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Question Paper Code: CMB406



INSTITUTE OF AERONAUTICAL ENGINEERING (Autonomous)

MBA III Semester End Examinations (Regular) - January, 2018

Regulation: IARE-R16

FINANCIAL SERVICES AND SYSTEMS (Master of Business Administration)

Time: 3 Hours

Max Marks: 70

Answer ONE Question from each Unit

All Questions Carry Equal Marks

All parts of the question must be answered in one place only

UNIT – I

- (a) Explain the importance of financial services. [7M]

(b) What is financial engineering? Analyze the present scenario of the financial service sector in India. [7M]
- (a) Explain the modern activities provided by financial intermediaries in recent times. [7M]

(b) Discuss briefly various innovative financial instruments introduced in the financial service sector. [7M]

UNIT – II

- (a) Prasad engineers Ltd. is in the business of leasing out machines to corporate houses which manufacture computer chips. [7M]

 - cost of machinery to be leased out: Rs.1,50,000.
 - estimated useful life: 5 years.
 - estimated salvage value: Rs.10000.
 - estimated lease rental Rs.45,000 p.a.
 - the company follows WDV method of depreciation @25%.

Assuming a tax rate of 35% and the company's overall cost of capital is 18%, evaluate the leasing option to the company.

(b) Explain the different methods of determining rate of interest under the hire purchase finance arrangement. [7M]
- (a) Explain the various tax planning aspects of leasing. [7M]

(b) Describe briefly the framework of financial evaluation of a hire purchase deal and a lease. [7M]

UNIT – III

- (a) Discuss Reserve Bank of India guidelines for factoring. [7M]

(b) Define bill discounting. Explain the process of bill discounting. [7M]
- (a) What is the concept of factoring and explain characteristics of factoring. [7M]

(b) Explain how discount charges and effective interest rates are calculated in case of bill discounting. Illustrate. [7M]

UNIT – IV

7. (a) What do you mean by venture capital? Explain the main features of venture capital. [7M]
(b) Explain the early stage of venture capital financing. [7M]
8. (a) Describe various modes of financing by venture capitalists. [7M]
(b) Briefly discuss the later stage of venture capital financing. [7M]

UNIT – V

9. (a) Discuss the duties and responsibilities of lead managers. [7M]
(b) Explain briefly the framework of green shoe option. [7M]
10. (a) Discuss the importance of registrar to an issue. [7M]
(b) Explain the guidelines governing the preferential issues. [7M]