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**INSTITUTE OF MANAGEMENT STUDIES**  
**DEVI AHILYA VISHWAVIDYALAYA INDORE**  
**MBA (FA) 2 Years Semester II**  
**End Semester Examination**  
**Financial Products and Services**

Max Marks: 60

Max Time: 3Hrs.

Note: Attempt any 5 questions. All questions carry equal marks. Please do precise writing.

Q.1 What do you understand by financial services which are depend upon fee structure system? How they are different from fund-based system?

Q.2 The following data are furnished by the Hypothetical Leasing Ltd (HLL):

Investment Cost	Rs 100 Lakh
Primary Lease Term	5 Years
Estimated residual value after the primary period	Nil
Pre-tax required rate of return	20%

The HLL seeks your help in determining the annual lease rentals under the following rental structures: a) Equated b) Stepped (an annual increase of 15 per cent) c) Ballooned (annual rental of 80 lakh for years 1-4) d) Deferred (2 Years deferment period). You are required to compute the relevant annual rentals.

Q.3 The Hypothetical Industry Ltd (HIL) has an investment plan amounting to 108 lakhs.

Tax relevant rate of depreciation	20%
Marginal COC	16%
Marginal COD	20%
Tax Bracket	35%

It is examining financing alternative for its capital expenditure. A proposal from the Hypothetical Finance Ltd with following salient features is under consideration:

**Hire Purchase Plan:** The (flat) rate of interest is 16%. The repayment of amount is to be made in 36 equated monthly installments in advance. The hirer/hire-purchase is required to make a down payment of 20 per cent. Here  $1/d12=1.105$ .

**Leasing Alternative:** The lease rentals are payable @28 ptpm in advance. The primary lease period can be assumed to be 5 years.

Assume that the SOYD method is used to allocate the total charge for credit under the hire-purchase plan. The net salvage value of the equipment after 3 years can be assumed to be 33 lakhs.

Which alternative-leasing or hire purchase-should the HIL use? Why?

Q.4 Write Short note on:

- A) Rating methodology
- B) Rating Symbols of different companies

Q.5 Briefly explain Structure of mutual fund. Explain the concept of Exchange Traded Funds and Hedge Funds in mutual funds.

Q.6 Define the concept of Factoring and Forfeiting. Briefly explain types and mechanism of both financial services.

Q.7 Write short note on: A) Introduction to Credit Cards and its Concept B) Procedure to obtain Venture Capital Finance C) Advantages and Disadvantages of Credit Cards