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MCT-070

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MASTER OF BUSINESS ADMINISTRATION IN FINANCIAL MARKETS (MBAFM)

Term-End Examination

June, 2013

MCT-070 : CAPITAL MARKETS

Time : 3 hours *Maximum Marks : **100***

*Note : Attempt **any five** questions. All questions carry **equal** marks.*

1. You are working for an investment banking firm which has been appointed as the lead manager to a proposed Initial Public Offer (IPO) of a bio-tech company. Explain the various steps that would be needed for successful floatation of the IPO. **20**

2. Explain the various measures initiated by SEBI to reform the Indian stock market. **20**

3. Bharat Paints Ltd. intends to raise Rs. 200 crore for a greenfield project. Management decides that the market is too bearish for launching an open offer to the public. What alternatives can be considered by the company instead of a public offer ? **20**

4. You work for a brokerage firm which is a member of the equity and currency segment of the stock exchanges. A new client wants to buy 100 shares of Tata Steel on Oct. 1, 2012. He wants to know when he will receive delivery of the shares. Explain to him the entire settlement cycle followed by the stock exchange. What will happen if the seller defaults on his delivery obligation ? 20

5. Explain the different money market instruments issued and traded in India. 20

6. In Oct. 2012, Arun Jain, the CEO of Polaris was barred by SEBI from the capital markets for a period of two years, on the grounds of insider trading. What do you mean by 'insider trading' ? Who are included in the definition of 'insider' ? Explain the rules regarding 'disclosure of interest' by insiders. 20

7. Explain with examples the following terms used in the context of mergers and acquisitions : 20

   (a) White knight

   (b) Leveraged Buy Outs

   (c) Management Buy outs

   (d) Poison Pills

   (e) Green mail

8. (a) Distinguish between the 'Fixed Price Method' and 'Book-Building Method' of pricing an open offer. What are the steps involved in the Book-building procedure ? 10

(b) SEBI has required all listed private sector companies to have minimum public holding of 25 per cent by June 2013. Some companies that do not intend to dilute their promoter stake have been de-listing from the stock exchanges. Explain the 'reverse book-building method, followed by these companies to delist their shares. 10
