

2008

MASTER OF BUSINESS ADMINISTRATION

[**Third Semester**]

Full Marks : 100

Time : 3 hours

The figures in the right-hand margin indicate marks

*Candidates are required to give their answers in their
own words as far as practicable*

Illustrate the answers whenever necessary

**Write the answers to questions of each Half
in separate books**

(Specialisation : Financial Management)

**PAPER—F-303 [Financial Management as Major]
& M-307 [(Marketing Management as Minor)**

(Financial and Investment Analysis)

FIRST HALF

[Marks : 50]

1. Answer any *four* questions: 5 × 4

(a) What is the role of Primary and Secondary market for economic development of a country?

(b) What do you mean by 'Warrants'? How does it differ from 'Convertibles'?

(c) The price of an equity share of X Ltd. (face value of which is Rs. 10) was Rs. 40 on 1st June, 2008. Mr. S purchased 100 equity shares on that date. He has received 20% dividend on his holding on 1st September, 2008 for the financial year 2007-08. There has been a bonus issue for the same financial year by X Ltd. at the rate of 1 : 2 due to which market price of the shares stood at Rs. 35 on 30th November, 2008, the date of Sale of all the equity Shares held by Mr. S. Calculate the return on Mr. S's investment in equity share.

(d) Write a short note on Markowitz's mean-variance rule.

(e) Distinguish between investment and speculation.

(f) Write a short note on book building.

2. Answer any *two* questions: 10×2

(a) X Ltd. purchased a retail store and commenced business on April 1, 2007. From the following information, you are required to prepare in as much details as possible, a trading and profit & loss account for the current year ended March 31, 2008 and a balance sheet as at the date.

Capital introduced on April 1, 2007	Rs. 47,000
Drawing during the year	Rs. 5,000
Working Capital at March 31, 2008	Rs. 23,000
Depreciation of fixed assets during the year, based on a rate of 20% p.a. on cost	Rs. 3,000

Ratio of annual sales to year-end values of fixed assets plus working capital	2 : 1
Current ratio at the year-end	2 : 1
Ratio of liquid assets (Cash plus debtors) to current liabilities on March, 31	5 : 4
Debtors at the year-end as per cent of annual Sales	12
General expenses (excluding depreciation) as per cent of annual Sales	20

The current assets consist of stock (which are unchanged throughout the year), debtors and cash. Stock are turned over four times during the year. The current liabilities consist only of creditors.

10

(b) (i) What do you mean by Net Assets Value (NAV) of a Mutual Fund Scheme ?

(ii) A Mutual Fund Company plans to issue a M.F. Scheme, the Sale of which is to start on 1st March 2008 and is to close on 15th April, 2008. The name of the scheme is FORTUNE.

2 lacs units are planned to be issued @ Rs. 11 per unit inclusive of Re 1 per unit as premium.

On 16th April, 2008 the company makes a survey of the fund collected and notices that the issue has been under-subscribed by 5%. The company borrows from a bank amounting Rs. 2,00,000 @ Rs. 12% p.a. for this scheme.

On 1st December, 2008, the company takes an account of its investment which are given below :

5000 Tata Motors Share ,	Market value Rs. 110
1000 L & T Shares ,	Market value Rs. 140
7000 Infosys Technologies Share,	Market value Rs. 180
2000 Siemens 10% Debenture @ Rs. 100 each	

(Purchased on 1st June, 2008)

It also observes the following other assets and liabilities :

Receivables Rs. 60,000, Cash in hand
Rs. 10,000, Cash at Bank Rs. 30,000,
outstanding expenses Rs. 50,000.

Calculate NAV.

3 + 7

(c) The following ratios of XYZ Ltd. and their
corresponding industry average are available :

Ratio	XYZ Ltd.	Industry Average
Current ratio	1.85	2.25
Quick ratio	0.95	2.40
Stock turnover ratio	7.5	9.3
Debt collection period	40 days	33 days
Return on Capital Employed	10.5%	12.1%
Earnings per share	Rs. 4.60	Rs. 3.25

You are required to make necessary comments
on the financial position and performance of
XYZ Ltd.

10

[*Internal Assessment* : 10 Marks]

SECOND HALF

[Marks : 50]

3. Answer any *four* questions from the following: 5 × 4

(a) Satyam & Co. has common shares outstanding in the market with price-earnings ratio of 15. The annual expected growth of earnings, dividends and price is 7 per cent. The earnings per share is Rs. 2.5, the dividend payout is 60 per cent and the investor wants to hold the stock for 4 years. The required rate of return is 15 per cent. What would be the present value?

(b) How does fundamental analysis differ from technical analysis?

(c) Describe briefly random walk theory. What are the different forms of Efficient Market Hypothesis?

3 + 2

(d) From the following information of share prices of company Z, draw point and figure (P & F) chart:

<u>Period</u>	<u>Price (in Rs.)</u>
1	22
2	24
3	25
4	24
5	26
6	25
7	24
8	23
9	24
10	21

Box size is Re. 1 and the reversal criterion is Rs. 3.

What are the limitations of this chart? 3 + 2

(e) What is 'floatation cost'? Explain the impact of this in deriving the fundamental value of financial instruments. 3 + 2

(f) Higher the dividend per share, higher would be the price of that share. Critically discuss the statement.

4. Answer any *two* questions from the following: 10×2

(a) The following information is available about the closing price of shares of company:

<u>Day</u>	<u>Closing price (in Rs.)</u>	<u>Day</u>	<u>Closing price (in Rs.)</u>
1	32	11	28
2	34	12	31
3	31	13	30
4	30	14	31
5	33	15	30
6	35	16	32
7	34	17	31
8	32	18	30
9	30	19	29
10	29	20	31

(i) Calculate 5-day moving average (simple) and draw a line chart of these values.

(ii) Draw an ordinary line chart of share prices and compare the movement with the line chart derived in (i) above.

(iii) Calculate oscillator with the help of 7-day moving average (simple) from the above values and results. Draw the oscillator chart with the help of bar diagram.

$$(2 + 1) + (2 + 2) + (2 + 1)$$

(b) A company is currently paying a dividend of Rs. 2 per share. The dividend is expected to grow at a 15 per cent annual rate for 3 years, that at 10 per cent rate for the next 3 years, after which it is expected to grow at a 5 per cent rate for ever.

(i) What is the present value of the share if the capitalisation rate is 9%?

(ii) What shall be its present value if the share
is held for 3 years from now? 7 + 3

(c) Discuss five important economic factors which
affect the stock market in general. 10

[*Internal Assessment* : 10 Marks]

(*Specialisation* : *Marketing Management*)

PAPER—M-307 [Marketing Management as Major]
& HR-303 [HRM as Minor]

(*Human Resource* : Policy and Strategy)

FIRST HALF

[*Marks* : 50]

1. Answer any *four* questions: 5 × 4

(a) What is the importance of Strategic Human
Resource Management ?

- (b) How can one organisation link its business with human resource strategy?**
- (c) What is the importance of HR policy for an organisation?**
- (d) How can training be a sustainable strategy for an organisation?**
- (e) What do you mean by far and near transfer in context of training?**
- (f) How can one organisation formulate its HR policies?**

2. Answer any two of the following: 10×2

- (a) Using a real life example describe corporate strategy and its relation with human resource strategy.**
- (b) How can compensation of the employees act as a strategic tool for the organisation?**
- (c) How can strategic human resource management help an organisation to have competitive positions in international assignment?**

[Internal Assessment : 10 Marks]

SECOND HALF

[Marks : 50]

3. Answer any *four* questions: 5 × 4

- (a) What is organisational development ?
- (b) Explain the meaning of core competency of a business organisation .
- (c) Discuss the role of organisational culture in making the organisation competent.
- (d) How can resistance to change be minimised ?
- (e) What is potential appraisal ?
- (f) What do you mean by specific HR needs of a learning organisation ?

4. Answer any *two* questions: 10 × 2

- (a) What are the strategic benefits of Merger and Acquisitions from human resource point of view ? Discuss.

- (b) What are the HR Functions that can be outsourced? Discuss each of the functions.
- (c) What role does a change agent or change consultant play in managing the change activity for an organisation?

[*Internal Assessment* : 10 Marks]
