

00643 MASTER OF BUSINESS ADMINISTRATION IN
FINANCIAL MARKETS (MBAFM)

Term-End Examination

December, 2013

MCT-070 : CAPITAL MARKETS

Time : 3 hours

Maximum Marks : 100

Note : Attempt *any five* questions.

All questions carry *equal* marks.

1. Bharat steel Ltd plans to come out with a further issue of shares to the public to finance a new steel plant in West Bengal. You work in the legal department of the company and are closely involved in the offer process. What important points will you bear in mind while drafting the prospectus or the letter of offer ? Discuss with reference to the SEBI guidelines. 20

2. You are a broker involved in selling mutual fund schemes to clients. A client is considering starting a Systematic Investment Plan in the following schemes of a large mutual fund house : 20
 - (a) Equity large cap
 - (b) Debt mutual fund
 - (c) Infrastructure sector scheme
 - (d) Balanced equity schemeExplain the features, merits and demerits of these 4 schemes to the client.

3. Your company is considering a buyback of equity shares as a way of returning capital to shareholders. What methods of buyback can be considered by the company ? 20
4. Explain the difference between leasing and hire-purchase. Under what circumstances should a company opt for leasing over hire-purchase ? 20
5. Himadri Soaps Ltd is a company in the soaps, detergents and household chemicals segment. It is considering acquisition of another company as a way of growing through the inorganic route. What points must be considered by Himadri Soaps before finalising the acquisition target ? 20
6. Rajat Gupta was recently punished by a US Court for his role in insider trading. What are the regulations framed by SEBI to curb insider trading in India ? Explain the rules regarding "disclosure of interest" by insiders and also the 'Model code' to be implemented by companies. 20
7. You work for an investment bank and your client is a mid-size corporate who wants to raise funds for a period of six months. The client is considering raising a short-term bank loan or floating a commercial paper issue with a maturity of six months. Explain to the client the procedure for floating the commercial paper. Also explain the merits and demerits of the commercial paper issue as compared to the bank loan. 20

8. Write short notes on :
- (a) Performance measures for a mutual fund 10
 - (b) Procedure for floating a Rights Issue by a public company. 10
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