M.Com. DEGREE EXAMINATION DECEMBER 2015.

First Semester

(CBCS)

COMMERCE

Paper 1.1 – MARKETING MANAGEMENT

(New)

Time : Three hours | Maximum : 75 marks

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) Define Marketing.

(b) Differentiate between customers value and satisfaction.

(c) What is customer database?

(d) Differentiate between product and selling concept.

(e) How do you analyse customer markets?

(f) Define culture.

(g) What is business portfolio?

(h) What do you mean by niche marketing?

(i) What is brand equity?

(j) What is product line stretching?

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Explain in brief, the objectives of marketing.

3. Describe the significance of natural environment in a market.

4. Explain in brief, the need for strategic planning in Marketing Management.

5. What is test marketing? What are the different methods available for test marketing?

6. What is co branding? What are its advantages and disadvantages?

SECTION C — (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Analyse the major challenges facing marketers in recent days.

8. Compare the two types of online marketing channels and explain the effect of the internet on electronic commerce.

9. Discuss how companies can position their products for maximum competitive advantage in the market place.

10. Compare and contrast general approaches to setting prices.

11. Explain different channel systems.

M.Com. DEGREE EXAMINATION DECEMBER 2015.

First Semester

(CBCS)

COMMERCE

Paper 1.2 – FINANCIAL MANAGEMENT

(New)

Time : Three hours

Maximum : 75 marks

Use of Simple calculator and Financial Tables is allowed.

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) Define risk return trade off.

(b) State any two limitations of profit maximization.

(c) What is nominal cost of capital?

(d) Define indifference point.

(e) State the substance of M-m model with regard to Corporate Structure.

(f) What is implicit cost of capital?

(g) Define expected NPV.

(h) What is EAV?

(i) Define optimum working capital.

(j) What are the two determinants of growth rate of dividends?

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Explain the managerial uses of EBIT-EPS analysis.

3. Compare and contrast conservative working capital financing policy and conservative working capital investment policy.

4. Given the following data, compute the percentage change in EPS if ten sales increased by 5%.

	(Rs. in lakhs)
EBIT	1120
PBI	320
Fixed cost	700

5. X Ltd. is an all equity company. The current market price is 180. It paid just a dividend of Rs.15 per share and the expected future growth in dividend is 12%. Currently, it is evaluating a proposal requiring funds of Rs.20,00,000 with annual cash inflows of Rs.10,00,000 p.a. for three years.

   The company is planning to finance the proposal in either of the following two ways :

   (a) By using retained earnings.

   (b) By issuing fresh equity shares (flotation cost 5%)

   Which alternative do you recommend? Why?

6. X Ltd. is foreseeing a growth rate of 12% p.a. in the next two years. The growth rate is likely to fall to 10% during third and fourth year. After that, the growth rate is expected to stabilize at 8% p.a. If the last dividend paid was Rs.1.50 per share and the investor's required rate of return is 16%, you are required to compute tax intrinsic value per share as of date by using the following discount factors only :

Year :	0	1	2	3	4	5
Discount factors at 16% :	1	0.86	0.74	0.64	0.55	0.48

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Explain the situations in which NPV and IRR would give contradictory results while selecting an investment proposal. How do you resolve such conflicts?

8. "Market value of a firm is independent of its capital structure decision" Critically examine the statement in light of different schools of thought.

9. The following figures are made available to you :

	Rs.
Net profit for the year	18,00,0[illegible]
Less : Int. on secured debentures @ 15% (Debentures were issued after 3 months from the date of commencement)	1,12,5[illegible]
	16,87,5[illegible]
Less : Income tax @ 35% and dividend distribution tax	8,43,7[illegible]
Profit of the tax	8,43,7[illegible]
No. of equity shares of Rs.10 each	1,00,0[illegible]
Market quotation of equity shares	109

The company has accumulated revenue reserves of Rs.12 lakhs. The company is examining a project calling for an investment of Rs.10 lakhs, this investment is expected to earn the same rate of return as on funds already employed.

You are informed that a debt equity (debt divided by debt plus equity) higher than 60% will cause the P/E ratio to come down by 25% and the interest rate on additional borrowals will cost the company 300 basis points more than on their current borrowings through secured debentures.

Required :

(a) Compute the probable price of the equity shares if additional investments is financed by equity shares or by raising additional loans.

(b) Which alternative do you recommend? Why?

10. X Ltd. is planning to develop a new technology for designing a new product which is expected to be sold at the rate of 8000 units per annum. For this venture, the company needs a capital equipment costing of Rs.25 lakhs. It will have an economic life of four years and no significant terminal value.

During each of the first four years, promotional expenses are planned as under :

Year	1	2	3	4
Advertisement (Rs.)	1,00,000	75,000	60,000	30,000
Other expenses (Rs.)	50,000	75,000	90,000	1,20,000

Variable costs of producing and selling the unit would be Rs.250 per unit. Additional fixed operating costs to be incurred for the new product are budgeted at Rs.75,000 per year. Assume that the corporate tax rate 40% and that the straight line method of depreciation is to be used for tax and reporting purposes.

If the desired rate of return on investment is 15% after taxes, what selling price per unit of the new product do you recommend?

Note : The present value of an annuity of Rupee one at the end of fourth year at 15% is 3.0079.

11. The present credit terms of X Ltd. are 1/10, net 30. Its annual sales are Rs.80 lakhs, its average collection period is 20 days. Its variable costs and average fixed costs to sales are 0.85 and 0.95 respectively and its cost of capital is 10%. The proportion of sales on which customers take discount is 0.5.

The company is considering relaxing its discount terms to 2/10, net 30. Such relaxation is expected to increase sales by Rs.5 lakhs, reduce the average collection period to 14 days and increase the proportion of discount sales to 0.8.

What will be effect of relaxing the credit terms on company's profit? Assume a 360 day year.

M.Com. DEGREE EXAMINATION DECEMBER 2015.

First Semester

(CBCS)

COMMERCE

Paper 1.3 – ENTREPRENEURSHIP

(New)

Time : Three hours | Maximum : 75 marks

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** sub-questions.

Each sub-question carries **2** marks.

1. (a) Define entrepreneurship.

   (b) Differentiate Entrepreneur with Entrepreneurship.

   (c) What is the role of Innovation in Entrepreneurship?

   (d) Differentiate Entrepreneur with Professional Manager.

   (e) Explain classification of Entrepreneurs.

   (f) What is Market survey?

   (g) What do you mean by Industrial Estate?

   (h) Mention any three sales promotion techniques.

   (i) Define working capital management.

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. What is an EDP? Bring out the measures to strengthen EDP.

3. Write a note on the role of DICs in developing entrepreneurs.

4. Explain Mc Cleland Acquired Need theory of motivation.

5. Present a brief profile of any One Indian women entrepreneur.

6. Write a note on the role of NGOs in Rural Entrepreneurship.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. "Developing rural entrepreneurship is highly important for India." Comment and suggest measures to improve this sector.

8. Critically examine the theories of entrepreneurship.

9. Describe the elements of a marketing plan and how they relate to the market survey and research.

10. Discuss the importance of an entrepreneur in developing economy, with special reference to Indian economy.

11. What are the functions performed by the Small Industries Development Corporation (SIDCO) to boost the growth of small-scale industries in the country?

M.Com. DEGREE EXAMINATION DECEMBER 2015.

First Semester

(CBCS)

COMMERCE

Paper 1.4 – STRATEGIC MANAGEMENT

(New)

Time : Three hours Maximum : 75 marks

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) State any four criteria for effective strategy.

(b) What do you mean by mission?

(c) What is an objective?

(d) Define environmental analysis.

(e) What do you mean by turnaround strategy?

(f) What is strategic audit?

(g) Define core competencies of an organization.

(h) What do you understand by business goals and objectives of an organization?

(i) What is PEST analysis?

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Discuss the important steps involved in strategic planning process.

3. Explain key elements in developing a mission statement.

4. Explain areas of objectives set for all areas and departments of an organization.

5. Differentiate Horizontal Integration and Vertical Integration.

6. Discuss successful maintenance of strategic control.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Explain Porter's model of competitive strategies. Is it possible for a company to have a sustainable competitive advantage when its industry becomes hyper competitive?

8. Enumerate the components of Corporate Governance.

9. What recommendations would you make to improve effectiveness of today's board of directors? Explain.

10. Enumerate the strategies adopted for managing technology and innovation.

11. With illustration from Indian and International context, list the important factors impacting strategic management today.

M.Com. DEGREE EXAMINATION DECEMBER 2015.

First Semester

(CBCS)

COMMERCE

Paper 1.5 – SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(New)

Time : Three hours

Maximum : 75 marks

SECTION A – (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) What are the features of good investment plan?

   (b) What are g-secs? How they are issued?

   (c) State the meaning of tax free bonds.

   (d) Differentiate between leading, lagging and coincident economic indicators.

   (e) Give meaning of Modern Portfolio Theory (MPT).

   (f) What is CML?

   (g) What is risk free rate of return?

   (h) What is M^2 measure?

   (i) Identify the usefulness of portfolio revision.

   (j) Differentiate between speculative, defensive and cyclical stocks.

SECTION B – (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Explain the efficient market theory and what are the major misconceptions about this theory.

3. Discuss various kinds of systematic and unsystematic risk.

4. The following information is available in respect of a stock.

Current Dividend	Rs.5.00
Discount Rate	10%
Growth Rate	2%

(a) Calculate the present value of the stock.

(b) Is the stock overvalued if the price is Rs. 40, ROE = 8% and EPS = Rs.3.00. Show your calculations under the PE multiple approach and earnings growth model.

5. An investor is seeking the price to pay for a security, whose standard deviation is 5%, correlation coefficient for the security with the market is 0.[illegible] and the market standard deviation is 4.4%. The return from government securities is 5.2% and from the market portfolio is 9.8%.

The investor knows that by calculating the required return, he can then determine the price to pay for the security. What is the required return on security?

6. Mr. X has the following portfolio of four shares :

Stock	Beta	Investme[illegible] (Rs. Lakhs)
A	0.45	[illegible]0
B	0.35	1.50
C	1.15	2.25
D	1.85	4.50

The risk free rate of return is 7% and the market rate of return is 14%.

Required :

(a) Determine the portfolio return.

(b) Calculate the portfolio beta.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Di[illegible]s how risk associated with securities is affected by various government po[illegible]s.

8. E[illegible]n the three form of efficient market hypothesis.

9. [illegible]vestor has decided to invest Rs.1,00,000 in the shares of two companies n[illegible]ly, A Ltd. and B Ltd. The projections of returns from the shares of the two [illegible]panies along with their probabilities are as follows :

Probability	**A Ltd (%)**	**B Ltd (%)**
0.20	12	16
0.25	14	10
0.25	-7	28
0.30	28	-2

You are required to :

(a) Comment on return and risk of investment in individual stocks.

(b) Compare the risk and return of these two stocks with a portfolio of thes[illegible] shares in equal proportions.

(c) Find out the proportion of each of the above shares to formulate minimum risk portfolio.

10. A portfolio manager has the following four stocks in his portfolio.

Stocks	No. of shares	Market price per share (Rs.)	Beta
A	10,000	50	0.9
B	5,000	20	1.0
C	8,000	25	1.5
D	2,000	200	1.2

Compute the following :

(a) Portfolio beta.

(b) If the Manager seeks to reduce the beta to 0.8, how much risk free investment should he bring in?

(c) To the Manager seeks to increase the beta to 1.20, how much risk free investment should he divest?

11. Mr. Suman intends to invest in equity shares of a company the value of which depends upon various parameters is mentioned below :

Factor	**Beta**	**Expected value in (%)**	**Actual value in (%)**
GNP	1.20	7.70	7.70
Inflation	1.75	5.50	7.00
Interest rate	1.30	7.75	9.00
Stock market index	1.70	10.00	12.00
Industrial production	1.00	7.00	7.50

If the risk free rate of interest be 9.25%, how much is the return of the share under Arbitrage Pricing Theory?

M.Com. DEGREE EXAMINATION DECEMBER 2016.

First Semester

(CBCS)

COMMERCE

Paper 1.1 – MARKETING MANAGEMENT

(New)

Time : Three hours Maximum : 75 marks

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** questions.

Each question carries **2** marks.

1. (a) Define production concept.

   (b) What is the role of commercial online services?

   (c) What are different types of customer markets?

   (d) Define Culture.

   (e) Define Mission.

   (f) What is SBU?

   (g) Give the meaning of segment marketing.

   (h) Define Positioning strategy.

   (i) What do you mean by co-branding?

   (j) What is product-line pricing?

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** of the following.

Each question carries **6** marks.

2. Explain in brief, the objectives of marketing.

3. What are different types of public in micro environment?

4. What is BCG matrix? Explain with example.

5. Explain various brand strategies.

6. Explain different methods of setting promotion budget.

SECTION C — (3 × 15 = 45 marks)

Answer any **THREE** of the following.

Each question carries **15** marks.

7. What is online marketing? Name any two online marketers and explain the process of conducting online marketing.

8. What is economic environment? Explain its impact on marketing activities.

9. Explain different strategies available for a marketer to achieve profitable growth in the market.

10. Explain various stages of new product development.

11. What is packaging? How does it differ from branding and labelling?

M.Com. DEGREE EXAMINATION DECEMBER 2016.

First Semester

(CBCS)

COMMERCE

Paper 1.2 – FINANCIAL MANAGEMENT

(New)

Time : Three hours

Maximum : 75 marks

Use of simple non-programmable calculators, financial and statistical tables is permitted.

SECTION A — ($6 \times 2 = 12$ marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) What is wealth maximisation?

(b) Define EVA.

(c) State the substance of M-M capital structure model.

(d) What is trading on equity?

(e) Distinguish between IRR and MIRR.

(f) What is Sensitivity Analysis?

(g) Bring out the relevance of Walter's model while making dividend decision.

(h) State any two limitations of Gordon Dividend Model.

(i) What is an aggression working capital financing policy?

(j) State the managerial utility of operating cycle in deciding the size of working capital required.

SECTION B — ($3 \times 6 = 18$ marks)

Answer any **THREE** of the following.

Each question carries **6** marks.

2. Explain the limitations of NOI approach to capital structure decision.

3. Describe the role of dividend in computing the value of a firm as per M-M model.

4. The details of X Ltd. for the year ended 31st March, 2016 are given below :

Operating leverage	1.4
Combined leverage	2.8
Fixed cost (excluding interest)	Rs. 2.04 lakhs
Sales	Rs. 30 lakhs
12% Debentures of Rs. 100 each	Rs. 21.25 lakhs
Equity shares of Rs. 10 each	Rs. 17.00 lakhs
Income-tax rate	30%

Required :

(a) Compute Financial leverage, P/V ratio and EPS.

(b) If the company belongs to an industry, whose asset turnover is 1.5, does have high or low assets turnover ratio?

(c) At what, level of sales, the earnings before tax (EBT) of the company will t equal to zero?

5. A Ltd. intends to issue new equity shares in 2016. Its present equity shares a being sold in the market at Rs. 125 per share. The company's post recoı regarding the payment of dividends is as follows :

2015	14.03%
2014	13.11%
2013	12.25%
2012	11.45%
2011	10.70%

The floatation costs are estimated at 3% of the current selling price of the share

Required :

(a) Calculate the growth rate in dividends.

(b) Cost of existing shares assuming that the growth rate calculated above w continue for ever.

(c) Cost of new equity shares.

6. X Ltd. has discovered that it takes about 10 days to collect funds for use in t company once the cheques are received from the customers. The compan annual turnover is Rs. 12 crores.

How much funds needs to be freed if the company has to reduce its collecti time from 10 days to 8 days? If the freed funds could be used to reduce ba borrowings which cost 18% per annum, what would be the net savings to t company?

Assume a 360-day year and 40% corporate tax rate.

SECTION C — (3 × 15 = 45 marks)

Answer any **THREE** of the following.

Each question carries **15** marks.

7. Critically examine the cash flow discounted tools of capital budgeting.

8. Explain the variables to be considered while deciding the size of working capital required by a manufacturing unit.

9. The financial advisor of X Ltd. has to decide between debt financing and equity financing for its expansion programme. Its current position is as follows :

	Rs.
Debt 5%	40,000
Equity shares (Rs. 10 each)	1,00,000
Surplus	60,000
Total capitalisation	2,00,000
Total Sales	6,00,000
Total Cost	5,38,000
EBIT	62,000
Less : Interest	2,000
EBT	60,000
Less Taxes @ 57.25%	34,350
EAIT	25,650

The expansion programme is estimated to require an initial outlay of Rs. 1,00,000. If this financed through Debt, the new rate of debt will be 7% and the price-earnings ratio will be six times. If financed through equity, the new equity shares can be issued netting Rs. 25 per share and price-earnings ratio will be 7 times. The expansion will generate additional sales of Rs. 3,00,000 with a return at 10% on sales interest and taxes.

Required :

(a) Which form of financing the company should choose?

(b) At level of EBIT, both the methods of financing would be equally preferable?

10. X Ltd. desires to launch a new product suggested by the marketing department. For this purpose, it has to purchase a new machine costing Rs. 20,00,000. Year-end cashflows after tax are expected to be as follows :

Year	CFAT (Rs.)
1	8,00,000
2	6,00,000
3	7,00,000
4	6,00,000
5	5,00,000

The company uses 15% as required cost of capital (nominal) to evaluate the project. The rate of inflation during the period is expected to be 5% p.a.

Required :

Compute the NPV of the project using both nominal and real rates of discount and make recommendations.

11. Y Ltd. is working on a single shift process, producing 12,000 units per annum. In the current year, it has decided to double the production by applying double shift. Cost price structure is as follows :

	Amount per unit (Rs.)
Raw Material	3
Wages	2
Variable Overheads	1
Fixed Overheads	1
Profit	3
Selling Price	10

Assume that :

(i) There will be no change in fixed overheads.

(ii) Stock of raw materials – 3 months

(iii) Stock of work-in-progress – 1 month

(iv) Finished goods – 2 months

(v) Debtors – 3 months

(vi) Creditors – 2 months

Required :

(a) Estimate the working capital required for single shift working.

(b) Estimate the working capital required for double shift basis.

(c) Compute the additional working capital required.

M.Com. DEGREE EXAMINATION DECEMBER 2016.

First Semester

(CBCS)

COMMERCE

Paper 1.3 — ENTREPRENEURSHIP

(New)

Time : Three hours

Maximum : 75 marks

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** sub-questions.

Each sub-question carries **2** marks.

1. (a) Define the term Entrepreneur.

   (b) Mention the factors influencing entrepreneurship.

   (c) State the traits of Women Entrepreneurs in India.

   (d) What is EDP?

   (e) Mention any four functions of Business Plan.

   (f) What is New Business Idea?

   (g) Define the term Marketing Plan.

   (h) What do you mean by Project formulation?

   (i) Who is an Intrapreneur?

   (j) Define Entrepreneurship Development.

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Explain competency requirement for Entrepreneur.

3. Discuss reasons for failure of new product.

4. What are the remedial measures for the problems of Women Entrepreneurs?

5. Explain various essentials of Marketing Plan.

6. Write a brief note on the institutions which provide non-financial support to entrepreneurs.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Explain development of Woman-Entrepreneurs and Woman Entrepreneurship.

8. Discuss about the institutions which provide financial support to entrepreneurs.

9. Critically examine the David McClelland's achievement motivation theory.

10. Explain the different phases of EDP.

11. Explain various steps to creating and starting a New Venture.

M.Com. DEGREE EXAMINATION DECEMBER 2016.

First Semester

(CBCS)

COMMERCE

Paper 1.4 — STRATEGIC MANAGEMENT

(New)

Time : Three hours

Maximum : 75 marks

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) Define strategic intent.

   (b) Distinguish between mission and objectives.

   (c) What is ETOP analysis?

   (d) What do you understand by SAP?

   (e) What is meant by strategic planning?

   (f) What is Gap analysis?

   (g) What do you mean by corporate culture?

   (h) How strategies are classified?

   (i) Define competitive advantage.

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Differentiate strategic management and operational management.

3. What are the criteria of good objectives?

4. Briefly explain the Value Chain Analysis.

5. Explain the importance of organizational structure in strategy implementation.

6. What are the steps in designing an effective strategic control system?

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Discuss the strategic management process. What mechanisms you would like suggest for ensuring that a right strategy is formulated?

8. Explain the role of corporate governance while setting their business objectives.

9. Explain the Michael Porter's model. What are the limitations of the model?

10. What is strategy formulation? Explain different approaches to strate formulation.

11. Enumerate the techniques of strategic evaluation and control system.

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M.Com. DEGREE EXAMINATION DECEMBER 2016.

First Semester

(CBCS)

COMMERCE

Paper 1.5 — SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(New)

Time : Three hours | Maximum : 75 marks

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) What is dematerialization of securities?

(b) What is meant by top-down security analysis?

(c) Give meaning of industry life cycle analysis.

(d) What is indicated by head and shoulder chart?

(e) Give meaning of resistance and support levels.

(f) Distinguish between variance and covariance.

(g) Why Markowitz model is known as full variance and covariance model?

(h) What is indicated by the Alpha of a security?

(i) Give meaning of arbitrage.

(j) What is portfolio rebalancing?

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** of the following questions.

Each question carries **6** marks.

2. What is Macro Economic Analysis? Explain various macro-economic factors influencing market prices.

3. Explain the assumptions and advantages of Markowitz's MPT model.

4. The returns on Stock A and Market Portfolio for a period of 6 years are as follows :

Year	Return on Stock A (%)	Return of Market Portfolio (%)
1	10	8
2	17	10
3	13	13
4	2	–4
5	10	11
6	–10	–2

You are required to determine :

(a) Characteristics line for Stock A

(b) The Systematic and Unsystematic risks of Stock A

5. The beta coefficient of Moon Light Ltd. is 1.40. The company has been maintaining 8% rate of growth in dividends and earnings. The last dividend paid was Rs. 4 per share. The return on Government Security is 12% and return on Market Portfolio is 18%. The current market price of Moon Light is Rs. 32.

What will be the equilibrium price per share of Moon Light Ltd?

6. An investor is holding 5,000 shares of K Ltd. Current year dividend rate is Rs. 3 per share. Market price of share is Rs. 30 per share. The investor is concerned about several factors which are likely to change during the next financial year as indicated below :

	Current year	Next year
Dividend paid/anticipated per share (Rs.)	3	2.5
Risk free rate	12%	10%
Market risk premium	5%	4%
Beta value	1.3	1.4
Expected growth	9%	7%

In view of the above, advise whether the investor should buy, hold or sell the shares.

SECTION C — (3 × 15 = 45 marks)

Answer any **THREE** of the following questions.

Each question carries **15** marks.

Discuss various methods of equity valuation. Which method do you recommend for a firm expected to grow in futures.

Explain the assumptions of CAPM model. State the relationship between risk and return for efficient portfolios.

An investor is interested to construct a portfolio of securities A and B he has collected the following information about the proposed investment.

	Stock A	Stock B
Expected return	20%	25%
Standard deviation	12%	16%

Coefficient of correlation (r) between A and B is 0.60. He wants to constitute only 5 portfolios of A and B as follows :

(a) All funds invested in Stock A

(b) 50% of funds in A and 50% in B

(c) 75% of funds in A and 25% in B

(d) 25% of funds in A and 75% in B

(e) All funds invested in Stock B

You are required to calculate :

(i) Expected return under different portfolios

(ii) Risk factor associated with these portfolios

(iii) Which portfolio is best from the view point of risk?

(iv) Which portfolio is best from the view point of return?

10. A portfolio manager has the following four stocks in his portfolio :

Security	No. of shares	Market price per share (Rs.)	Beta
A	10,000	50	0.9
B	5,000	20	1.0
C	8,000	25	1.5
D	2,000	200	1.2

Compute the following :

(a) Portfolio Beta

(b) If the portfolio manager seeks to reduce the Beta to 0.80, how much r free investment should be bring in?

(c) If the portfolio manager seeks to increase the Beta to 1.20, how much r free investment should he bring in?

11. Following information is available regarding four mutual funds :

Mutual fund	Return (%)	SD	Beta
P	12	15	0.80
Q	16	22	0.76
R	21	37	1.15
S	13	24	1.32

Risk free of return is 10% and face value is Rs. 100 each.

Evaluate the performance of these mutual funds using Sharpe Ratio Treynor's Ratio and comment on the evaluation after ranking the funds.

M.Com DEGREE EXAMINATION DECEMBER 2017.

First Semester

(CBCS)

COMMERCE

Paper 1.1 — MARKETING MANAGEMENT

(Old and New Syllabus)

Time : Three hours Maximum : 75 marks

SECTION A – (6 × 2 = 12 marks)

Answer any **SIX** sub-questions.

Each sub-question carries **2** marks.

1. (a) State core concepts of marketing.

(b) Define Corporate mission.

(c) What do you mean by selling concept?

(d) What are the sources of information?

(e) What is brand equity?

(f) Define market segmentation.

(g) What are the benefits of direct marketing?

(h) Differentiate between penetration pricing and market skimming pricing strategy.

(i) What is market positioning?

(j) State the various levels of a product.

SECTION B – (3 × 6 = 18 marks)

Answer any **THREE** of the following.

Each question carries **6** marks.

2. Explain in brief, the objectives of marketing.

3. Describe the buying decision process in consumer markets.

4. Write a note on digital channels.

5. Briefly explain any four micro environmental factors.

6. Enumerate role of communication mix.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Discuss in detail, brand strategies available to a marketer.

8. Discuss how the marketer can conduct social media and mobile marketing.

9. Explain the various steps involved in designing the business portfolio.

10. Explain the factors influencing pricing decisions.

11. Discuss various channel decisions of a marketer.

M.Com. DEGREE EXAMINATION DECEMBER 2017.

First Semester

(CBCS)

COMMERCE

Paper 1.2 – FINANCIAL MANAGEMENT

(New/Old Syllabus)

Time : Three hours   Maximum : 75 marks

Use of simple calculator, financial and mathematical tables is allowed.

SECTION A — (6 × 2 = 12 marks)

1. Answer any **SIX** sub-questions. Each sub-question carries **2** marks.

   (a) What is shareholder value creation?

   (b) When is the shareholder's wealth maximised?

   (c) State any two measures of financial risk.

   (d) What is expected EPS? State the formula for measuring it.

   (e) Define MIRR.

   (f) Distinguish between the nominal cost of capital and the real cost of capital.

   (g) State the substance of M.M. Dividend Model.

   (h) Define optimum dividend policy as per Walter Model.

   (i) Define cash cycle.

   (j) What is conservative working capital financing policy?

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** of the following.

Each question carries **6** marks.

2. Explain the managerial uses of EBIT-EPS Analysis.

3. Bring out the salient features of NOI capital structure theorem.

4. A company has an operating leverage of 1.2 as against 1.25 during the previous year. If the current fixed cost is 25% more than that of the previous year, to what extent has the contribution earned by the company charged over the previous year.

5. A firm pays a dividend of Rs.1.50 with a growth rate of 7%. The risk-free rate of return (R_f) is 9% and the market rate of return (R_m) is 13%. Presently, the firm has a beta (β) factor of 1.50. However, due to a decision of the financial manager, β is likely to increase to 1.75.

   Required :

   (a) Compute the present value of the share before the decision is taken by the financial manager.

   (b) Compute the present value of the share after the decision is taken by the financial manager.

6. X Ltd. receives cash at gradual and steady rate of Rs.3,50,000 p.a. The cash can be invested by a company to give a return of 12% p.a. However, every time it invests, it has to meet transaction expenses of Rs.50 plus 1% brokerage on the amount invested.

   Another investment broker has approached the company to take-up the investment work. He has offered to charge Rs.100 per transaction plus 0.8% of the amount invested.

   Required :

   (a) Compute the amount to be invested and annual total costs in both options as per Baumol's model.

   (b) Should the company accept the offer made by the investment broker?

SECTION C — (3 × 15 = 45 marks)

Answer any **THREE** of the following.

Each question carries **15** marks.

7. Narrate the situations where the NPV and the IPR would give conflicting conclusions about the selection of investment proposals. Explain how do you resolve such conflicts in decisions.

8. Prove that the market value of the firm is independent of the dividend decision as per M.M Model by using a suitable numerical example.

9. The following data are available for XYZ Ltd. :

	Rs.
Sales	2,00,000
Variable cost @ 30%	60,000
Contribution	1,40,000
Less : Fixed cost	1,00,000
EBIT	40,000
Less : Interest	5,000
Profit before tax	35,000

Required :

(a) Compute the % increase in EBIT, if the sales increase by 10%.

(b) Compute the percentage increase in taxable income if the EBIT increases by 6%.

(c) Compute the percentage increase in taxable income if the sales increase 6%.

(d) Also verify the results of (a), (b) and (c) above keeping in view the figures stated in the problem.

10. The total available budget for the company is Rs. 20 crores. It has already accepted project X whose cost is Rs.13 crores and the profitability index is 1.40.

The company is considering the following projects, the details of which are given below :

Project	Cost (Rs. in crores)	Profitability Index
A	6	1.50
B	5	1.25
C	7	1.20
D	2	1.15
E	5	1.15

Required :

(a) Compute the NPVs of the feasible solutions (i.e. project mixes)

(b) What is the optimum solution?

(c) Which project combination do you recommend and why?

11. A company has an annual turnover of Rs.10,00,000 and average collection period of 45 days. The company wants to experiment with a more liberal credit policy on the ground that the increase in collection period would general additional sales. In this connection, the company has made available the following data :

Credit Policy	Increase in credit period (days)	Increase in sales (Rs.)	% of Default
A	15	50,000	2%
B	30	80,000	3%
C	40	1,00,000	4%
D	60	1,25,000	6%

The selling price of the product is Rs.5 and the variable cost per unit is Rs.3. The current bad debts loss is 1% and the required rate of return on investment is 20%. Assume a 360-day year.

Required :

(a) Which credit policy do you recommend for adoption by the company?

(b) Provide the necessary workings.

M.Com. DEGREE EXAMINATION DECEMBER 2017.

First Semester

(CBCS)

COMMERCE

Paper 1.3 — ORGANISATIONAL BEHAVIOUR

(New Syllabus)

Time : Three hours

Maximum : 75 marks

SECTION A – (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) State the levels of analysis of organisational behaviour.

   (b) What are the key elements of organisational behaviuor?

   (c) Define personality.

   (d) State the drivers of individual behaviour.

   (e) Define group dynamic.

   (f) What is Vroon Vetton model of group decision-making?

   (g) Define leadership.

   (h) State the relationship between motivation and morale.

   (i) What is organisational change?

   (j) Define organisational conflict.

SECTION B – (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Describe the characteristics of organisational behaviour.

3. Explain the determinants of personality.

4. Discuss the leadership styles.

5. What are the factors that affect the group behaviour?

6. Explain the different types of conflict.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Critically examine the approaches to the study of organisational behaviour.

8. Explain the factors affecting job satisfaction.

9. Discuss the role of group dynamics in increasing organisational performance.

10. Give brief account of appraisal of leadership theories.

11. Discuss the concept of life positions in transactional analysis. How can the Strokes be used to change the behaviour of people?

M.Com. DEGREE EXAMINATION DECEMBER 2017.

First Semester

(CBCS)

COMMERCE

Paper 1.5 – SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(New/Old Syllabus)

Time : Three hours | Maximum : 75 marks

Use of simple and non-programmable calculators and present value tables is permitted.

SECTION A — (6 × 2 = 12 marks)

1. Answer any **SIX** sub-questions. Each sub-question carries **2** marks.

(a) What is investment? Differentiate it from speculation and gambling.

(b) What is meant by price and value weighted stock index?

(c) State the objectives industry analysis.

(d) What is meant by chart analysis? What is indicated by head and shoulder chart?

(e) What do you mean by informational efficiency of capital markets?

(f) Give meanings of optimum portfolio, corner portfolio and minimum-variance portfolio.

(g) Differentiate between standard deviation and beta coefficient of a stock.

(h) What is meant by capital market line?

(i) Mention various methods used for measuring portfolio performance.

(j) What are the assumptions of APT model?

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** of the following questions.

Each question carries **6** marks.

2. Explain the process of fundamental analysis done to identify the stocks for investment.

3. What is meant by moving average analysis? How is it useful in stock selection?

4. (a) Computer stocks currently provide an expected return of 16%. Infosys, a large computer company, will pay a year-end dividend of ₹ 2 per share. If the stock is selling at ₹ 50 per share, what must be the market's expectation of the growth rate of the company's dividends?

(b) If dividend growth forecasts for the stock are revised downward to 5% per year, what will happen to the price of the stock?

5. Consider the following data for a particular sample period :

	Portfolio P	Market M
Average return	35%	28%
Beta	1.2	1.00
Standard deviation	42%	30%
Non-systematic risk $(\sigma_{\in})$	18%	0

Calculate the Sharpe, Jensen and Treynor performance measures for portfolio *P* and market. The T-bill rate during the period was 6%.

6. An analyst has identified that two factors as important for the Indian economy : The growth rate of Industrial Production (IP) and the Inflation Rate (IR). IP is expected to be 3% and IR is 5%. A stock with a beta of 1 on IP and 0.5 on IR currently is expected to provide a rate of return of 12%. If IP actually grows by 5% while the IR turns out to be 8%, what is your revised estimate of the expected rate of return of the stock?

SECTION C — (3 × 15 = 45 marks)

Answer any **THREE** of the following questions.

Each question carries **15** marks.

7. What is MPT model? Explain the process of developing optimum portfolio as per MPT model.

8. Differentiate between fundamental analysis and technical analysis. Explain Moving averages, relative strength index, rate of change and relative strength analysis indicators with suitable examples.

9. Given below is information of market rates of returns and data from two companies A and B :

	Year 2014	Year 2015	Year 2016
Market (%)	12.0	11.0	9.0
Company A (%)	13.0	11.5	9.8
Company B (%)	11.0	10.5	9.5

You are required to determine the beta coefficients of the shares of company A and company B.

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Mr. A is interested to invest ₹ 1,00,000 in the securities market. He selected two securities B and D for this purpose. The risk-return profile of these securities are as follows :

per

Security	Risk (σ)	Expected Return (ER)
B	10%	12%
D	18%	20%

Coefficient of correlation between B and D is 0.15.

You are required to calculate the portfolio return of the following portfolios of B and D to be considered by A for his investment :

P

(a) 100% investment in B only

(b) 50% of the fund in B and the rest 50% in D

(c) 75% of the fund in B and the rest 25% in D; and

(d) 100% investment in D only

Also indicate that which portfolio is best for him from risk as well as return point of view.

Mr. Nirmal Kumar has categorized all the available stocks in the market into the following types :

(a) Small cap growth stocks

(b) Small cap value stocks

(c) Large cap growth stocks

(d) Large cap value stocks

Mr. Nirmal Kumar also estimates the weights of the above categories of stocks in the market index. Further, more the sensitivity of returns on these categories of stocks to the three important factors are estimated to be :

Category of stocks	Weight in the market index	Factor-I Beta	Factor-II (book price)	Factor-III (Inflation)
Small cap growth	25%	0.80	1.39	1.35
Small cap value	10%	0.90	0.75	1.25
Large cap growth	50%	1.165	2.75	8.65
Large cap value	15%	0.85	2.05	6.75
Risk premium	–	6.85%	– 3.5%	0.65%

The rate of return on treasury bonds is 4.5%.

Required :

(a) Using APT, determine the expected returns on the market index.

(b) Using CAPM, determine the expected return on the market index.

(c) Mr. Nirmal Kumar wants to construct a portfolio constituting only 'small cap value' and 'large cap growth' stocks. If the target beta for desired portfolio is 1, determine the composition of his portfolio.

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M.Com. DEGREE EXAMINATION DECEMBER 2018.

First Semester

(CBCS)

COMMERCE

Paper 1.1 — MARKETING MANAGEMENT

(New/Old)

Time : Three hours Maximum : 75 marks

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** sub-questions.

Each sub-question carries **2** marks.

1. (a) State different types of products that the marketer can sell.

   (b) State meaning of holistic marketing concept.

   (c) What are the advantages of customer databases?

   (d) What are the major information sources available in buying decision process?

   (e) Give the meaning of psychographic segmentation.

   (f) Differentiate between PODs and POPs.

   (g) What are the levels of product?

   (h) What is co-branding?

   (i) Define marketing channel system.

   (j) What is social media marketing?

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Explain in brief, core concepts of marketing.

3. How does consumer make buying decision? Explain.

4. Explain e-commerce marketing practices in India.

5. Compare and contrast Brand asset Valuator Model and Brand dynamics Pyramid model.

6. What are public and ethical issues in Direct Marketing? Explain.

SECTION C — (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Explain in detail, major components of modern marketing information system.

8. Discuss various product mix pricing strategies.

9. What are new product options? Explain new product development decision process.

10. Explain in brief, five 'Ms' of advertising.

11. Discuss various integrated channel systems in India.

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5893-ISCOM(N)-D-18

M.Com. DEGREE EXAMINATION DECEMBER 2018.

First Semester

(CBCS)

COMMERCE

Paper 1.3 — ORGANISATIONAL BEHAVIOUR

(New)

Time : Three hours

Maximum : 75 marks

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** sub-questions.

Each sub-question carries **2** marks.

1. (a) Define organizational behavior.

   (b) What is value and attitude?

   (c) What is job satisfaction?

   (d) State the need of small groups in organization.

   (e) Define group cohesiveness.

   (f) Distinguish democratic and autocratic leadership.

   (g) State the merits of horizontal communication.

   (h) What is directing?

   (i) What do you mean by extrinsic motivation?

   (j) State the need of change in management.

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. Explain brief the models of organizational behavior.

3. What are the methods of changing employee attitudes? Explain.

4. Explain the determinants of group behavior.

5. Discuss the process of decision making in organization.

6. What are the causes for organizational stress? Elucidate.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Explain how the knowledge of organizational behavior helps you in your work as a member of organization.

8. Describe types of values and their influence on human behavior.

9. Explain the process of group formation in organization and different types of groups.

10. Describe the nature and importance of motivation in shaping the behavior of employees.

11. What are the causes of organizational conflicts? Explain the strategies available to manage organizational conflict.

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M.Com. DEGREE EXAMINATION DECEMBER 2018.

First Semester

(CBCS)

COMMERCE

Paper 1.4 — STRATEGIC MANAGEMENT

(New/Old)

Time : Three hours Maximum : 75 marks

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** sub-questions.

Each sub-question carries **2** marks.

1. (a) Define the term vision.

(b) What do you mean by competitive advantage?

(c) What is strategic change?

(d) What do you mean by fours strategy?

(e) Give meaning of product differentiation.

(f) Differentiate between cashcows and stars.

(g) State the usefulness of PEST analysis.

(h) Define strategic audit.

(i) What is strategic control?

(j) What is turnaround strategy?

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** questions.

Each question carries **6** marks.

2. How does Michael Porter's Five Force Model useful in strategy development?

3. How strategic management is different from operational management?

4. How do you evaluate the strategic alternatives using the BCG Model? Explain

5. What are the building blocks of competitive advantage?

6. Explain elements of strategic evaluation.

SECTION C — (3 × 15 = 45 marks)

Answer any **THREE** questions.

Each question carries **15** marks.

7. Discuss the process of strategic decision making as adopted in MNCs.

8. Compare and contrast strategy at business and functional level.

9. How do you prepare ETOP and SAP while formulation of strategies? Discuss.

10. What is organizational structure? Explain the circumstances in which functional and product organizational structures are appropriate in implementation of strategy.

11. Discuss the steps involved in strategic evaluation and control.

M.Com. DEGREE EXAMINATION DECEMBER 2018.

First Semester

(CBCS)

COMMERCE

Paper 1.5 — SECURITY ANALYSIS AND PORTFOLIO MANAGEMENT

(New/Old)

Time : Three hours Maximum : 75 marks

Use of simple and non-programmable and statistical tables is permitted.

SECTION A — (6 × 2 = 12 marks)

Answer any **SIX** of the following sub-questions.

Each sub-question carries **2** marks.

1. (a) State various motives for investment.

(b) Give meaning of maintenance margin and margin call.

(c) State how changes in inflation and tax rates affect stock prices.

(d) What do you mean by random walk theory?

(e) Differentiate between strong and semi-strong form of efficiency.

(f) What is minimum variance portfolio?

(g) What is meant by efficient frontier?

(h) What is meant by systematic risk?

(i) What is Jensen's Alpha? How it is calculated?

(j) What do you mean by factor models?

SECTION B — (3 × 6 = 18 marks)

Answer any **THREE** of the following questions.

Each question carries **6** marks.

2. Explain Dow Theory.

3. What do you mean by asset pricing models? State their basic assumptions

4. The returns and market portfolio for a period of four years are as under :

Year	% Return of Stock B	% Return on Market Portfolio
1	10	8
2	12	10
3	9	9
4	3	–1

For Stock B you are required to determine :

(a) Characteristic line and

(b) The systematic and unsystematic risk

5. Dee Ltd paid a dividend of ₹ 2.00 for the current year. The dividend is expected to grow at 40% for the next 5 years and at 15% per annum thereafter. The return on 182 days T-bills is 11% per annum and the market return is expected to be around 18% with a variance of 24%.

The co-variance of Dee's return with that of the market is 30%.

You are required to calculate the required rate of return and intrinsic value of the stock.

6. Mr. Gupta is considering investment in the shares of Raj Ltd. He has the following expectations of return on the stock and the market :

Probability	Return (%)	
	Raj Ltd	Market
0.35	30	25
0.30	25	20
0.15	40	30
0.20	20	10

You are required to :

(a) Calculate the expected return, variance and standard deviation for Raj Ltd.

(b) Calculate the expected return, variance and standard deviation for the market.

(c) Find out the beta co-efficient for Raj Ltd. shares.

SECTION C – (3 × 15 = 45 marks)

Answer any **THREE** of the following questions.

Each question carries **15** marks.

7. Explain the process of identifying optimum portfolios under Markowitz's Modern Portfolio Theory.

8. Describe the process of fundamental analysis. Compare and contrast between fundamental and technical analysis. Which one do you recommend for optimum stock selection?

9. Mr. Shekar owns a portfolio with the following characteristics :

	Security X	Security Y	Risk free security
Factor 1 sensitivity	0.75	1.50	0
Factor 2 sensitivity	0.60	1.10	0
Expected return	15%	20%	10%

It is assumed that security returns are generated by a two factor model.

(a) If Mr. Shekar has ₹ 1,00,000 to invest and sells short ₹ 50,000 of security Y and purchases ₹ 1,50,000 of Security X, what is the sensitivity of Mr. Shekar's portfolio to the two factors?

(b) If Mr. Shekar borrows ₹ 1,00,000 at the risk free rate and invests the amount he borrows along with the original amount of ₹ 1,00,000 in security X and Y in the same proportion as described in part (a), what is the sensitivity of the portfolio to the two factors?

(c) What is the expected return premium of factor 2?

10. A has portfolio having following features :

Security	No of shares	Market price per share (₹)	Beta
VSL	10,000	50	0.0
CSL	5,000	20	1.0
SML	8,000	25	1.5
APL	2,000	200	1.2

Compute the following :

(a) Portfolio data

(b) If the portfolio manager seeks to reduce the beta to 0.8, how much risk free investment should he bring in?

(c) If the portfolio manager seeks to increase the beta to 1.2, how much risk free investment should he bring in?

11. The five portfolios of a mutual fund experienced following result during last 10 years periods :

Portfolio	Average annual return (%)	Standard Deviation	Correlation with the market return
A	20.0	2.3	0.8869
B	17.0	1.8	0.6667
C	18.0	1.6	0.6000
D	16.0	1.8	0.8670
E	13.5	1.9	0.5437

Market risk - 1.2

Market rate of return - 14.3%

Risk free rate - 10.1%

Beta may be calculated only up to two decimal. Rank the portfolio using Jensen's Alpha Method.