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| **SESSION** | **FEB MARCH 2025** |
| **PROGRAM** | **MASTER OF BUSINESS ADMINISTRATION (MBA)** |
| **SEMESTER** | **4** |
| **COURSE CODE & NAME** | **DFIN403 MERCHANT BANKING AND FINANCIAL SERVICES** |
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**Assignment Set – 1**

**Q1. What are the pre-issue obligations of merchant bankers as per SEBI?**

**Ans 1.**

**Pre-Issue Obligations of Merchant Bankers as per SEBI**

Merchant bankers play a crucial role in the primary securities market by assisting companies in raising capital through public issues. To protect investor interests and ensure transparency, the Securities and Exchange Board of India (SEBI) has laid down comprehensive guidelines concerning the pre-issue obligations of merchant bankers. These obligations are mandatory and are aimed at enhancing the efficiency and integrity of the capital market.

**Due Diligence and Verification of Documents**

One of the primary responsibilities of merchant bankers is to conduct thorough due diligence of the issuing company. This involves a detailed examination of the company’s legal, financial, and business records to ensure that all disclosures made in the offer document are accurate and

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**Q2. Discuss in detail the process of dematerialisation and re-materialisation. 5+5**

**Ans 2.**

**Dematerialisation and Re-materialisation**

Dematerialisation and re-materialisation are critical processes in modern securities trading, allowing investors to convert physical shares into electronic format and vice versa. These processes ensure the safe, secure, and efficient handling of securities, minimizing the risks associated with physical certificates. The National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) are the two major depositories in India that

**Q3. Define the concept of merchant banking along with the functions performed by a merchant banker. 3+7**

**Ans 3.**

**Merchant Banking and Functions of a Merchant Banker**

Merchant banking is a blend of financial advisory services and fundraising activities offered primarily to corporate clients. As per SEBI, a *merchant banker* is a person or an institution engaged in the business of issue management, either by making arrangements for the selling, buying, or subscribing of securities, or by acting as manager, consultant, or advisor. Unlike commercial banks, merchant bankers do not provide loans or accept deposits; rather, they act as intermediaries in capital markets, facilitating services such as public offerings, underwriting,

**Assignment Set – 2**

**4. Write and discuss different credit rating agencies in India. 10**

**Ans 4.**

**Credit Rating Agencies**

Credit Rating Agencies (CRAs) are institutions that assess and assign ratings to companies, financial instruments, or debt obligations based on their creditworthiness. These ratings reflect the borrower’s ability to meet debt obligations and help investors make informed decisions. In India, credit rating agencies operate under the regulatory oversight of the Securities and Exchange Board of India (SEBI) and play a significant role in maintaining transparency and s

**Q5. What do you mean by mergers and acquisitions (M&A)? What are the key reasons companies merge with or acquire other businesses? 3+7**

**Ans 5.**

**Mergers and Acquisitions (M&A)**

Mergers and Acquisitions (M&A) are strategic financial activities undertaken by companies to enhance their competitiveness, market share, and financial performance. A merger occurs when two or more companies combine to form a new entity, usually with the goal of synergizing their operations. In contrast, an acquisition involves one company purchasing a controlling stake or the entire operations of another company. In both cases, the primary objective is to generate value for shareholders, gain strategic advantages, or eliminate competition. M&As are commonly seen in both domestic and international markets, often regulated by legal and

**Q6. Write a Note on:**

**a. Advantages of Leasing**

**b . Types of factoring contracts 5+5**

**Ans 6.**

**a. Advantages of Leasing**

**Preservation of Working Capital**

One of the most significant advantages of leasing is that it allows businesses to use high-value assets without the need for large upfront capital investments. Instead of buying machinery, equipment, or property, firms can lease them and conserve their cash flow for operational needs. This becomes especially useful for startups and small businesses facing liquidity constraints.

**Improved Cash Flow and Budgeting**

Leasing agreements typically involve fixed, periodic payments which help businesses plan their finances more effectively. Predictable costs allow for better budgeting and reduce the