

May 2015

Bachelor of Business Administration (BBA) Examination

VI Semester

Merchant Banking and Financial Services

Time 3 Hours]

[Max. Marks 80

Note : Attempt any four questions (out of seven questions) from Section A. Each question of Section A carries 15 marks. Section B is compulsory and carries 20 marks.

Section A

1. 'What do you mean by Merchant Banking ? Explain the role of a merchant banker in the corporate enterprises.
2. What do you understand by Leasing ? Explain its advantages and limitations.
3. What do you mean by Hire Purchase ? Is there any differences between Leasing and Hire Purchase ? If yes explain with an example.
4. Define the term Factoring. What are the different types of factoring arrangements ? Explain in detail.
5. Who are the various parties involved in a securitization process ? State the process step by step.
6. What do you mean by Dematerialization of Shares ? What are the advantages of the 'depository system ? Explain in detail.
7. Differentiate between Broker and Jobber. Explain briefly the SEBI guidelines relating to brokerage business in India.

Section B

8. Analyze the following case and answer the question given below :
A limited company is interested in acquiring the use of an asset costing Rs. 5,00,000. It has two option : (i) to borrow the amount at 18% p. a. repayable in 5 equal instalments or (ii) to take on lease the asset for a period of 5 years at the year end rentals of Rs. 1,20,000. The corporate tax is 50% and the depreciation is allowed on w.d.v. at 20%. The asset will have a salvage of Rs. 1,80,000 at the end of the 5th year.

You are required to advice the company about lease or buy decision.

Note : (1) The present value of Re. 1 at 18% discount factor is :

1st Year	.847
2nd Year	.718
3rd Year	.609
4th Year	.516
5th Year	.437

(2) The present value of annuity of Re. 1 at 18% p. a. is Rs. 3.127.

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