MONEY & CAPITAL MARKET (SEMESTERS - 4 & 6)

CS/MBA/SEM-(4 FT & 6 PT)/FM-404/09

1.	Signature of Invigilator					Hec \$	b	n	*	
2.	Signature of the Officer-in-Charge	,								
	Roll No. of the Candidate									

CS/MBA/SEM-(4 FT & 6 PT)/FM-404/09

ENGINEERING & MANAGEMENT EXAMINATIONS, APRIL – 2009 MONEY & CAPITAL MARKET (SEMESTERS - 4 & 6)

Time: 3 Hours [Full Marks: 70

INSTRUCTIONS TO THE CANDIDATES:

- 1. This Booklet is a Question-cum-Answer Booklet. The Booklet consists of **32 pages**. The questions of this concerned subject commence from Page No. 3.
- 2. a) In **Group A**, Questions are of Multiple Choice type. You have to write the correct choice in the box provided **against each question**.
 - b) For **Groups B** & **C** you have to answer the questions in the space provided marked 'Answer Sheet'. Questions of **Group B** are Short answer type. Questions of **Group C** are Long answer type. Write on both sides of the paper.
- 3. **Fill in your Roll No. in the box** provided as in your Admit Card before answering the questions.
- 4. Read the instructions given inside carefully before answering.
- 5. You should not forget to write the corresponding question numbers while answering.
- 6. Do not write your name or put any special mark in the booklet that may disclose your identity, which will render you liable to disqualification. Any candidate found copying will be subject to Disciplinary Action under the relevant rules.
- 7. Use of Mobile Phone and Programmable Calculator is totally prohibited in the examination hall.
- 8. You should return the booklet to the invigilator at the end of the examination and should not take any page of this booklet with you outside the examination hall, **which will lead to disqualification**.
- 9. Rough work, if necessary is to be done in this booklet only and cross it through.

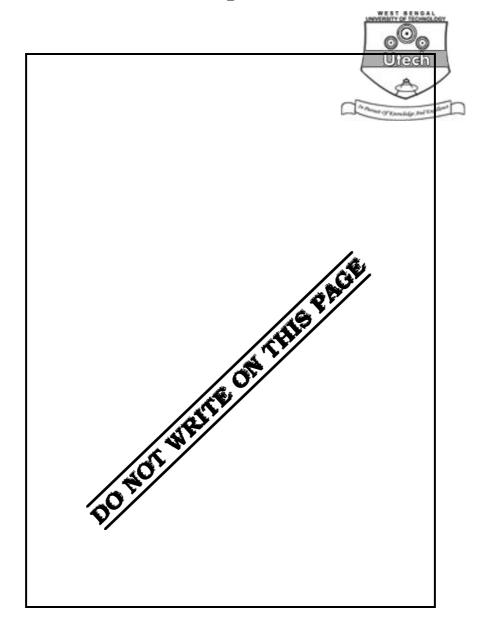
No additional sheets are to be used and no loose paper will be provided

FOR OFFICE USE / EVALUATION ONLY Marks Obtained Group - A Group - B Group - C Question Number Marks Signature Marks Obtained

Head-Examiner/Co-Ordinator/Scrutineer

4456 (27/04)





1.



MONEY & CAPITAL MARKET SEMESTERS - 4 & 6

Time: 3 Hours [Full Marks: 70

GROUP - A

		ditoo	- 11		
		(Multiple Choice '	Type G	uestions)	
Choo	se th	e correct alternatives for any ten	ı of the	following:	10 × 1 = 10
i)	BRL	Ms in the book building process	s refer t	to the	
	a)	Bond Rating Lowest Measuren	nents		
	b)	Book Running Lead Managers			
	c)	Beta Rating Lead Measuremen	ıts		
	d)	Best Rated Lead Movements.			
ii)		agent performing the role of wn as	risk-re	deemer in an equity issue	e process is
	a)	promoter	b)	solicitor	
	c)	underwriter	d)	broker.	
iii)	In c	ase of rolling settlement trading,	, the se	ttlement cycle is of	
	a)	T+1 days	b)	T – 1 days	
	c)	T + 2 days	d)	<i>T</i> − 2 days.	



iv)	NEA'	T stand for		Control of the second			
	a)	National Exchange for Automa	ted Tra	ading Utech			
	b)	New Exchange for Automated	Tradin	The Annual of Managing and Explaint			
	c)	NSE's Examination And Traini	ng				
	d)	None of these.					
v)	with	ok purchases 2000 shares of Hir in an hour he sells all the share 48.60. This activity is known as			nter and		
	a)	Badla	b)	Sanda			
	c)	Arbitrage	d)	Settlement.			
vi)	MCX	X helps to provide a platform for	buying	g and selling of			
	a)	multiple shares in odd-lots	b)	equity derivatives			
	c)	mutual fund units	d)	commodity derivatives.			
vii)		which of the following types o			capital		
	a)	Public issue	b)	Bought-out deal			
	c)	Bonus issue	d)	Private placement.			
viii)	Whic	ch of the following is a disadvan	tage of	bought-out deals?			
	a)	It is more expensive than publ	ic issu	е			
b) It involves time consuming procedure							
	c) It is difficult to convince a wholesale investor						
	d)	There is a chance of misuse of	power	by the sponsor.			



ix)	Whie	ch of the following players cannot act as a borrower in the call money	market
	a)	Discount and Finance House of India	
	b)	SBI Mutual Fund	
	c)	State Bank of India	
	d)	Securities Trading Corporation of India.	
x)	Whi	ch of the following is not an advantage of private placement of securiti	es?
	a)	Easy access for any company	
	b)	Fewer procedural difficulties	
	c)	Lower issue cost	
	d)	Complete certainty of availability of funds.	
xi)	Whi	ch of the following is not a feature of Certificate of Deposit ?	
	a)	Unsecured negotiable instruments	
	b)	Not transferable by endorsement and delivery	
	c)	Issued at discount to face value	
	d)	Repayable at a fixed date without grace period.	
xii)	Whi	ch of the following is the correct statement ?	
	a)	All financial assets are securities	
	b)	Only listed financial assets are securities	
	c)	Only unlisted financial assets are securities	
	d)	No financial assets are securities.	



6 **GROUP – B**

(Short Answer Type Questions)

Answer any three of the following.



 $3 \times 5 = 15$

- 2. Distinguish between Commercial Paper and Certificate of Deposi
- 3. What is the utility of tracking the P/E ratio of the scrips in the capital market?
- 4. Distinguish between the REPO and reverse REPO rates.
- 5. Discuss in brief the sub-prime crisis which is considered as the major cause of global recession.
- 6. Write a short note on Indian debt market.

GROUP - C

(Long Answer Type Questions)

Answer any *three* of the following.

 $3 \times 15 = 45$

- 7. What do you mean by "Kerb" trading? Discuss SEBI guidelines regarding buyback of shares.

 5 + 10
- 8. a) From the following data of *XYZ* Ltd., guide the company in calculating price band in connection with IPO issue under Book Building method proposed by the company.

Earning per share:

2005-06 10.10

2006-07 7.60

2007-08 5.70

 $Industry\ Price/Earning:$

Highest 42.50

Lowest 13.50

Average 18.60

Price Earning of the company as perceived by the management could be in the range of 18-20.



- b) Quest Limited furnishes the following particulars as of a recent date, based on which calculate the implication of Right Issue :
 - * EPS Rs. 7.50
 - * Current market price Rs. 75
 - * Book value per share P/E ratio Rs. 60
 - * Industry average P/E ratio 14
 - * Total quantum of funds proposed to be raised Rs. 40 crore
 - * Present issued and paid-up equity capital 5 million shares of Rs. 10 each
 - * IPO price three years ago Rs. 60 per share.

8 + 7

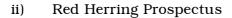
9. a) MNC Ltd. makes an issue of 1,00,000 shares of Re. 1 each at par aggregating to Rs. 1,00,000. The issue has been underwritten fully by a syndicate of four underwriters *A*, *B*, *C* and *D* to the extent of Rs. 20,000, Rs. 30,000, Rs. 35,000 and Rs. 15,000 respectively. The issue has been closed and the following is the information available on the subscriptions.

Particulars	Amount in Rs.
Through underwriter A	11,700
Through underwriter B	22,400
Through underwriter C	8,300
Through underwriter D	22,600
Direct subscriptions received	11,500
Valid subscriptions received	76,500

The underwriters are paid a commission of 2.5% on subscriptions received and 2% on devolvement. Compute the underwriters' devolvement and the commission receivable by each of them.



- b) Write short note on:
 - **Insider Trading** i)





- iii) Bought-out Deals.
- 6 + 9
- What do you mean by "Treasury Bills"? 10. a)
 - Discuss the importance and utility of discount market and acceptance market. b)
 - Elaborate on the importance gurantee market. c)

5 + 5 + 5

11. What parameters would you like to suggest to a rating agency while rating a bond or a debenture issue? 15

END