

Total No. of Questions: 6

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Enrollment No.....



Faculty of Management Studies

End Sem (Even) Examination May-2019

MS3EF10 Investment Banking

Programme: BBA

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. Merchant bankers are: 1
(a) Merchants
(b) Banks
(c) Neither merchants nor banks
(d) None of these.
- ii. _____ is basically a savings and investment corporation. 1
(a) UTI (b) IDBI (c) SBI (d) RBI
- iii. The number of lead merchant bankers may not exceed in case any 1
issue of, issue size 100crore to 200crore:
(a) 4 (b) 3 (c) 6 (d) 5.
- iv. Initial authorization fee, an annual fee and renewal fee collected by- 1
(a) Merchant banker (b) SEBI
(c) IDBI (d) ICICI
- v. In primary markets, first time issued shares to be publicly traded, 1
in stock markets is considered as
(a) Traded offering (b) Public markets
(c) Issuance offering (d) Initial public offering
- vi. The underwriter has to take up 1
(a) The fixed portion of the issue capital
(b) The agreed portion of the unsubscribe part
(c) The agreed portion or can refuse it
(d) None of these

P.T.O.

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- vii. The contract entered into between _____ the of goods and the _____ is called factoring contract. **1**
 (a) Seller, factor (b) Buyer, factor
 (c) Contractor, Contractee (d) Buyer, seller
- viii. The assets being transferred to the Special Purpose Vehicle need to be homogeneous in terms of the- **1**
 (a) Underlying asset (b) Maturity
 (c) Risk profile (d) All of these
- ix. A lease is defined as _____, if it transfers a substantial part of the risks and rewards associated with ownership from the lessor to the lessee. **1**
 (a) Direct lease (b) Leveraged lease
 (c) Finance lease (d) Domestic lease
- x. Identify the characteristics of Operating Lease: **1**
 (a) The lease term is significantly less than the economic life of the equipment.
 (b) The lessee enjoys the right to terminate the lease at short notice without any significant penalty.
 (c) Both (a) and (b)
 (d) None of these
- Q.2 i. How is merchant banking differing from investment banking? **2**
 ii. Explain the structure of merchant banking. **3**
 iii. Give any five special functions of the merchant banking. **5**
- OR iv. Distinguish any five points between commercial banking and investment banking. **5**
- Q.3 i. Discuss the SEBI guidelines for the eligibility of merchant bankers. **4**
 ii. Explain any six SEBI guidelines for brokers and sub- brokers. **6**
- OR iii. List out any six SEBI guidelines for merchant bankers. **6**
- Q.4 i. What are post issue activities? Explain. **3**
 ii. Discuss the steps involved in marketing of issue of securities. **7**

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- OR iii. What do you mean by underwriting? Give any six benefits of underwriting. **7**
- Q.5 i. What do you mean by factoring? Explain the mechanism involved in a factoring financial service. **4**
 ii. Give any six difference between factoring and forfeiting. **6**
- OR iii. Who are the various parties involved in a securitisation process? **6**
- Q.6 Attempt any two:
 i. Give any five difference between leasing and hire purchase. **5**
 ii. Discuss any five types of lease in detail. **5**
 iii. Explain any five advantages of leasing from lessee point of view. **5**

Marking Scheme
MS3EF10 Investment Banking

Q.1	i.	Merchant bankers are:	1
		(c) Neither merchants nor banks	
	ii.	_____ is basically a savings and investment corporation.	1
		(a) UTI	
	iii.	The number of lead merchant bankers may not exceed in case any issue of, issue size 100crore to 200crore:	1
		(a) 4	
	iv.	Initial authorization fee, an annual fee and renewal fee collected by-	1
		(b) SEBI	
	v.	In primary markets, first time issued shares to be publicly traded, in stock markets is considered as	1
		(d) Initial public offering	
	vi.	The underwriter has to take up	1
		(b) The agreed portion of the unsubscribe part	
	vii.	The contract entered into between_____ the of goods and the _____ is called factoring contract.	1
		(a) Seller, factor	
	viii.	The assets being transferred to the Special Purpose Vehicle need to be homogeneous in terms of the-	1
		(d) All of these	
	ix.	A lease is defined as _____, if it transfers a substantial part of the risks and rewards associated with ownership from the lessor to the lessee.	1
		(c) Finance lease	
	x.	Identify the characteristics of Operating Lease:	1
		(c) Both (a) and (b)	
Q.2	i.	Merchant banking differing from investment banking	2
		1 mark for each point (1 mark * 2)	
	ii.	Structure of merchant banking.	3
	iii.	Any five special functions of the merchant banking.	5
		1 mark for each function (1 mark * 5)	
OR	iv.	Any five points b/w commercial banking and investment banking	5
		1 mark for each difference (1 mark * 5)	

Q.3	i.	SEBI guidelines for the eligibility of merchant bankers.	4
		1 mark for each guideline (1 mark * 4)	
	ii.	Any six SEBI guidelines for brokers and sub- brokers.	6
		1 mark for each guideline (1 mark * 6)	
OR	iii.	Any six SEBI guidelines for merchant bankers.	6
		1 mark for each guideline (1 mark * 6)	
Q.4	i.	Post issue activities	3
		1 mark for each point (1 mark * 3)	
	ii.	Steps involved in marketing of issue of securities	7
		1 mark for each step (1 mark * 7)	
OR	iii.	Underwriting	7
		Any six benefits of underwriting	
		1 mark for each benefit (1 mark * 6) 6 marks	
Q.5	i.	Factoring and mechanism involved in a factoring financial service.	4
	ii.	Any six difference between factoring and forfeiting.	6
		1 mark for each difference (1 mark * 6)	
OR	iii.	Parties involved in a securitisation process	6
		1 mark for each point (1 mark * 6)	
Q.6		Attempt any two:	
	i.	Any five difference between leasing and hire purchase	5
		1 mark for each difference (1 mark * 5)	
	ii.	Any five types of lease	5
		1 mark for each type (1 mark * 5)	
	iii.	Any five advantages of leasing from lessee point of view	5
		1 mark for each point (1 mark * 5)	
