

DHANALAKSHMI SRINIVASAN ENGINEERING COLLEGE**PERAMBALUR-621212****COURSE PLAN**

Name of the Faculty	Mr.B.Baskar			
Designation/Department	ASSISTANT PROFESSOR/MBA			
Course Code/Name	BA5011/ MERCHANT BANKING AND FINANCIAL SERVICES			
Year/Section/Department	II/-/MBA			
Credits Details	L: 3	T: 0	P: 0	C: 3
Total Contact Hours Required	45			

Syllabus:

UNIT I/ MERCHANT BANKING	No. of Periods - 5
Introduction – An Over view of Indian Financial System – Merchant Banking in India – Recent Developments and Challenges ahead – merchant banking services offered by banks – NBFC’S offering merchant banking – Banking system – types of banks – payment banking -Legal and Regulatory Framework – Relevant Provisions of Companies Act- SERA- SEBI guidelines- FEMA, etc. - Relation with Stock Exchanges and OTCEI.	
UNIT II/ ISSUE MANAGEMENT	No. of Periods - 12
Role of Merchant Banker in Appraisal of Projects, Designing Capital Structure and Instruments – Issue Pricing – Book Building – Preparation of Prospectus Selection of Bankers, Advertising Consultants, etc. - Role of Registrars –Bankers to the Issue, Underwriters, and Brokers. – Offer for Sale – Green Shoe Option – E-IPO, Private Placement – Bought out Deals – Placement with FIs, MFs, FIIs, etc. Off - Shore Issues. – Issue Marketing – Advertising Strategies – NRI Marketing – Post Issue Activities.	
UNIT III/ OTHER FEE BASED SERVICES	No. of Periods -10
Mergers and Acquisitions – Portfolio Management Services – Credit Syndication – Credit Rating – Mutual Funds - Business Valuation.	
UNIT IV/ FUND BASED FINANCIAL SERVICES	No. of Periods -10
Leasing and Hire Purchasing – Basics of Leasing and Hire purchasing – Financial Evaluation	
UNIT V/ OTHER FUND BASED FINANCIAL SERVICES	No. of Periods - 8
Consumer Credit – Credit Cards – Real Estate Financing – Bills Discounting – factoring and Forfeiting – Venture Capital - venture debt funds – start up financing.	

Objective:

- ❖ To understand merchant banks role in Indian market
- ❖ To develop their skills and knowledge from bank industry
- ❖ To understand organizations process and various types for merchant banking
- ❖ To study the SERA- SEBI guidelines- FEMA
- ❖ To learn the Venture Capital

Reference Book:

- R1.** M.Y.Khan, Financial Services, Tata McGraw-Hill, 12th Edition, 2012
- R2.** Nalini Prava Tripathy, Financial Services, PHI Learning, 2011.
- R3.** Machiraju, Indian Financial System, Vikas Publishing House, 2nd Edition, 2010.
- R4.** J.C.Verma, A Manual of Merchant Banking, Bharath Publishing House, New Delhi,

- R5.** Varshney P.N. & Mittal D.K., Indian Financial System, Sultan Chand & Sons, New Delhi.
R6. Sasidharan, Financial Services and System, Tata Mcgraw Hill, New Delhi, 2nd Edition, 2011.
R7. Website of SEBI
R8. Madura, Financial Institutions & Markets, 10th edition, Cengage, 2016

Website:

- W1:** [http://www.slideshare.net/ammucuteeyes/ Functions of Merchant Bank \(Topic.No:3,4\)](http://www.slideshare.net/ammucuteeyes/Functions-of-Merchant-Bank)
W2: [http://www.slideshare.net/amitybishwas/ Post Issue Activities. \(TOPIC NO: 17\)](http://www.slideshare.net/amitybishwas/Post-Issue-Activities)
W3: [https://www.cpp.edu/~bdewald/lectures/ Selection of Bankers, Advertising Consultants \(TOPIC NO:9\)](https://www.cpp.edu/~bdewald/lectures/Selection-of-Bankers-Advertising-Consultants)
W4: [https://www.drluisortiz.com/PPT/T&DChap011.ppt \(TOPIC NO :26,27\)](https://www.drluisortiz.com/PPT/T&DChap011.ppt)
W5: [https://faculty.ksu.edu.sa/MonaAseeri/Sudent%20Activities/Moneymarketppt\(TOPIC NO:30,39,40\)](https://faculty.ksu.edu.sa/MonaAseeri/Sudent%20Activities/Moneymarketppt)

Course Plan:

Topic Number	Topic	Reference Detail	Page Number	Mode of teaching	Number of Periods Required	Cumulative Period
UNIT I						
1	Introduction – An Over view of Indian Financial System	R1 R2	2 – 3 6 – 7	BB	1	1
2	Merchant Banking in India – Recent Developments and Challenges ahead – Institutional Structure –	R2 R4	160 – 161 11-12	BB	1	2
3	Functions of Merchant Bank - Legal and Regulatory Framework – Relevant Provisions of Companies Act	R1 W1	9-12 6-8	BB	1	3
4	SERA- SEBI guidelines- FEMA	R1 W1	27-28 Web	BB	1	4
5	Relation with Stock Exchanges and OTCEI.	R1 R4	29-36 16-30	BB	1	5
Outcome of Unit I: CO1: Understand of Indian Financial System Describe various roles of managers, current trends also solve management problems.						
UNIT II						
6	Role of Merchant Banker in Appraisal of Projects, Designing Capital Structure and Instruments	R4	49-52	BB	1	6
7	Issue Pricing – Book Building	R4	62-65	BB	1	7
8	Preparation of Prospectus	R3	207-208 64-68	BB	1	8

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9	Selection of Bankers, Advertising Consultants	W3	Web	PPT	1	9
10	Role of Registrars – Bankers to the Issue	R4	58-60	BB	1	10
11	Underwriters, and Brokers	R3	63-64	BB	1	11
12	Offer for Sale – Green Shoe Option	R3	224-225 94-99	BB	1	12
13	E-IPO, Private Placement	R4	248-258 52-53	BB	1	13
14	Bought out Deals- Placement with FIs, MFs, FIIs	R4	178-182 69-76	BB	1	14
15	Shore Issues. – Issue Marketing	R5	293-296	BB	1	15
16	Advertising Strategies – NRI Marketing	R5	237-242	BB	1	16
17	Post Issue Activities.	W2	Web	BB	1	17

Outcome of Unit II:

CO2: Understand the knowledge on Issue Pricing – Book Building

UNIT III

18	Mergers and Acquisitions	R3	205-206	BB	1	18
19	Mergers and Acquisitions	R3	330-334 144-156	BB	1	19
20	Portfolio Management Services	R4	353-354 124-126	BB	1	20
21	Portfolio Management Services	R4	315-317 102-105	BB	1	21
22	Credit Syndication	R3	271-272 170-174	BB	1	22
23	Credit Syndication	R4	363-367 166-167, 26-28	BB	1	23
24	Credit Rating	R4	377-379 387-390 162-173	BB	1	24
25	Mutual Funds	R4	390-394 176-189, 193-208	BB	1	25
26	Business Valuation	W4	Web	PPT	1	26
27	Business Valuation	W4	Web	PPT	1	27

Outcome of Unit III:

CO3: Understand the Portfolio Management Services, Business Valuation and Mutual Funds

UNIT IV

28	Leasing	R4	156-158	BB	1	28
29	Leasing	R4	428-443 446-457	BB	1	29

30	Hire Purchasing	R4 W5	257-262 web	PPT	1	30
31	Hire Purchasing	R4	377-378 262-267	BB	1	31
32	Basics of Leasing	R4	470-471 288-290	BB	1	32
33	Basics of Leasing	R4	471-483 286-300	BB	1	33
34	Basics of Hire Purchase	R4	404-406 271-278	BB	1	34
35	Basics of Hire Purchase	R4	409-410 277-278	BB	1	35
36	Financial Evaluation	R3	416-417	BB	1	36
37	Financial Evaluation	R5	336-347	BB	1	37

Outcome of Unit IV:

CO4: Understand the Financial Evaluation and process in money market

UNIT V

38	Consumer Credit – Credit Cards	R3	484-491 345-346	BB	1	38
39	Real Estate Financing	R3 W5	568-574 Web	PPT	1	39
40	Real Estate Financing	W5	Web	BB	1	40
41	Bills Discounting	R5	517-518	BB	1	41
42	Factoring and Forfaiting	W3	Web	BB	1	42
43	Factoring and Forfaiting	W4	Web	BB	1	43
44	Venture Capital	W4	Web	BB	1	44
45	Venture Capital	W4	Web	BB	1	45

Outcome of Unit V:

CO5: Understand the Venture capital and Bills discounting

Course Outcome:

At the end of course:

Students should be able to do:

CO1: Understand of Indian Financial System Describe various roles of managers, current trends also solve management problems.

CO2: Understand the knowledge on Issue Pricing – Book Building

CO3: Understand the Portfolio Management Services, Business Valuation and Mutual Funds

CO4: Understand the Financial Evaluation and process in money market

CO5: Understand the Venture capital and Bills discounting

Course Outcome Vs Program Outcome Mapping:

CO	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PO8	PO9
CO 1	✓	✓			✓				
CO 2		✓	✓					✓	✓
CO 3	✓								✓
CO 4	✓	✓		✓		✓	✓		
CO 5						✓	✓		

Content beyond syllabus:

- ❖ The methods and instruments of payment, pricing, in co terms, export import strategies.
- ❖ The export promotion schemes, marketing assistance and the organizations promoting experts

Assignment:

Assig. Number	Batch Details	Register Number	Total Number	Mode of Assignment MCQ/Seminar/ PPT	Topics
I	Batch 1	1 to 8	8	MCQ	1. Discuss the SEBI guidelines for merchant banking in India 2. Discuss the recent development and challenges ahead of merchant banking in India 3. Discuss in detail about Indian financial system
	Batch 2	9- 16	8	Seminar	1. Explain various general obligation of the merchant bankers under the SEBI. 2. Explain The Functions And Process of SEBI 3. Elaborate the various services rendered by merchant bankers
	Batch 3	17-23	7	PPT	1. Explain the Selection of Bankers, Advertising Consultants 2. Explain the concept of Underwriters, and Brokers 3. Discuss the Portfolio Management Services
II	Batch 1	1 to 8	8	PPT	1. Different between Mergers and Acquisitions 2. Explain the process of Credit Syndication 3. Explain the Basics of Leasing
	Batch 2	9- 16	8	MCQ	1. Explain the Mutual Funds 2. Explain the Business Valuation 3. Explain the Hire Purchasing
	Batch 3	17-23	7	Seminar	1. Explain the Hire Purchasing and leasing 2. Explain the concept the stock market in India 3. Explain the SEBI role in stock market
III	Batch 1	1 to 8	8	Seminar	1. Explain the Consumer Credit – Credit Cards 2. Explain the Real Estate Financing 3. Explain the Bills Discounting
	Batch 2	9- 16	8	PPT	1. Explain the Basics of Hire Purchase 2. Explain the Factoring and Forfeiting 3. Explain the Venture Capital
	Batch 3	17-23	7	MCQ	1. Discuss the recent development and challenges ahead of merchant banking in India 2. Elaborate the various services rendered

					by merchant bankers 3.Explain the Selection of Bankers, Advertising Consultants
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SIM Questions:

SIM 1	1.Discuss the SEBI guidelines for merchant banking in India? (NOV/DEC-2011) 2.Discuss the recent development and challenges ahead of merchant banking in India? (NOV/DEC-2011) 3.Discuss in detail about India financial system? (NOV/DEC-2012) 4.Explain various general obligationof the merchant bankers under SEBI regulations? (NOV/DEC-2012) 5.Explain he functions and power of SEBI? (NOV/DEC-2013) 6.Explain structure of India financial system? (NOV/DEC-2013) 7.Elaborate the various services rendered by merchant bankers? (NOV/DEC-2011) 8.Elaborate the merchant bankers activities connected with pre and post issue management? (NOV/DEC-2011) 9.Discuss the factor ha influence that capital structure decision of a firm? (NOV/DEC-2011) 10.Explain the various methods of marketing the securities adopted by the Indian corporate entities?(NOV/DEC-2012)? 11.Narrate he regulatory framework mean for issue management? (NOV/DEC-2013) 12.Explain the code of conduct prescribed b SEBI stock brokers. Discuss the functions of register and Transfer agents? (NOV/DEC-2014)															
SIM 2	1.What are the functions of credit rating? Explain he methodology followed by ICRA in rating credit instrument? Functions of credit rating? (NOV/DEC-2011) 2.Define a mutual funds and describes the various types of mutual funds? (NOV/DEC-2011) 3.Discuss the important forces of M&A in modern scenario? (NOV/DEC-2012) 4.Discuss the features of mutual fund investment? (NOV/DEC-2012) 5.Discuss the various mutual funds schemes offered in India? (NOV/DEC-2013) 6.Rating agencies does not follow uniform method of evaluation. As a result he investors are not benefited. discuss? (NOV/DEC-2013) 7.Explain profit and pay offs firms options? (JAN-2011) 8.Calculations of ERT?(JAN-2011) 9.Explain the types of bills? (JAN-2012) 10.Explain mechanism and characteristics of mechanism? (JAN-2012) 11.An investor buys 600 shares of ABC ltd rs.300 shares in the cash market. In order of hedge he sells 400 futures of ABC ltd rs.200 each. The shares price and future decline by 8% and 4%? (JAN-2013) 12.Explain investors attitude towards risk and return? (JAN-2013)															
SIM 3	1.Find risk and return and correlations between two securities X and Y (NOV/DEC-2011) <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <tr> <td style="width: 50%;"></td> <td style="width: 10%;">X</td> <td style="width: 10%;">Y</td> </tr> <tr> <td>Expected return</td> <td>15%</td> <td>20%</td> </tr> <tr> <td>Standard deviation</td> <td>10%</td> <td>15%</td> </tr> <tr> <td>Weight</td> <td>0.60</td> <td>15%</td> </tr> <tr> <td>covariance</td> <td>100</td> <td>0.40</td> </tr> </table> 2.Explain the securities market line? (NOV/DEC-2012) 3.From the following data calculated the scope of the capital line?(NOV/DEC-2012) Sun rise=15% Sun set=12% He expected return on the market portfolio=18% Risk free rate (IRF) =15%		X	Y	Expected return	15%	20%	Standard deviation	10%	15%	Weight	0.60	15%	covariance	100	0.40
	X	Y														
Expected return	15%	20%														
Standard deviation	10%	15%														
Weight	0.60	15%														
covariance	100	0.40														

SD=0.25

If risk free rate is 6% and market risk premium is 12% and of the securities is 1.5.

What is the expected return securities under CAPM?

4. What would be the expected return if beta 2.

5. Explain the arbitrage pricing theory? (NOV/DEC-2013)

6. Explain the steps in portfolio construction as per traditional approaches? (NOV/DEC-2013)

7. Mr. X has been owning in 3 different mutual funds namely R, S and T. The following particulars are available to him. He wants to dispose of one of the mutual funds for his personal expenditure. Which funds should be disposed? (NOV/DEC-2013)

	Funds	Excess avg. return	beta
	R	7.7	1.02
Data	S	11.3	0.99
	T	11.6	1.07
	Market	7.8	1

8. What are the basic assumptions of CAPM? What are the advantages of CAPM models in the portfolio management? (NOV/DEC-2013)

9. Calculate the variance and co-variance matrix for 3 stocks to consider the following stocks and calculate portfolio risk? (NOV/DEC-2013)

weight		0.33	0.33	0.34
	company			
0.33	X	382.09	8.73	39.87
0.33	y	68.73	63.82	68.87
0.34	Z	39.87	68.87	38.25

10. A bond of rs.5000 bearing coupon rate of 10% and redeemable in 10 years is being bought for rs.5300 find YTM of the bond? (JAN-2014)

11. Explain the mechanism of mutual funds? (JAN-2015)

12. The risk and return of two projects is given below. The correlation coefficient is +1.0. Mr. Ram plans to invest 70% of his funds in project A and 30% in project B. Find out risk and return. A 12% and risk 3%. Whereas project B has return of 20% and risk 7%. (JAN-2015)

Submission Details:

Phase 1 (Before AT 1)		Phase 2 (Before AT 2)		Phase 3 (Before AT 3)	
Assignment 1	SIM 1	Assignment 2	SIM 2	Assignment 3	SIM 3
27.08.2020	05.09.2020	19.09.2020	06.10.2020	18.10.2020	27.10.2020

Google Class Code Details: mdbpe7q

Prepared By

B. Baskar
18/8/2020

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