

ii.	Explain the role of merchant bankers in conducting economic appraisals for projects. How does this appraisal impact project financing decisions?	6	2	2	3
OR	iii. What is leasing finance, and how does it differ from traditional financing options like loans?	6	1	2	3
Q.5	i. Define a merger and explain how it differs from an acquisition. ii. How do changes in consumer preferences and market demand act as external forces in mergers and acquisitions?	4	2	2	4
OR	iii. How do organizational culture differences impact the success of mergers and acquisitions?	6	2	2	4
Q.6	Attempt any two: i. Define due diligence. How do you assess and mitigate the risks and challenges of due diligence? ii. Elaborate five stages model of merger and acquisition. iii. Define the following terms: (a) Poisson pill (b) Greenmail	5	1	2	5

*Total No. of Questions: 6**Total No. of Printed Pages: 4***Enrollment No.....**

Knowledge is Power

**Faculty of Management Studies
End Sem Examination Dec 2024
MS5EF10 Merchant Banking**

Programme: MBA

Branch/Specialisation: Management /
Finance**Duration: 3 Hrs.****Maximum Marks: 60**

Note: All questions are compulsory. Internal choices, if any, are indicated. Answers of Q.1 (MCQs) should be written in full instead of only a, b, c or d. Assume suitable data if necessary. Notations and symbols have their usual meaning.

Marks	BL	PO	CO	PSO
Q.1				
i. What is the primary role of merchant banking?	1			
(a) Providing personal loans to individuals	2	1	1	
(b) Assisting in the purchase of consumer goods				
(c) Offering advisory services for corporate financing and investment				
(d) Selling mutual funds to retail investors				
ii. Which of the following best describes the process of underwriting in merchant banking?	1	1	1	1
(a) Providing personal loans to customers				
(b) Guaranteeing the subscription of securities issued by a company				
(c) Offering retail banking services				
(d) Managing credit card transactions				
iii. What is the primary role of a merchant banker in issue management?	1	2	1	2
(a) To provide legal advice to investors				
(b) To underwrite the issue				
(c) To manage and coordinate the entire public issue process				
(d) To determine the market price of shares				

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- iv. The role of a merchant banker in pricing of the public issue is: **1** 1 1 2
- (a) Optional, as companies price the issue themselves
 - (b) Essential, as they help determine the correct price band
 - (c) Only required for initial public offerings (IPOs)
 - (d) Restricted to providing suggestions on the issue price
- v. Forfeiting is generally used in which type of transactions? **1** 1 3 3
- (a) Domestic retail transactions
 - (b) International trade transactions
 - (c) Long-term mortgage transactions
 - (d) Real estate transactions
- vi. What is the primary purpose of economic appraisal in project financing? **1** 2 3 3
- (a) To evaluate the marketing strategy
 - (b) To assess the environmental impact
 - (c) To determine the project's financial viability
 - (d) To analyse the competition
- vii. In the context of M&A, corporate advisory services are primarily aimed at: **1** 2 3 4
- (a) Helping companies set up manufacturing units
 - (b) Assisting in the strategic planning, negotiation, and execution of mergers and acquisitions
 - (c) Recruiting staff for new business operations
 - (d) Managing employee training programs
- viii. Which of the following is a common motive for companies to engage in a merger? **1** 1 1 4
- (a) To reduce competition in the market
 - (b) To increase inventory levels
 - (c) To reduce marketing efforts
 - (d) To lower employee turnover

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- ix. Which of the following is a strategy used by a company to prevent a hostile takeover? **1** 1 2 5
- (a) Increasing employee wages
 - (b) Buying out the acquirer's shares
 - (c) Launching a share buyback program
 - (d) Issuing new debt
- x. Which defense strategy involves the target company making a counter-bid to acquire the hostile bidder? **1** 2 3 5
- (a) White knight
 - (b) Crown jewel
 - (c) Pac-Man defense
 - (d) Poison pill
- Q.2 i. What are the components of the Indian financial system? **2** 1 1 1
- ii. What roles do merchant banks play in the Indian financial market? **3** 1 1 1
- iii. How does the Securities and Exchange Board of India (SEBI) regulate merchant banking activities? **5** 1 3 1
- OR iv. What is the role of intermediaries in facilitating Merchant Banking transactions.? **5** 1 3 1
- Q.3 i. What is the meaning of 'issue' in the context of merchant banking? **2** 1 1 2
- ii. Explain the roles and responsibilities of merchant banks in the pre-issue and post-issue management processes of a public offering. **8** 1 1 2
- OR iii. Explain how bankers to the Issue facilitate fund collection and manage investor transactions during an offering. **8** 1 1 2
- Q.4 i. Discuss the role of a factor in the factoring process. What services does the factor provide apart from financing? **4** 2 2 3

Marking Scheme
MS5EF10 (T) Merchant Banking (T)

Facilitate 4M investor transactions 4M			
Q.1 i) C) Offering advisory services for corporate financing and investment 1			
ii) B) Guaranteeing the subscription of securities issued by a company 1		Q.4 i.	Discuss the role of a factor in the factoring process.2 Mark What services does the factor provide apart from financing? (2 Mark) 4
iii) C) To manage and coordinate the entire public issue process 1		ii.	Explain the role of merchant bankers in conducting economic appraisals for projects. (3 Mark) 6
iv) B) Essential, as they help determine the correct price band 1			How does this appraisal impact project financing decisions? (3 Mark) 6
v) B) International trade transactions 1		OR iii.	What is leasing finance 3M How does it differ from traditional financing options like loans 3M 6
vi) C) To determine the project's financial viability 1			
vii) B) Assisting in the strategic planning, negotiation, and execution of mergers and acquisitions 1		Q.5 i.	Define a merger 2 Mark How it differs from an acquisition. 2 Mark 4
viii) A) To reduce competition in the market 1		ii.	How do changes in consumer preferences and market demand act as external forces in mergers and acquisitions? 6
ix) C) Launching a share buyback program 1			Each point 1 M
x) C) Pac-Man defence 1		OR iii.	How do organizational culture differences impact the success of mergers and acquisitions? Each point 1 M 6
Q.2 i. What are the components of the Indian financial system? 2M 2			
ii. What roles do Merchant Banks play in the Indian financial market? Each point carries 1 mark 3		Q.6	Attempt any two:
iii. How does the Securities and Exchange Board of India (SEBI) regulate Merchant Banking activities? Each point carries 1 mark 5		i.	Define due diligence? (2.5 Mark) 5
OR iv. What is the role of intermediaries in facilitating Merchant Banking transactions.? Each point carries 1 mark 5		ii.	How do you assess and mitigate the risks and challenges of due diligence? (2.5 Mark) 5
		iii.	Elaborate five stages model of merger and acquisition. 5
Q.3 i. What is the meaning of 'issue' in the context of Merchant Banking? Define 2M 2			. Define the following terms: (2.5 each) 5
ii. Explain the roles and responsibilities of merchant banks in the pre-issue and post-issue management processes of a public offering. Pre-issue 4M Post-issue 4M 8			(a) Poisson pill (b) Greenmail
OR iii. Explain how Bankers to the Issue facilitate fund collection and manage investor transactions during an offering. 8			*****