

2023

BUSINESS ADMINISTRATION — HONOURS

Paper : BBA-603-DSE-1C

(Investment Banking and Financial Services)

Full Marks : 80

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

1. Answer *any five* questions :

2×5

- (a) What is the meaning of issue management?
- (b) What are the advantages of factoring (any two)?
- (c) What is the purpose of credit rating?
- (d) What is the meaning of IPO?
- (e) What are the functions of a merchant bank (any two)?
- (f) What are bought-out deals?
- (g) What do you mean by the right issue?
- (h) What is the definition of Venture Capital?

Group - B

2. Answer *any five* questions :

4×5

- (a) What is the importance of Credit Rating service in India?
- (b) What is a green shoe option in an IPO? What are the advantages of it?
- (c) What are the difference between General Insurance and Life Insurance?
- (d) What is the role of Investment banking in the Indian financial system?
- (e) Explain briefly the common conditions for public and rights issues.
- (f) What is the Book-building process of issues of capital?
- (g) Differentiate between Merchant Bank and Investment Bank.
- (h) Discuss the main characteristics of incubation financing.

Please Turn Over

Group - C

Answer *any five* questions.

3. State the differences between the following :

- (a) Lease Financing vs. Hire Purchase Financing
(b) Hire Purchase vs. Instalment payment.

5+5

4. A company can avail the machinery at ₹ 12 crore having a useful life of 5 years and no salvage value. Assume straight-line depreciation. It also has two alternative options for finance. The asset can be bought and financed by borrowing from Fin crop Ltd. at 10% interest p.a. The asset can be alternatively arranged from the Grow Leasing Company of India at ₹ 3 crore annual lease rental. The leasing would bear the associated taxes, insurance, and maintenance costs amounting to ₹ 50 lakh annually. State comment on whether the asset is arranged through lease financing or borrowing fund with a 30% corporate tax rate.

10

5. Describe briefly the distinguishing features of venture capital financing as against other capital investments.

10

6. X Company Limited desires to make a public issue of 100 shares in the Primary market with a price band of ₹ 450 to ₹ 540. Five Investors (A, B, C, D and E) have submitted their bids (price and number of shares applied for) as shown in the table below :

Investors	No. of shares applied for bid	Bid price per share (₹)
Nil	0	540
A	15	500
B	30	480
C	25	470
D	35	465
E	20	462

You are required to determine the Cut-off Price of public issues under the Dutch Auction Method through the Book Building Process.

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7. Define Factoring service. Discuss the defferent types of Factoring service and the process of factoring services.

2+4+4

8. What is the contribution of Securitization as a funding mechanism?

10

9. What is Pledged Accounting Mortgage? What can be pledged? What are the characteristics of it?

10

10. Briefly mention the advantages and disadvantages of different types of lease financing.

10