

MBFM 4004

M.B.A. DEGREE EXAMINATION, JUNE 2014.

Fourth Semester

Finance

SECURITY MARKET OPERATION

Time : Three hours

Maximum : 100 marks

PART A — (5 × 6 = 30 marks)

Answer any FIVE out of Eight questions.

1. State the main provision of SCRA 1956.
2. Explain the methods of selling securities in the primary market.
3. What is the role of merchant banking in the case of new issue of shares?
4. What is insider trading? State the provision of SEBI regarding insider trading.
5. State the provision of the Depository Act, 1996.

6. What is meant by Depository receipt?
7. Give a note on :
 - (a) Preference shares
 - (b) Sweat equity.
8. What do you mean by money market? Give a brief account of money market instruments.

PART B — (5 × 10 = 50 marks)

Answer any FIVE out of Eight questions.

9. Give a detail account on the RBI guidelines relating to foreign institutional investment.
10. Narrate the SEBI guidelines for public issues.
11. Elaborate on the nature, role and importance of
 - (a) Underwriters
 - (b) Brokers
 - (c) Registrar, in the process of issue of capital.
12. Explain the provisions of SEBI relating to listing of securities in a stock exchange.

Question :

- (a) Which stocks gained positive and negative attraction on the trading day?
- (b) Discuss on the developments in Indian Stock Market on 24th Feb 2014.
- (c) What factors will you watch to take an investment decision, based on the above information?

13. What do you mean by Depository Participant? Give a detail account on the role and importance of NSDL.

14. State the process of issuing ADR and GDR. In what way it is important for Indian companies?

15. Elaborate on the new hybrid instruments in Indian capital market.

16. Give a detail account on varies debt instruments available for trading in Indian market.

PART C — (1 × 20 = 20 marks)

Case Study-compulsory

17. On Feb 23, 2014 Indian shares rose for a second consecutive session on Monday to a one-month high as blue chips, including banks gained on continued optimism around foreign-investor buying even as rising global uncertainties hit other Asian markets. It was a mixed day for power utilities, with Tata Power Co Ltd surging to a nearly 1-1/2 month high after the regulator allowed it to raise tariffs, although NTPC plunged to a more than 5-year low as the order was seen as negative for the state-run firm. Indian equities are expected to remain supported as overseas

investors have been net buyers of nearly \$430 million over the last eight sessions, helping ease some of the concerns in a year dominated by worries about the U.S. Federal Reserve's tapering of its monthly bond buying and the outlook for China's economy.

"Foreign buying is supportive, so while markets may remain range-bound from hereon, stock-specific moves will continue," said Paras Adenwala, managing director and principal portfolio manager at Capital Portfolio Advisors. The benchmark BSE index rose 0.53 percent, or 110.69 points, to end at 20,811.44. The broader NSE index rose 0.5 percent, or 30.65 points, to end at 6,186.10. Both indexes marked their highest close since Jan. 24.

Among blue chip stocks, Axis Bank rose 3.8 percent, while Larsen and Toubro ended 2.8 percent higher. Tata Power Co Ltd closed up 5.1 percent after the federal power regulator said it could raise tariffs for electricity from its plant in Mundra in India's Gujarat state, a decision also likely to boost its earnings outlook. Pfizer Ltd surged 9.7 percent after earlier marking its highest intraday level since Dec. 9, after the company said a unit of its parent Pfizer Inc will buy close to a 61 percent stake from two other

units after an internal restructuring. Info Edge India Ltd shares ended 1.8 percent higher. It earlier hit its all-time high of 708.05 rupees on news Facebook Inc's \$19 billion offer for mobile-messaging startup WhatsApp was seen raising valuations for internet-based companies.

ICRA Ltd shares rose 20 percent, its maximum daily limit, after largest shareholder Moody's Corp, announced a conditional open offer to acquire up to 2.6 million shares in it at 2,000 rupees a share for about \$84 million. However, shares of another Indian rating agency Credit Analysis and Research Ltd fell 8.4 percent after the company said bids for a share sale by stakeholders were rejected "after no bid was found acceptable". NTPC Ltd also slumped 11.8 percent, after earlier marking its lowest level since Oct. 27, 2008, after the electricity regulator tightened incentives on capacity utilisation and tax treatments for the state-owned company, according to analysts.

On the same day Euro rises to day's high versus dollar after German IFO, Brent rises above \$110 on hopes for revived demand, Shares sag as China market sputters, yen recovers, Foreign institutional investor flows and For closing rates of Indian ADRs.