mechanism. **(10 Marks)**

3 a. Name the participants in money market. **(03 Marks)**
b. Discuss in detail the different money market instruments available in India. **(07 Marks)**
c. What is depository system? Explain briefly the functions of depository. **(10 Marks)**

4 a. What is leveraged lease? **(03 Marks)**
b. Distinguish between operating lease and financial lease. **(07 Marks)**
c. Write short notes on: i) factoring, ii) forfeiting. **(10 Marks)**

5 a. What is the role of the underwriter? **(03 Marks)**
b. Discuss the general responsibilities of a lead manager. **(07 Marks)**
c. What are pre and post issue guidelines of SEBI for merchant banker? **(10 Marks)**

6 a. What are custodial services? **(03 Marks)**
b. Write a short note on:
i) Housing finance
ii) Microfinance **(07 Marks)**
c. What is a venture capital fund? Explain. **(10 Marks)**

7 a. What do you mean by call money market? **(03 Marks)**
b. Briefly explain the role of NSDL and CDSL in the capital market. **(07 Marks)**
c. Discuss in detail the principal businesses of investment banks. **(10 Marks)**

8 ***CASE STUDY: (compulsory)***
A company needs equipment which costs Rs.15 lakhs for production purpose. Due to lack of funds, the company has to either borrow funds or lease the equipment for 5 years. If it is borrowed, the interest rate is 15%. It has a salvage value of Rs.1,50,000 at the end of 5 years. In case the equipment is taken on lease, an annual rent of Rs.4,95,000 is charged at the end of the year. Depreciation is allowed at 15% on the equipment using WDV method. The company is in the tax bracket of 50%. Applying the discounting rate of 14%. Evaluate both the options and offer your comments. **(20 Marks)**

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