

Total No. of Questions: 6

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Enrollment No.....



Faculty of Management Studies
End Sem (Odd) Examination Dec-2019
MS5EF05 Investment 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.

- Q.1 i. Any person who is not trading member of stock exchange but who act on behalf of a trading member as an agent or otherwise for assisting investors in dealing in securities through such trading members is **1**
(a) Book Runner (b) Broker
(c) Sub-Broker (d) None of these
- ii. What is the Capital adequacy requirement of a portfolio manager? **1**
(a) Minimum net worth of 1 Crores
(b) Minimum net worth of 2 Crores
(c) Minimum net worth of 50 lakhs
(d) None of these
- iii. _____ lease is a long-term lease that is not cancellable, and its life often matches the useful life of an asset. **1**
(a) Financial Lease (b) Operating Lease
(c) A Net Lease (d) All of these
- iv. The act of buying an asset without having to make full payment in the immediate future is known as **1**
(a) Hire-Purchase (b) Sales and Leaseback
(c) Financial Lease (d) Operating Lease
- v. Which of the following is a type of Securitisable Asset? **1**
(a) Home Equity loans (b) Students loans
(c) Account receivables (d) All of these

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vi.	A type of gap financing arrangement where the borrower can get access to short term loans for meeting short-term liquidity requirements is	1
	(a) Bridge loan (b) Home extension loan	
	(c) Home improvement loan (d) Home conversion loan	
vii.	A financial service in which the business entity sells its bill receivable to a third party at a discount in order to raise its funds is called	1
	(a) Venture Capital (b) Factoring	
	(c) Forfeiting (d) Leasing	
viii.	Benefits associated with forfeiting are	1
	(a) It eliminates risk	
	(b) It improves cash flow by providing ready liquidity	
	(c) It allows to discount long term debt	
	(d) All of these	
ix.	Which of the following is not a characteristic feature of venture capital firm?	1
	(a) Funding just one or small number of firms	
	(b) Holding equity in the firms that are funded	
	(c) Having a long-term investment horizon	
	(d) Providing advice and assistance to firm that are funded	
x.	What is the full form of CRISIL?	1
	(a) Credit Rating Information Services of India limited	
	(b) Credit Rating of Investment Services of India Limited	
	(c) Credit Rating Insight Services of India limited	
	(d) Credit Rating India Services for Investment and Liability	
Q.2	i. Explain the meaning of investment banking.	2
	ii. Discuss the various types of Investment banking services.	3
	iii. Mention the functions related to investment banking.	5
OR	iv. What guidelines SEBI has prescribed for merchant bankers?	5
Q.3	i. Explain the concept of leasing.	2
	ii. State the differences between leasing and hire-purchase.	8
OR	iii. Discuss the contents of lease and hire-purchase agreement.	8

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Q.4	i. What do you mean by reverse mortgage loan?	3
	ii. Specify the parties involved in securitisation process.	7
OR	iii. Explain the procedure of housing finance. How interest rates associated with housing finance?	7
Q.5	i. Explain the mechanism of factoring.	4
	ii. Differentiate between factoring and forfeiting.	6
OR	iii. Comment on the factoring and forfeiting growth in India.	6
Q.6	Attempt any two:	
	i. Mention the features of venture capital.	5
	ii. Discuss the process of credit rating of financial instruments.	5
	iii. What methodology is followed for rating the companies?	5

Marking Scheme
MS5EF05 Investment Banking

Q.1	i.	Any person who is not trading member of stock exchange but who act on behalf of a trading member as an agent or otherwise for assisting investors in dealing in securities through such trading members is (c) Sub-Broker	1
	ii.	What is the Capital adequacy requirement of a portfolio manager? (b) Minimum net worth of 2 Crores	1
	iii.	_____ lease is a long-term lease that is not cancellable, and its life often matches the useful life of an asset. (a) Financial Lease	1
	iv.	The act of buying an asset without having to make full payment in the immediate future is known as (a) Hire-Purchase	1
	v.	Which of the following is a type of Securitisable Asset? (d) All of these	1
	vi.	A type of gap financing arrangement where the borrower can get access to short term loans for meeting short-term liquidity requirements is (a) Bridge loan	1
	vii.	A financial service in which the business entity sells its bill receivable to a third party at a discount in order to raise its funds is called (b) Factoring	1
	viii.	Benefits associated with forfeiting are (d) All of these	1
	ix.	Which of the following is not a characteristic feature of venture capital firm? (a) Funding just one or small number of firms	1
	x.	What is the full form of CRISIL? (a) Credit Rating Information Services of India limited	1
Q.2	i.	Meaning of investment banking.	2 marks 2
	ii.	3 Types of Investment banking services.	(1 mark*3) 3
	iii.	5 Functions related to investment banking.	(1 mark*5) 5

OR	iv.	Guidelines SEBI(Any 5)	(1 mark*5)	5
Q.3	i.	Definition leasing.	2 marks	2
	ii.	8 Differences	(1 mark*8)	8
OR	iii.	Leasing Agreement Hire purchase Agreement	4 marks 4 marks	8
	i.	Reverse mortgage concept	3 marks	3
Q.4	ii.	7 Parties (Step wise marking)	7 marks	7
	iii.	Procedure Interest rates	4 marks 3 marks	7
OR	iii.	Factoring Forfeiting	3 marks 3 marks	6
	iii.	Forfeiting	3 marks	6
Q.5	i.	Mechanism of factoring.(As per explanation)	4 marks	4
	ii.	6 Difference	(1 mark*6)	6
	iii.	Factoring Forfeiting	3 marks 3 marks	6
Q.6		Attempt any two:		
	i.	Any 5 features of venture capital	(1 mark*5).	5
	ii.	Process (Step wise marking)	5 marks	5
	iii.	Methodology(Step wise marking)	5 marks	5
