

**INSTITUTE OF MANAGEMENT STUDIES
DEVI AHILYA VISHWAVIDYALAYA, INDORE
END SEMESTER EXAMINATION
JUNE - 2022
MBA 2nd SEMESTER
FINANCIAL PRODUCT AND SERVICES**

Time: 3 Hrs.

Max Marks: 60

*Note: Each question carries equal mark.
Attempt any Four questions.
Do precise writing.*

Q.1 What is financial services ? Briefly explain Fund and Fee based services with suitable example.

Q.2 Write brief notes:

- CRISIL (With Rating Symbol)
- Instruments of Securitized Debt
- SMERA

Q.3 Briefly explain role of two Government's Depository in Indian Financial Market.

Q.4 A) The Futuristic Industry Ltd has an investment plan amounting Rs. 100 Lakh. The tax relevant rate of depreciation of the company is 25%, its marginal cost of capital and marginal cost of debt are 16% and 20% respectively with tax bracket of 35%. It is examining financing alternative for its capital expenditure. A proposal from the company, with the following salient features, is under its active consideration:

Hire Purchase Plan: The flat rate of interest charged is 16%. The repayment of the amount is to be made in 36 equated monthly instalments in advanced. The hirer/hire-purchaser is required to make a down payment of 20%. $ERI = 1.105$.

Leasing Alternative: The lease rentals are payable @28ptpm 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.
Suggest best alternative plan for futuristic Industry ltd with valid reason.

OR

B) The Following Data are furnished by XYZ Leasing Ltd
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%

Calculate relevant annual lease rental under following rental structure-

- a) Equated
- b) Stepped (An annual increase of 15%)
- c) Ballooned (Annual rental of Rs. 80 Lakh for 1-4)
- d) Deferred (2 Years deferment period)

Q.5 Briefly explain types and mechanism of factoring and forfaiting with suitable example.

Q.6 Write short notes: (Any Two)

- Operational procedure of credit card
- Structure and Types of Mutual funds
- Venture capital Finance procedure
