

TyBMS - 10

Q. P. Code : 32968

[Time: 2½ hours]

[Marks: 75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory subject to internal options.
  2. Figures to the right indicate full marks.
  3. Working notes are a part of your solution.

Q1. Answer any two of the following:-

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- a) Explain the characteristics of financial services.
- b) Anuja Ltd. has total sales of Rs.16 crores and its average collection period is 90 days. The past experience indicates that bad debt losses are 1.5% of sales. The expenditure incurred by the firm in administering its receivable collection efforts are Rs.25,00,000. A factor is prepared to buy the firm's receivables by charging 2% commission. The factor will pay advance on receivables to the firm at an interest rate of 18% p.a. after withholding 10% as reserve. Calculate the Net cost of factoring to the firm.
- c) Describe the important provisions of Bill Market Scheme, 1970.

Q2. Answer any two of the following:-

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- a) What is the role of Underwriters in issue of securities?
- b) What is the role of Trading and Clearing members? Describe the types of Trading and Clearing members.
- c) Explain the benefits of securitization.

Q3. Answer any two of the following:-

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- a) On 1<sup>st</sup> April 2013, Elite Ltd. buys on hire-purchase system from Utility Pvt. Ltd. a machinery for Rs.3,00,000 payable Rs.50,000 cash as a downpayment. The balance payment shall be made in five equal annual instalments plus interest at 10% per annum. The instalments are payable on 31<sup>st</sup> March each year, the first instalment being payable on 31<sup>st</sup> March 2014.

Prepare loan amortization schedule and Utility Pvt. Ltd. A/c in the books of Elite Ltd. for 5 years assuming that the accounts are closed on 31<sup>st</sup> March each year.

- b) Describe any 7 important points of the Fair Trade Practice Code for Housing Finance as given by National Housing Bank.
- c) What are the disinvestment mechanisms for venture capital firms?

Q4. Answer any two of the following:-

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- a) What are the Terms and Conditions of Consumer Finance?
- b) Explain the 4 major types of Plastic cards.
- c) What are the limitations of Credit Rating?

Q5. Case Study

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Prosper Co. Ltd. with a tangible net worth of Rs.400 crore wants to issue non-convertible debentures (NCDs) of Rs.100 crores. As per SEBI requirements, the company needs to get its NCDs rated by a credit rating agency.

- a) What are the advantages to Prosper Co. Ltd. by getting its NCDs credit rated?
- b) Explain briefly the process of credit rating.
- c) Write a note on the credit rating agencies of India which Prosper Co. Ltd. can approach for getting its NCDs rated.