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Interest Charged by factor 14%

Reserve maintained by factor 8%

Assume 360 days in a year

7. What are rating symbols? Discuss the major factors governing the rating framework of Credit rating agencies around the world. 10

Unit-IV

8. Discuss the various techniques for analysis of Financial services marketing. 10
9. Differentiate between financial services marketing and Industrial goods marketing. Discuss the factors to be considered why marketing the services of an banking/Insurance company.

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M.B.A. (F & C) (Fourth Semester)

Examination, 2015

Merchant Banking & Financial Services

(FC-045)

Time Allowed : Three Hours] [Maximum Marks : 70

Note : Attempt five questions in all. Question No.1 is compulsory. Select one question from each Unit. Question No. 1 carries 30 marks and all the other questions carry 10 marks each.

1. Briefly explain the following : 3×10=30
- (a) Role of Lead Manager in Capital issue.
 - (b) Concept of international finance underwriting
 - (c) Problems of Venture Capital Finance.
 - (d) Types of Hire Purchase.
 - (e) Mechanism of factoring.

(2)

- (f) Functions of Credit rating agencies.
- (g) Advertising of financial services.
- (h) Significance of marketing of financial services.
- (i) Difference between factoring & Bill discounting.
- (j) Categories of Merchant Banker.

Unit-I

- 2. Briefly discuss the various activities connected with managing a public issue. 10
- 3. What do you understand by Venture Capital? Discuss the various stages of Venture Capital Financing.

Unit-II

- 4. Discuss the role played by various participants in lease finance. Briefly explain. Rights of Hirer. 10
- 5. The leasing of an equipment having a purchase Price of Rs. 35,00,000 is being considered by a firm. The equipment, having an estimated economic life of 5 years, is expected to generate annual lease rentals of the order of Rs.

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12,00,000 to the leasing company. Depreciation @ 25% is to be allowed as specified by the income tax rules, Evaluate the desirability of the lease option to the firm, assuming that the firms marginal corporate tax rate is 50% and that the after tax borrowing rate is 8%.
Given : PV table at 8%. 10

Year	1	2	3	4	5
PVF	0.926	0.857	0.794	0.735	0.681

Unit-III

- 6. Advice whether the firm should go with services of factor or not. The company provide following details : 10
Annual sales Rs.50,00,000
Credit sales 90%
Avg. Collection Period 60 days
Bad debts loss 2% on credit sales
Total annual cost in house
Credit information 2,00,000
Cost of Credit administration that Can be saved, if receivables are factored 60,000
Factoring Commission 1.50%

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P.T.O.